



ADEQ STRATEGIC PLAN

FY18 Update
to
FY14 – FY18 Plan

GOALS

- Support Environmentally Responsible Economic Growth
- Enhance Arizona's Unique Environment
- Accelerate cleanups

STRATEGIES

- Unleash Human Potential
- Deploy Lean
- Leverage E-Technology
- Increase Outreach
- Strengthen Core Programs



Foreword

I am pleased to see that with this update, we remain on course. Our goals, strategies and performance measures align well with Governor Doug Ducey's desire for Arizona to have safe communities, a strong, innovative economy, and efficient, effective, accountable government. Indeed, our own leadership change, with Director Henry Darwin's appointment as the Governor's Chief of Operations earlier this fiscal year, only reinforces our constancy of purpose and direction.

"... ADEQ led the nation in delivering faster environmental outcomes and holding people accountable for performance. The ADEQ's success in making government more efficient served as an example for other agencies in the Grand Canyon State. And the rest of the nation could learn a thing or two from your book as well."

**Gina McCarthy, EPA Administrator
August 2015**

The path we have chosen is delivering tangible outcomes that benefit the people and the environment of Arizona in real ways. Since beginning our journey as a Lean organization, we have completed more than 300 process improvement projects. Facilities today are returning to compliance about 62 percent faster. We are fully utilizing new statutory authority to remove even more potentially leaking underground storage tanks (LUST). We have, for the first time in 13 years, conducted a comprehensive review of all WQARF preliminary investigation sites. And, our customers are working more proactively with our department than ever before, as evidenced by the 23 new Voluntary Environmental Stewardship Program participants this year.

As our positive mission outcomes continue to grow, ADEQ has earned the respect and admiration of our leaders and stakeholders. We are no longer viewed as a necessary evil, but as the model State agency. With this recognition comes increased responsibility. Because of our reputation as a Lean leader within state government, the legislature transferred to ADEQ two important functions: Oil and Gas Conservation Commission and the Meth-Lab Cleanup Program. The recognition ADEQ is receiving also directly benefits our employees. We now have a legitimate technical career path that is the envy of the other agencies. We are the only agency in the State with the ability to reward employees with merit-based salary increases and our managers and staff have more career opportunities than ever before both inside and outside of ADEQ.

As we look ahead, we are on course to be where we had envisioned ourselves nearly five years ago. We fully expect to continue emphasizing professional development, technical and managerial training, and deployment of our people-centered Lean Management System. And not because these things are ends unto themselves, but because by doing so, we know we will dramatically increase our capacity to do more environmental good.

Misael Cabrera
Director

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Who We Are

The Arizona Legislature established the Arizona Department of Environmental Quality (ADEQ) as the state's environmental regulatory agency under the Environmental Quality Act of 1986 to serve as a separate, cabinet-level agency to administer all of Arizona's environmental protection programs. Since then, ADEQ's enduring and vital mission is to protect and enhance public health and the environment of Arizona. And this mission will not and cannot change.

But in this plan update, we are confirming our vision – a vision that we functionally have been using for the past four years but is nevertheless worth stating unequivocally.

OUR TRUE NORTH (VISION):

To be the number one state in the nation in:

- Balanced, leading-edge environmental protection,
- Technical and operational excellence, and
- Radical simplicity for customers and staff

Fig. 1

OUR MISSION:
To protect and enhance public health and the environment of Arizona.

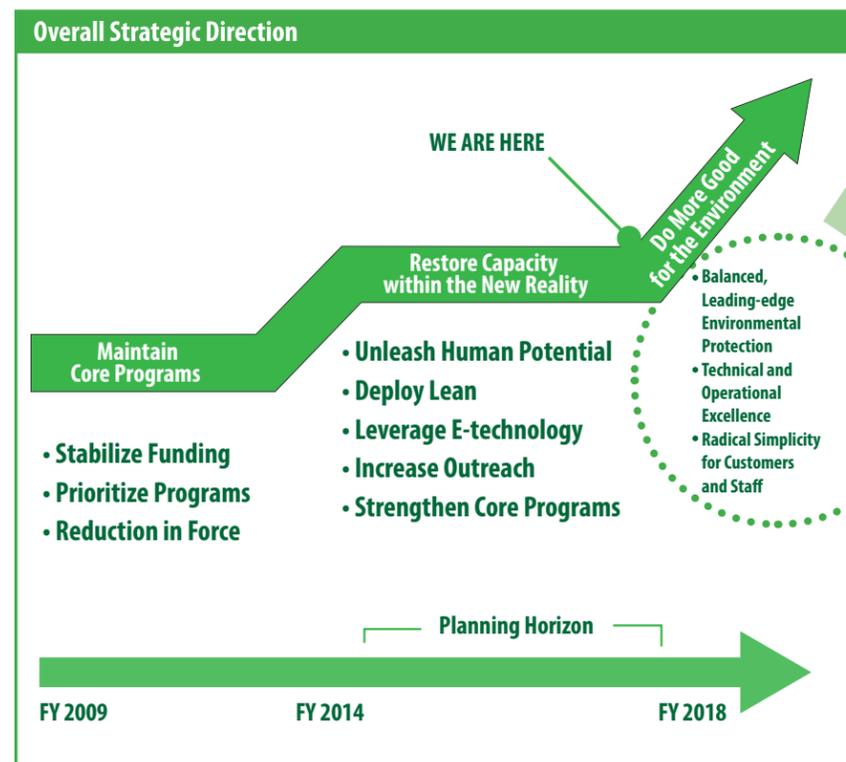


Fig. 1 – The strategic direction figure that we have referenced throughout our transformational journey is the genesis of our new vision. This vision will serve as a compass for our everyday work and decisions, our true north. It will be the language that we use to describe our future and it will be the fuel by which we create it.

How We Think

At ADEQ, we acknowledge that our mission exists in a complex world. Failure to account for this complexity leads to divisiveness, delays and distractions that impede our ability to accomplish the mission.

By embracing this complexity and working closely with stakeholders, we can develop win-win solutions for Arizona's unique environment and the people who live in it. Because our approach is inclusive, ADEQ achieves better outcomes for Arizona's environment, its citizens and its economy. Figure 2 depicts this relationship: As we draw the environment, community and economy closer and closer together, the outcomes for all three increase.

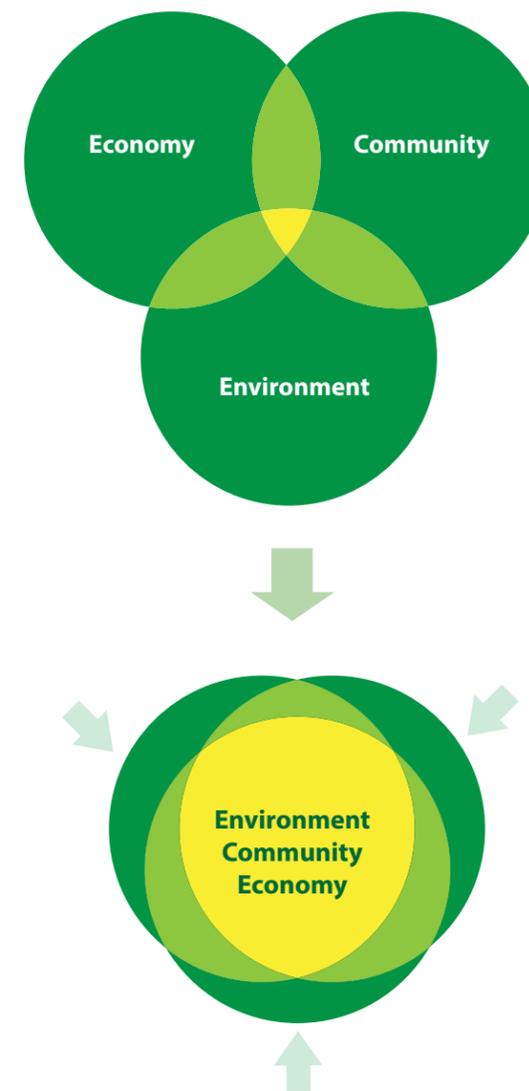


Fig. 2 – The approach ADEQ takes within its complex world.

How We Act

Culture is a set of shared beliefs and values, which are made evident to everyone through the habits, or actions, of a group or organization. Culture is critical to any organization's success because amazing people are more easily attracted and retained with a great culture. A great culture unleashes people to do extraordinary work.

At ADEQ we accept that culture happens, whether we plan it or not. This is why we are actively working to create a culture we can be proud of, one that will enable ADEQ to be the agency we always dreamed it could be. It is a culture that propels us toward ever-increasing excellence in delivering our ever-expanding mission.

In short, the culture we're building is one of continuous improvement. To bring about this continuous improvement culture, ADEQ has adopted a set of organizational habits, which we call The ADEQ Way (see Figure 3.) All of us who work for the agency accept the challenge to increasingly practice The ADEQ Way in our day to day work.

ADEQ WAY

- Evaluate everything we do for its impact on the mission
- Hire only those who believe in our way and have a passion for their work
- Train those who cannot, replace those who will not, and promote those who excel
- Never hide a problem – respect others enough to be honest, even if the truth is uncomfortable
- Do not blame, but hold each other accountable
- Involve end users early and often when creating or improving services
- Never stop asking why
- Continuously design and redesign for quality and radical simplicity
- Freely discuss, promptly decide, and totally commit
- Do not fear failure

Fig. 3 – The ADEQ Way.

How We Manage

Our vital mission has grown dramatically over time, while our resources have not. As an example, staffing levels have declined over the last several years, at the same time that our Air Quality Division has been working to address a new ozone standard and our Water Quality Division has been working to address emerging contaminants. To meet these new demands within our new reality, and to position us to provide balanced, leading-edge environmental protection, radical simplicity for our customers and staff, and to achieve technical and operational excellence, we knew we had to change the manner in which we do business. Recognizing that process improvements alone are not sufficient for a sustainable shift in our agency culture and operational practices, we are deploying a comprehensive Lean Management System (LMS). Lasting change requires a holistic, people-centered approach that focuses on front-line managers and staff, unleashing their potential while engaging them in active, disciplined problem solving.

ADEQ's LMS is a set of concepts, principles and tools (outlined in Figure 4) used to create and deliver the most value from the customer's perspective while consuming the fewest resources and provides the foundation for engaging people in continuous problem solving. We already have made great strides toward transforming into a Lean organization, such as adopting the ADEQ Way, deploying standard work and visual management tools, creating an



Fig. 5 – ALMS 2.0 will enable us to live the ADEQ Way, which in turn will propel us towards True North and more environmental good.

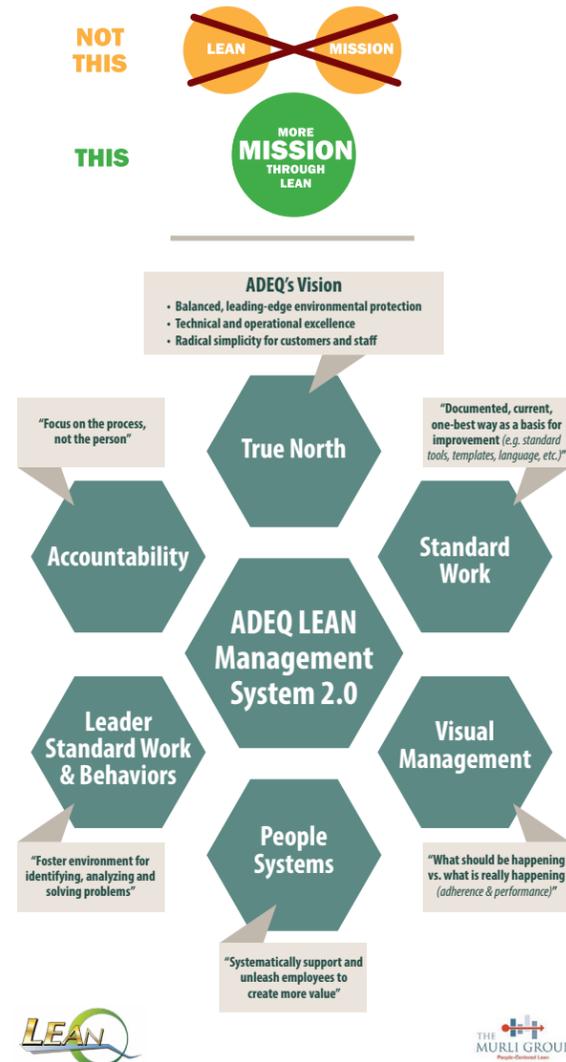


Fig. 4 – Lean is not separate from ADEQ's mission. It is integral to it and provides the foundation for our people-centered Lean Management System.

internally staffed Office of Continuous Improvement and unleashing the agency's human potential through our staff development and performance management processes. During FY18, we will fully deploy version 2.0 of our LMS, which includes reorganization by value stream, full alignment of our value streams and budget, and a comprehensive training plan to provide deep understanding across the agency about Lean concepts and tools. As shown in Figure 5, this continuous improvement as we implement LMS as our foundation leads to more mission outcomes.

"There are many producers and only a few leaders. If only leaders or 'experts' solve problems, then we solve many fewer problems. This is a mathematical fact."
-- Joe Murli

How We Plan

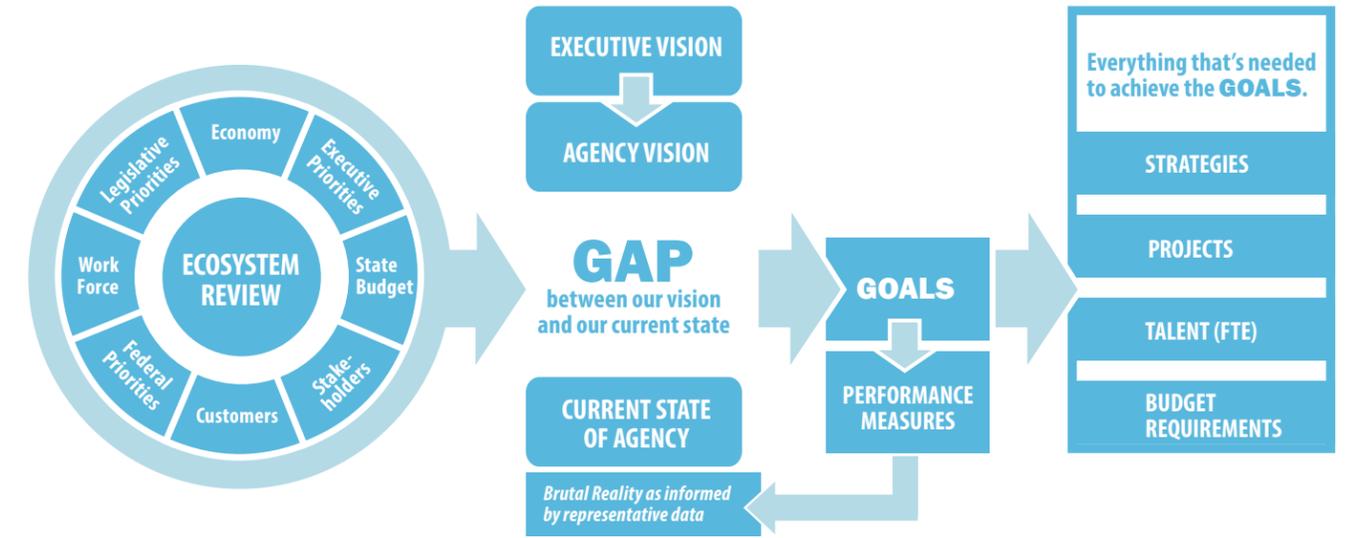


Fig. 6 – The goals, as measured rigorously by our performance measures, are supported by our strategies and executed through our projects, talent and budget.

As shown in Figure 6, above, ADEQ's strategic planning process begins with a comprehensive look at ADEQ's ecosystem as an organization – an ecosystem that includes a variety of perspectives and demands that influence our vital mission. We then make an honest assessment of our recent past and current reality, including a brutally honest evaluation of our performance. We refer to this as the "current state." The Governor's vision for the State and the agency's vision together define our desired "future state," by analyzing the gap between our current state and future state that we develop our plan.

In our FY14-FY18 plan, ADEQ adopted strategic goals to close the gap between the reality of our current challenges and future state vision (see Figure 7). The number of goals and their simplicity bring clarity to every aspect of the agency's work, allowing every ADEQ employee to see how their day-to-day work aligns with the agency's strategic goals and mission.

In addition to the goals, ADEQ identified five strategies, shown in Figure 7, to help overcome challenges that could keep us from closing the gap. The strategies are then fleshed out into specific projects. The outcomes associated with our goals, as supported by our strategies, and as executed through our projects, are measured rigorously by our performance measures.

It is important to mention that the performance measures ADEQ adopted track success through two primary lenses:

what our citizens demand – i.e., the mission, and what our customers value.

The tables on pages 10 to 18 summarize how we are doing on our existing priority projects and report the progress achieved on our performance measures. We then offer a glimpse as to what lies ahead as we begin FY18 and transition into the next five-year strategic planning cycle.

STRATEGIC GOALS

- Support environmentally responsible economic growth
- Enhance Arizona's unique environment
- Accelerate cleanups

STRATEGIES

- Unleash Human Potential
- Deploy Lean
- Leverage E-Technology
- Increase Outreach
- Strengthen Core Programs

Fig. 7

What We've Done (through FY16)

Here we highlight some of our recent mission successes. It's worth noting that since beginning our journey to become a Lean organization in 2012, we have completed more than 300 process improvement projects to date.

VALUE STREAM REORGANIZATIONS

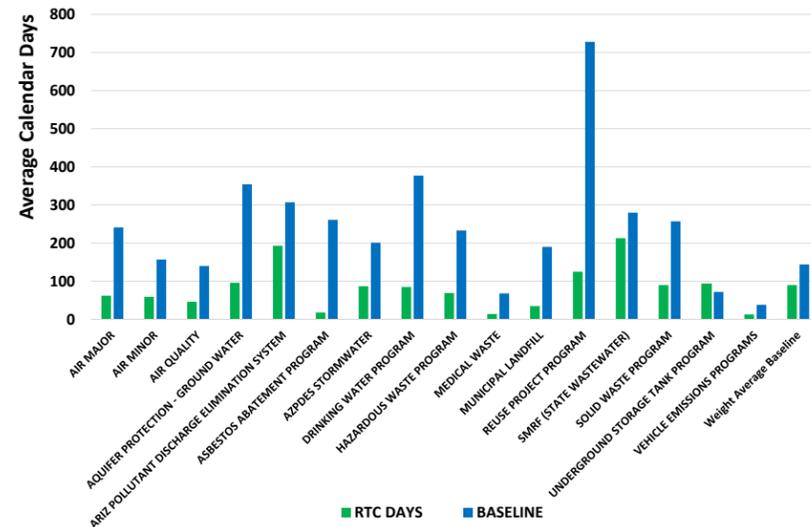


We learned many lessons during the recently completed UST/LUST lean management system pilot project. One of the most important lessons was the value of organizing functions by value stream. A value stream is all the processes associated with creating, producing, and delivering a good or service to the customer including materials and information flow. With the knowledge that a value stream structure could significantly accelerate our lean transformation, the Waste Programs and Water Quality Divisions announced reorganizations in late FY16. Both Divisions are now fully organized by value streams. These new structures will help every person in every program better understand how their work is connected to and impacts every other step in the process of delivering a product or service to our customers. A better understanding of these connections and impacts will accelerate the identification and mitigation of waste at every level.

RETURN TO COMPLIANCE

Facilities are returning to compliance 62% percent faster (weighted average of 89.5 days; baseline of 144 days)

- Implemented call ahead compliance assistance outreach in some programs
- Forwarded standard checklists for inspections to facilities before inspection for some programs



UNDERGROUND STORAGE TANKS (UST)

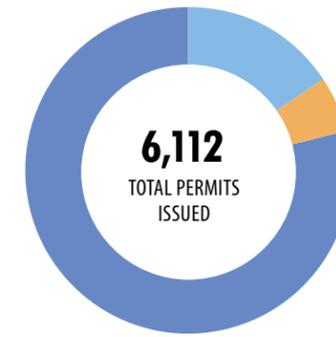


HB2636 created new UST programs to address necessary upgrades and corrective actions for leaking UST's.

During FY16, ADEQ launched 3 new programs utilizing authority provided in HB2636 including:

- Time-Barred Claims: Provides reimbursement for corrective actions conducted under previous program.
- Pre-Approval for Corrective Actions: Provides reimbursement to qualified owners/operators to address current releases from USTs.
- Non-Corrective Action: Allows ADEQ's State Lead Program to pull UST's, and conduct baseline assessments for qualified owners/operators of USTs.

WHAT WE TRACKED IN FY16



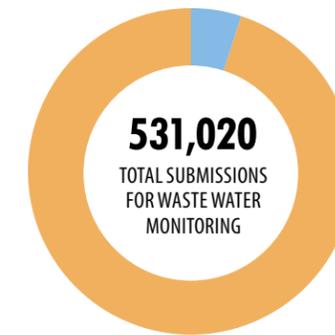
- 15.7% AIR QUALITY DIVISION
- 5.5% WASTE PROGRAMS DIVISION
- 78.8% WATER QUALITY DIVISION



- 39.7% AIR QUALITY DIVISION
- 38% WASTE PROGRAMS DIVISION
- 22.3% WATER QUALITY DIVISION



- 43.4% FEDERAL SUPERFUND
- 56.6% WATER QUALITY ASSURANCE REVOLVING FUND (WQARF)



- 5.2% DISCHARGE MONITORING REPORT (DMR)
- 94.8% SELF MONITORING REPORT FORM (SMRF)

FAST FACTS (THROUGH FY16)

- Fully deployed myDEQ Phase 2
- Added 23 new participants in the Voluntary Environmental Stewardship Program
- For the first time in 24 years, the fish advisory for portions of the Gila River and its tributaries was lifted. Fish from over 100 miles of streams and 286 acres of lakes can now be eaten because they are no longer unsafe due to banned pesticides
- Partnered with other state, tribal and local officials to provide clean drinking water for residents in Sanders, Arizona
- Led an effort to assess potential mercury exposure in schools throughout the state.
- Completed comprehensive re-analysis of all preliminary investigation sites for the first time in 13 years, resulting in 3 WQARF listing recommendations
- Won EPA's Spring Air Quality Flag Program Challenge
- Used, for the first time, the new UST Non-Corrective Action state lead authority to remove 19 tanks
- Removed 33 tons of waste from Nogales Wash
- Partnered with other state and local officials to aggressively mitigate extreme dust events along I-10 near Willcox
- Expanded allowable uses of reclaimed water by rule update
- Completed a reorganization by value stream in the Water Quality and Waste Programs Divisions
- Completed UST/LUST lean management system pilot
- Vacated 29,598 square feet of office space, resulting in a \$597,584 annual saving starting in FY18
- 8 staff selected to assist Governor's effort to deploy Lean throughout state government, by supporting Phase 2 and 3 of the "permits blitz"

What We've Done (through FY16)

TABLE 1 – COMPLETED STRATEGIC PROJECTS

DIVISION	PROJECT	STRATEGY	GOAL	STATUS
ALL	Build a Continuous Improvement Team for ADEQ	E	1	COMPLETE
ALL	Deploy Financial Data Warehouse	E	4	COMPLETE
ALL	Develop Air Quality Flag Program - Phase 2, Air Quality Forecasting communication toolbox	D	4	COMPLETE
ALL	Finalize Performance Measure Methodologies	E	ALL	COMPLETE
ALL	Redesign and Deploy ADEQ Website	D	4	COMPLETE
ALL	Regional Workshops	D	4	COMPLETE
ALL	Migrate AZSERC	E	1	COMPLETE
ALL	Prepare 5-year technology roadmap	C	4	COMPLETE
ALL	Renew ADEQ annual report	D	4	COMPLETE
ALL	Reinvigorate ADEQ Flag Program	D	4	COMPLETE
ALL	Compliance and Enforcement process improvement	B	1	COMPLETE
ALL	RFP Kaizen	B	4	COMPLETE
ALL	Voluntary Environmental Stewardship Program (VESP)	D	1	COMPLETE
ALL	AZURITE Maintenance Phase 1	C	4	COMPLETE
ALL	Multimedia permit pre-application meeting	D	1	COMPLETE
ALL	Compliance checklist	B	4	COMPLETE
ALL	Best Value Contracting	B	4	COMPLETE
ALL	Public records request process improvement	B	4	COMPLETE
ALL	Conduct Staff Workouts to identify opportunities to increase value and eliminate waste in ADEQ processes	B	4	COMPLETE
ALL	Deploy ADEQ-Board project	B	4	COMPLETE
ALL	Develop Small Communities Environmental Compliance Assistance Program	D	2	COMPLETE
ALL	Produce ADEQ 25th Anniversary publication	D	4	COMPLETE
ALL	Conduct Lean Awareness training for all ADEQ staff	B	1	COMPLETE
ALL	Proliferation of School Chemical Cleanout Program	D	3	COMPLETE
ALL	Enhance Arizona Border Trash website	D	3	COMPLETE
ALL	Participate in Agency Fee Commission review of ADEQ funding	D	4	COMPLETE
ALL	Engage ADEQ employees in the Strategic Planning process	A	4	COMPLETE
ALL	Implement ADEQ Continuous Improvement Tracker/Project Tracker	B	4	COMPLETE
ALL	Conduct Fundamentals of Process Improvement training for select ADEQ staff	B	4	COMPLETE
ALL	Customer Satisfaction Survey	D	4	COMPLETE
ALL	Develop a revenue, invoice, and collection system (RICS)	C	1	COMPLETE
ALL	Deploy SharePoint 2013	C	4	COMPLETE
ALL	Simplified continuity of operations plan consistent with statewide direction	E	4	COMPLETE
ALL	Conduct leadership training for section managers and above (including training on change management and motivation)	A	4	COMPLETE
ALL	Hiring process improvement	A	4	COMPLETE
ALL	Assist ADOA in developing a better employee performance review system	A	4	COMPLETE
ALL	Produce addendum to Statewide employee handbook for ADEQ's work environment	A	4	COMPLETE
ALL	Assist ADOA in developing better supervisor training	A	4	COMPLETE

 YELLOW = Projects completed since last strategic plan update.

STRATEGIES: A – Unleash Human Potential B – Deploy Lean C – Leverage E-technology D – Increase Outreach E – Strengthen Core Programs

GOALS: 1 – Support environmentally responsible economic growth 2 – Enhance Arizona's unique environment 3 – Accelerate cleanups 4 – Fully support and champion ADEQ's mission

TABLE 1 (CONT.) – COMPLETED STRATEGIC PROJECTS

DIVISION	PROJECT	STRATEGY	GOAL	STATUS
ALL	Agency-wide environmental management system (EMS) development and deployment	E	2	COMPLETE
ALL	Presentation Repository	D	4	COMPLETE
ALL	Outreach Calendar	D	4	COMPLETE
ALL	Top 10 Violations	D	4	COMPLETE
ALL	NOC Initiative	B	1	COMPLETE
ALL	Repair and upgrade Water Compliance Tracking (WCT) module	C	4	COMPLETE
ALL	Hardware and software refresh	C	4	COMPLETE
ALL	Deploy tool to track employees work time and tasks (Time Tracking)	C	4	COMPLETE
AIR	Submit Ozone Boundary Recommendations	E	1	COMPLETE
AIR	Oil and Gas Conservation Commission Transfer and ADEQ integration	E	1	COMPLETE
AIR	Permits service family evaluation – leverage lessons learned from Title V and APP process improvements across all AQD permits	B	1	COMPLETE
AIR	PM10 Exceptional Events – 5% Plan (2010-2012)	B	2	COMPLETE
AIR	Field issued inspection reports & NOCs – Phase 1	B	4	COMPLETE
AIR	QAPP/SOP project	E	4	COMPLETE
AIR	Stack Test process improvement	B	1	COMPLETE
AIR	Gas Cap Distribution Program implementation	B	1	COMPLETE
AIR	“Don't Burn Wood On A No Burn Day” campaign	D	4	COMPLETE
AIR	New VEI contract implementation	E	4	COMPLETE
AIR	Continuous monitor network upgrade	D	4	COMPLETE
AIR	Air Vision implementation	C	4	COMPLETE
WASTE	Deploy myDEQ Phase 2	E	1	COMPLETE
WASTE	Finish Career Paths by Finalizing PDQs	E	4	COMPLETE
WASTE	Pilot Lean Management System in UST/LUST	E	3	COMPLETE
WASTE	Conduct stakeholder process to redevelop ADEQ recycling program	D	4	COMPLETE
WASTE	Enhance Pollution Prevention program	E	2	COMPLETE
WASTE	Identify long-term UST funding	E	3	COMPLETE
WASTE	Renew ADEQ recycling program support and funding	E	4	COMPLETE
WASTE	UST Corrective Action process improvement	B	1	COMPLETE
WASTE	UST Financial Assurance stakeholder process	D	3	COMPLETE
WASTE	UST State Lead Procurement process improvement	B	1	COMPLETE
WASTE	VRP process improvements	B	3	COMPLETE
WASTE	WQARF Registry process improvement	B	3	COMPLETE
WATER	Conduct emerging contaminants stakeholder process	E	2	COMPLETE
WATER	Cost estimating process improvement (for Financial Assurance)	B	4	COMPLETE
WATER	Identify known universe of small water systems out of compliance	E	1	COMPLETE
WATER	Implement BREAZ (New AFIS)	A	4	COMPLETE
WATER	Aquifer Protection Permit (APP) Program process improvement	B	1	COMPLETE
WATER	Financial Assurance process improvement	B	4	COMPLETE
WATER	Permits service family evaluation – leverage lessons learned from Title V and APP process improvements across all WQD permits	B	1	COMPLETE
WATER	Total Maximum Daily Load (TMDL) process improvement	B	4	COMPLETE
WATER	Transition Permit Compliance System (PCS) to the Integrated Compliance Information System (ICIS)	C	4	COMPLETE

What We're Doing (FY17)

The status of existing strategic projects is listed in Table 2 below. Projects labeled as being **ON TRACK** are on path to meet scope, schedule and budget, and includes projects that may have been re-baselined if the re-baseline was documented. Projects that are **BEHIND** are at risk of not meeting scope, schedule or budget, while **OFF TRACK** projects are expected not to succeed unless remedial action is taken.

TABLE 2 – PROGRESS ON EXISTING STRATEGIC PROJECTS

	DIVISION	PROJECT	STRATEGY	GOAL	STATUS	COMMENTS
MUST DO	ALL	Rebuild Safety Program	A	ALL	BEHIND	Must complete in FY17
	ALL	Develop Process for Succession Planning	A	ALL	ON TRACK	Must complete in FY17
	ALL	Breakthrough project return to compliance			ON TRACK	
	AIR	Non traditional ozone offsets			ON TRACK	Stakeholder process to assess options and next steps.
	AIR	Good Air Quality index metric			ON TRACK	
	AIR	Outreach plan for non attainment areas			BEHIND	
	WASTE	Design and Implement New UST/LUST Program	E	ALL	ON TRACK	Must complete in FY17
	ALL	Deploy Lean Management System Agency-wide	B	ALL	ON TRACK	Must complete in FY17
	WASTE	WQARF funding analysis	E	3	ON TRACK	Must complete in FY17, required pursuant to 2016 HB2702.
	AIR	Develop and Deploy SIP Breakthrough Projects	B	1	ON TRACK	Must start in FY17
PRIORITY	AIR	Support Congressional CAA Revisions for Rural Transport Rule	E	1	ON TRACK	Must start in FY17
	AIR	Voluntary Vehicle Retrofit Program	E	2	ON TRACK	Start in FY17
	ALL	myDEQ Phase 3	C	ALL	ON TRACK	Start in FY17
	ALL	Develop and Deploy version 1 of ADEQ Monthly Management Report	C	ALL	BEHIND	Financial data still in process
	WATER	Secure Safe Drinking Water Act Funding	E	2	ON TRACK	
	WASTE	Hazardous Waste Reauthorization	E	ALL	ON TRACK	
	WASTE	Incorporate New Federal UST Rules	E	ALL	BEHIND	
	WATER	Verify Clean Water Act Jurisdiction in AZ	E	2	ON TRACK	
	ALL	Analyze and deploy revised net present value financial assurance procedure	E	1	BEHIND	
	ALL	Continuous Improvement Tracker - Phase 2	B	ALL	BEHIND	
	ALL	SharePoint Governance & Implementation	C	ALL	ON HOLD	Start in FY17
	AIR	Prepare and secure Approval for Clean Power Plan [111(d)] SIP	E	1	ON HOLD	On hold pursuant to judicial stay of federal rule
	WATER	Expand the WQ Monitoring Program	E	2	ON HOLD	Program will conduct current state analysis and project re-scoping
	ALL	Develop and Maintain Manager Training			DELETED	Incorporated into "succession planning" project. Will no longer appear separately.
	WASTE	Secure Full WQARF Funding			DELETED	Incorporated into "WQARF funding analysis" project. Will no longer appear separately.
	ALL	Develop and Implement 360 Degree Manager Reviews			DELETED	Incorporated into "succession planning" project. Will no longer appear separately.
	ALL	Develop and Implement Technical Training Program			DELETED	Incorporated into "succession planning" project. Will no longer appear separately.
	WASTE	WQARF Pre-Registry process improvement			DELETED	Kaizen complete. Program implementing improvements. Project will no longer appear on agency priority list.
	WATER	Implement SB 1289 requirements for municipal storm water programs			DELETED	Public comment received. Program finalizing permit. Project will no longer appear on agency priority list.
	ALL	Conduct an employee skills inventory and deploy a tool for cross-training			DELETED	Incorporated into "succession planning" project. Will no longer appear separately.
AIR	Prepare and secure approval for Pinal County PM10 SIP			DELETED	SIP complete, submitted and awaiting approval from EPA. Project will no longer appear on agency priority list.	
AIR	Prepare and Secure Approval for Ozone SIP			DELETED	Master project for "Submit ozone boundary recommendations." Project will no longer appear on agency priority list.	

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What's Ahead (FY18)

myDEQ – Phase 3

The rollout of the agency's electronic permitting, reporting and notification system continues with Phase 3 of myDEQ. To be completed in FY17, Phase 3 offers an enhanced user profile module, as well as online capabilities for Drywell Registration, UST Preapproval Program applications, Fleet Permit applications and compliance reporting. Highlights include:

Digital VECS Services

The Fleet Module will offer the regulated community 24/7 online access to get, modify and terminate Fleet Permits and Equipment Registrations, purchase Certificates of Inspection, and submit Fleet Permit compliance reporting.

Streamlined UST Preapproval Process

The Underground Storage Tank (UST) Preapproval Module will allow users to electronically submit applications that meet basic program requirements, providing the UST Team with accurate and complete applications for review and quicker response to applicants.

myDEQ User Upgrade

Two new modules will be added to better service users: my-SETTINGS and myNOTIFICATIONS. These will allow account holders to update their user and company/agency profile, add new users to help manage permits/registrations and compliance reporting, and receive email notifications.



The myDEQ project will enable customers to submit their permit applications and self monitoring reports online. This online business solution is one of the most highly anticipated projects in our agency.

Continued Employee Training and Development

ADEQ's Human Potential Office (HPO) has a full slate of projects set for FY17-FY18 to continue planning and progress for professional development of ADEQ staff and management. HPO will define and begin an ongoing succession planning process for identifying and developing internal talent for future management and leadership opportunities. They will continue to develop and implement a 360-degree review system to provide ADEQ managers direct, individual feedback from their immediate work circle (supervisors, peers, subordinates and self-evaluation.) In conjunction with Principal, Senior and Associate staff, HPO will coordinate and begin an ongoing training and development program for ADEQ's technical staff, and they also will continue to refine and maintain ADEQ's training program for developing existing and potential future managers and supervisors.

Ozone Designation

In October 2015, the Environmental Protection Agency (EPA) finalized a new ozone standard at 70 parts per billion (ppb.) By October 2016, states were required to classify their air quality and make recommendations that the EPA designate air quality in specific areas as unclassifiable, in attainment, or in non-attainment of the new standard. ADEQ used monitoring data from 2013 – 2015 and a stakeholder process to identify areas that are in non-attainment. The EPA is expected to finalize designations by October 2017, and states will submit their implementation plans.

What's Ahead (FY18)

Safe Drinking Water

ADEQ has undertaken several projects to ensure Arizona residents are provided with clean water that meets drinking water standards. This will help residents make informed decisions about their public water systems to ensure that they are in compliance with the requirements of the Safe Drinking Water Act. Those projects include:

- Redesigning the way ADEQ approaches drinking water system regulation. We are moving away from the EPA model of a rule by rule approach, which means a system may have three or more ADEQ staff with whom to communicate, to regulation on a geographic basis ensuring that the system's single contact within ADEQ is knowledgeable in all rules.
- Contracting with the company that built EPA's Safe Drinking Water Information System to deepen our understanding of the database and improve our utilization of it.
- Moving to a streamlined monitoring data submittal system to reduce the need to manually enter submitted monitoring data. This system will allow ADEQ to be quicker at determining compliance status and address noncompliance sooner.
- Expanding our understanding of the challenges that face small drinking water systems by meeting directly with them to understand their needs and problems.

- Collaboratively working with other state and federal agencies to develop new solutions to the problems faced by small water systems. This includes a system by system review of the ones with long term compliance issues in the past.
- Developing a process to notify water system's customers when the systems do not, including using our discretion to notify customers when no legal requirement exists to ensure that the public can make informed decisions.



Public water systems are subject to the Safe Drinking Water Act regulated by the Environmental Protection Agency. ADEQ offers compliance assistance to these facilities so they will provide clean and safe drinking water to the citizens of Arizona.

Arizona Oil & Gas Conservation Commission

In 2016 the Arizona Legislature transferred the Arizona Oil & Gas Conservation Commission (AZOGCC) from the Arizona Geological Survey to the ADEQ. Starting in July 2016 ADEQ began taking on the important work of the Arizona Oil & Gas Conservation Commission by reviewing and approving the drilling plans for and production of oil, gas, helium, carbon dioxide, and geothermal resources. Additionally, the responsibilities of the AZOGCC include:

- Conducting regular Commission meetings and special hearings
- Inspecting wells for compliance, both during drilling and after completion
- Monitoring oil, gas, geothermal, and helium drilling activities and compiling production statistics
- Providing information to the exploration and development communities and the public

Moving into the next year, ADEQ plans to streamline the AZOGCC permitting and inspection processes and update internet resources and public records availability.

Progress on Achieving Performance Measures

Represented below in Table 3, are the departments core and support function performance measures. Please note that the core measures are broken down by program/sub-program structure to provide more granular information. We are very pleased to report that we recently aligned our budget, performance measures and the new value stream organizational structure discussed on Page 8. This new alignment will allow us to more accurately assess complete program costs by value stream, increase our ability to as-

sess resources needed in each value stream and the performance of each value stream in furthering our mission. The performance measures information contained in Table 3 reflects this new value stream organizational structure.

TABLE 3 – PROGRESS ON STRATEGIES: PERFORMANCE MEASURES

PROGRAM/SUBPROGRAM	METRIC	FY15 Actual	FY16 Estimate	FY16 Actual	FY17 Estimate
ADEQ	# of Agency FTE Count	0	0	400	433
ADEQ	# of Regrettable Attrition	0	0	26	TBD
ADEQ	# of Administrative Rules Improved or Repealed	0	0	12	TBD
ADEQ	# of Breakthroughs Achieved	0	0	2	TBD
ADEQ	% of Services Online	0	0	13%	TBD
Support	Time to Purchase Order (Days)	0	0	3.4	3
Support	Time to Respond to Records Request	0	0	5.8	3
Support	% of Statutorily set permit timelines met through License Time Frame Rule	99.5%	99.5%	99.8%	100%
Support	# of VESP Participation	0	0	35	70
Monitoring & Assessment	Population Breathing Good Air (%)	0	0	N/A	80%
Facility Emissions Control	Return to Compliance Time (Days)	0	0	55	45
Facility Emissions Control	Compliance Rate (%)	0	0	86%	88%
Facility Emissions Control	Permit Lead Time (Days)	0	0	67	62
Air Improvement Planning	# of SIPs Overdue	0	0	N/A	5
Air Improvement Planning	# of Non-Attainment Areas	0	0	15	15
Vehicle Emissions Control	Return to Compliance Time (Days)	0	0	13	12

TABLE CONTINUES ON NEXT PAGE

PROGRAM/SUBPROGRAM	METRIC	FY15 Actual	FY16 Estimate	FY16 Actual	FY17 Estimate
Vehicle Emissions Control	Compliance Rate (%)	0	0	98%	98%
Vehicle Emissions Control	Permit Lead Time (Days)	0	0	0	0
Vehicle Emissions Control	Compliance Rate for Vehicles (%)	0	0	93%	95%
Solid Waste	Compliance Rate (%)	0	0	90%	90%
Solid Waste	Return to Compliance Time (Days)	0	0	69	65
Solid Waste	Permit Lead Time (Days)	0	0	41	37
Solid Waste	Contaminated Sites Closed (%)	0	0	43%	43%
Solid Waste	Time to Implement Remedy (Years)	0	0	Baseline	Baseline
Hazardous Waste	Compliance Rate (%)	0	0	54%	58%
Hazardous Waste	Return to Compliance Time (Days)	0	0	69	69
Hazardous Waste	Permit Lead Time (Days)	0	0	545	180
Hazardous Waste	Reduction of Natural Resources Consumed (Metric tons of CO2 Equivalents [MTCO@e])	0	0	64,000	126,000
Hazardous Waste	Reduction of Hazardous Waste Generated (Million Pounds)	0	0	2.8	6.9
Hazardous Waste	Contaminated Sites Closed (%)	0	0	41%	43%
Hazardous Waste	Time to Implement Remedy (Years)	0	0	Baseline	Baseline
UST and Leaking UST	Compliance Rate (%)	0	0	56%	60%
UST and Leaking UST	Return to Compliance Time (Days)	0	0	98	75
UST and Leaking UST	Permit Lead Time (Days)	0	0	6	5
UST and Leaking UST	Contaminated Sites Closed (%)	0	0	92%	92%
UST and Leaking UST	Time to Implement Remedy (Years)	0	0	9.03	8.49
WQARF	Contaminated Sites Closed (%)	0	0	0	2.8%
WQARF	Time to Implement Remedy (Years)	0	0	5.78	5.3

PROGRAM/SUBPROGRAM	METRIC	FY15 Actual	FY16 Estimate	FY16 Actual	FY17 Estimate
Voluntary Remediation	Contaminated Sites Closed (%)	0	0	68%	71.1%
Voluntary Remediation	Time to Implement Remedy (Years)	0	0	Baseline	Baseline
Brownfields	Time for Brownfield to Return to Productive Use (Days)	0	0	246	231
Groundwater Protection	Compliance Rate (%)	0	0	91%	92%
Groundwater Protection	Return to Compliance Time (Days)	0	0	210	195
Groundwater Protection	Permit Lead Time (Days)	0	0	95	90
Surface Water Protection	Compliance Rate (%)	0	0	83%	83%
Surface Water Protection	Return to Compliance Time (Days)	0	0	100	90
Surface Water Protection	Permit Lead Time (Days)	0	0	89	82
Surface Water Quality Improvement Planning	# of Target List Impaired Waters Improved	0	0	N/A	15
Surface Water Quality Improvement Planning	# of Impaired Surface Waters	0	0	N/A	134
Safe Drinking Water	Population Served Health Drinking Water (%)	0	0	N/A	98%
Safe Drinking Water	Small Drinking Water Systems in Compliance (%)	0	0	N/A	70%
Safe Drinking Water	Compliance Rate (%)	0	0	66%	70%
Safe Drinking Water	Return to Compliance Time (Days)	0	0	64	58
Safe Drinking Water	Permit Lead Time (Days)	0	0	16	15
Water Re-Use	Compliance Rate (%)	0	0	88%	90%
Water Re-Use	Return to Compliance Time (Days)	0	0	125	116
Water Re-Use	Permit Lead Time (Days)	0	0	43	41

Notes:
Baseline for 2 years.

Resource Assumptions

The resource assumptions required to support this Strategic Plan are shown in Table 4. Resource assumptions include the number of full-time equivalent positions and budgetary data, including all funding sources and the relevant fiscal years.

TABLE 4 – AGENCY LEVEL RESOURCE ASSUMPTIONS

	FY17 Appropriation	FY18 Budget Request or Estimate	FY19 Estimate	FY20 Estimate	FY21 Estimate
Full-time-equivalent (FTE) Positions	582.5	551.5	551.5	551.5	551.5
General Fund*	2,823.6	2,823.6	2,823.6	2,823.6	2,823.6
Other Appropriated Fund	76,334.9	81,748.3	81,748.3	81,748.3	81,748.3
Non-Appropriated Funds	86,132.8	56,132.8	56,132.8	56,132.8	56,132.8
Federal Funds	18,120.3	18,120.3	18,120.3	18,120.3	18,120.3
Total Agency Funds	183,411.6	158,825.0	158,825.0	158,825.0	158,825.0

*A.R.S. § 49-282 requires an annual \$15,000,000 transfer from the Corporate Income Tax (CIT) to the Water Quality Assurance Revolving Fund WQARF. Because this fund is specific to WQARF and is not available for the general operations, the above narrative does not consider it to be General Fund.

The Agency receives the CIT transfer as General Fund and transfers it out to WQARF. Per Laws 2016, 52nd Legislature, 2nd Regular Session, Chapter 120 (HB2702), Section 8 amended the transfer to \$2,823,600 for FY17.

Notes:

- Excluding FTE's, numbers are in thousands rounded to hundreds.
- All numbers in millions.

