

**DRAFT WORKPLAN TO ASSESS AND ALIGN
PRIORITIES, RESOURCES, AND PERFORMANCE TARGETS**

OCTOBER 12, 2011

Background: On September 19, 2011, the State Water Board adopted [Resolution No. 2011-0042](#), approving a new fee schedule for Fiscal Year 2011-2012 that resulted in a fee increase of almost \$28 million. Most of this fee increase was caused by a shift away from the general fund to fee funding to support existing work in the Water Boards' National Pollutant Discharge Elimination (NPDES), Irrigated Lands Regulatory, and Planning programs. None of the increase was attributable to growth in fee funded programs. In addition to approving the new fee schedule, Resolution No. 2011-0042 directed State Water Board staff to:

Prepare before the second October 2011 meeting a plan for providing the board by March 2012 a report that assesses and aligns priorities with specific targets, and details the resources necessary to fulfill its statutory obligations including identifying any opportunities for cost savings. The plan shall include specific elements for stakeholder input in identifying efficiencies to assist the board in carrying out its obligations and fulfilling its mission.

Report Approach: The overall goal of the report will be to describe the link between the fees collected, the Water Boards' core program priorities, the work conducted and the outputs produced with our available resources. This effort will lead to implementation of management practices that ensure that work outputs in all programs, beginning with fee funded programs, are associated with workload standards and driven by Water Board priorities. A phased approach is proposed which will initially identify and describe the priorities, resource inputs, and work outputs related to the NPDES (wastewater) and WDR (Non-chapter 15) programs¹. These two programs are comprised of relatively homogenous activities (e.g., inspections, permit writing, report review etc.) and together account for over 40 percent of the water quality program fees collected in the waste Discharge Permit Fund (WDPF). Approximately 200 PYs are dedicated to these programs statewide.

Phase I is proposed for completion by March 31, 2012 and will include a report that provides: 1) an evaluation of the sources of funding and distribution of resources among the State and Regional Water Boards and among all fee funded programs; 2) definitions of the activities that make up the NPDES and WDR programs and the distribution resources to each activity; 3) updated cost factors for NPDES and WDR program activities; and 4) a method to set performance targets based on available resources and priorities. The methods and information contained in the Phase I report will be used to establish performance targets for the NPDES and WDR programs for Fiscal Year 2012-2013. Initial observations on opportunities for increased efficiency and recommendations for performance management process improvements will also be documented.

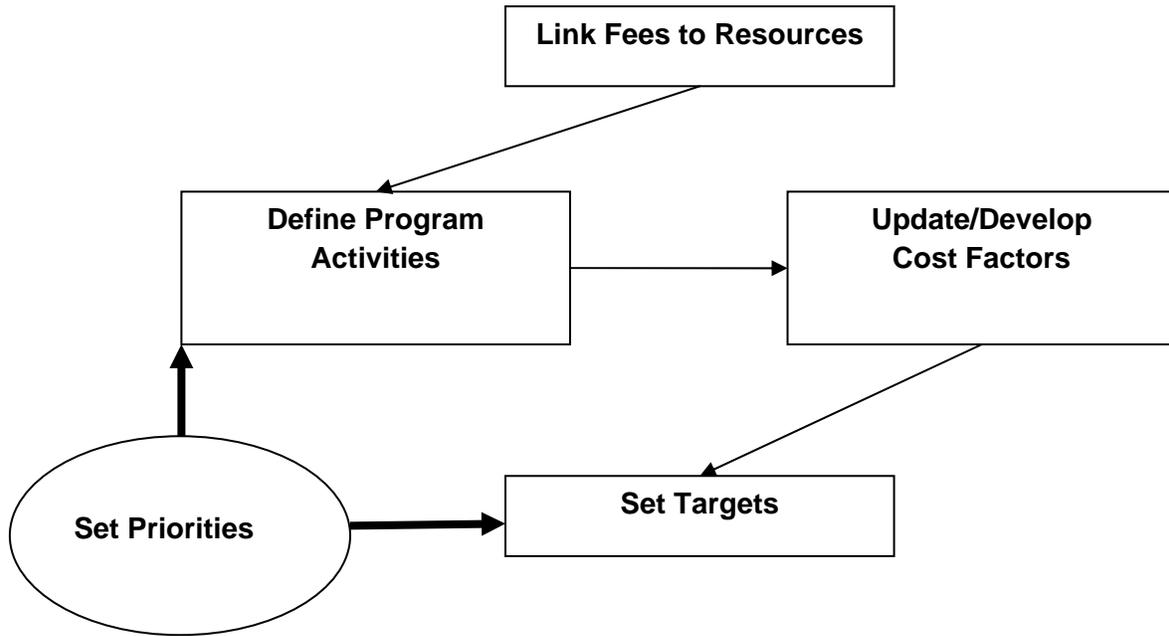
¹ Phase I report will not include the NPDES Stormwater or WDR Land Disposal Programs

Phase II will involve an evaluation of the costs associated with program activities and identification/quantification of any cost saving that may be gained through efficiencies. Phase II will rely on the results of the Phase I assessment and will incorporate stakeholder involvement. Based on the results of Phase I, the project will also be expanded to include cost factors and target setting methods for the remaining fee funded programs.

The following is a description of the major elements of the Phase I report:

1. **Link Fees to Resources:** Define the sources of funding and distribution of resources by program (all fee funded programs). Provide the rationale for the distribution of resources among the programs and Regions.
2. **Define program activities:** Identify the various activities that comprise the NPDES and WDR programs and update the relative amount of time currently spent on each activity. For example, these activities include inspections, permit writing, report review, case oversight and others. Core program priorities should be set by management and are a function of the total amount of resources provided to a given program and the distribution of those resources to the individual program activities.
3. **Update/Develop Cost Factors:** Develop a classification system to group facilities by characteristics that relate to the level of staff effort required to conduct program activities. Evaluate and update or develop cost factors for NPDES and WDR program activities based on facility classification.
4. **Establish Target Setting Method:** Targets for the NPDES and WDR program will be based on management priorities, program resources, and cost factors. The target setting method will standardize resource inputs and expected work outputs for all Regions. The mix of outputs (e.g., inspections, permits) may change from year to year or Region to Region, but the overall level of output will be comparable based on the level of resources allocated. Targets will need to be periodically reviewed to ensure they reflect priorities.

Conceptual Model: Aligning Priorities, Resources, and Targets



Phase I Preliminary Schedule and Responsibilities

Task	Completion Date
Link Fees to Resources	End November 2011
Define program activities	Mid January 2012
Update Cost Factors	Mid January 2012
Develop Target Setting Method	Mid February 2012
Draft Final Report to State Water Board	End March 2012
Implement New Target Setting Method	April 2012
Review and Establish Priorities and Targets	Ongoing