The Department of Toxic Substances Control (DTSC) requests an augmentation of $747,000 ($374,000 from the Hazardous Waste Control Account and $373,000 from the Toxic Substances Control Account), and to convert 5.0 positions from limited-term to permanent, for ongoing Strategic Program Development. The Office will be responsible for developing and implementing performance management strategies, including metrics, to improve efficiency and accountability. This initiative will provide crucial oversight and promote a systemic culture of change, accountability, and transparency.
more effectively address the health and safety issues that directly impact the people and businesses of California. A flowchart of the permitting process was baselined and updated to reflect work plan improvements. A measurable goal of reducing the average time to process a permit application -- from the current average of 4.3 years down to 2.0 years for 90% of permits -- is now being tracked, and new processes are being applied to achieve that goal.

Through DTSC’s engagement in the Lean Six Sigma pilot process improvement project -- sponsored by the Governor’s Office of Business and Economic Development (Go Biz) and the California Department of Human Resources -- 3 Lean Six Sigma projects have been completed to improve the hazardous waste permitting process. Additional future Lean Six Sigma projects have been identified, for example to improve review under CEQA, decrease the time needed to refer environmental crimes for prosecution, and speed the processing of field samples by the Environmental Chemistry Laboratories. The Department plans to continue with new projects in future years. Lean Six Sigma projects are aimed at identifying root causes of performance issues, and recommending actions to effect positive change. Over the course of these projects, DTSC gained valuable experience and insight into the process of continual improvement.

Note that the resource and workload history of permitting is provided for context, although the proposed resources will address multiple programs and support services within DTSC.

### Workload Measures*

<table>
<thead>
<tr>
<th>WORKLOAD MEASURE</th>
<th>FY11-12</th>
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*FY 15-16 Includes completed and projections

Dashes (--) indicate no activity. The Work Plan team was not in place until FY14-15. Select actions were completed prior to FY15-16 by the Permitting Division as shown in the workload history chart above.

**Within the Department’s three Lean Six Sigma projects there were several deliverables outlined in the work plan. These numbers reflect those discrete tasks.

### Work Plan Resource History

*(Dollars in thousands)*

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¹ Lean Six Sigma combines two powerful business methodologies. "Lean" was developed by the Toyota Motor Corporation and focuses on streamlining. "Six Sigma" was developed by Motorola and stresses improving quality through data analysis. Lean Six Sigma has been successfully adapted by government agencies across the country to improve the delivery of services.
4.4: Implement a sustainable training needs assessment and prioritization process and upgrade the electronic learning management system to support implementation of DTSC’s training plan for providing staff and managers with the skills they need to succeed in their jobs and careers.

Goal 5: Increase the effectiveness of organizational engagement with external partners.

5.3: Develop and implement a process for regular public meetings to obtain broad-based public input on various DTSC projects and proposals and to better inform stakeholders concerning DTSC’s programs and activities.

5.4: Develop and implement an engagement strategy for impacted communities that aligns with program initiatives and community needs.

5.6: Integrate DTSC's public participation strategies and activities into the site cleanup and hazardous waste management programs, including the use of cross-program workgroups.

This proposal also directly relates to the following DTSC "Fixing the Foundation" Objectives:

Objective 1.a: Implement sustainable solutions where all staff hold themselves and others accountable and encourage frank and open internal discussions at DTSC.

Objective 4.b: Improve efforts to ensure hazardous waste permits are protective, timely, legally defensible, and enforceable.

Objective 4.d: Improve public confidence in permit decisions.

Objective 4.k: Implement a new information technology system that improves the availability and usability of hazardous waste management data.

Objective 5.e: Create a training plan that provides staff members with the skills they need to succeed in their jobs and careers.

C. Justification

DTSC successfully demonstrated its ability to reform a key program in a manner that is responsive to stakeholder needs and consistent with the principles of good government by developing and implementing its Permit Enhancement Work Plan. However, these efforts have been successful only because DTSC received temporary spending authority and 5.0 limited term positions to implement the programs that would enhance the Department’s performance and accountability. DTSC lacks the resources and structure that would allow it to conduct ongoing strategic planning and performance management, identify deficiencies across all program areas, and develop corrective action plans to address them.

The measurable success of the Permitting Program improvement effort demonstrates the importance of dedicated resources to develop, support, assess, and monitor reform efforts. Notwithstanding that success of that effort, however, DTSC continues to receive close scrutiny by the Legislature and the public through oversight hearings and the creation, in the current year budget, of an Independent Review Panel for the Department. That Panel is charged with reviewing, reporting on, and recommending improvements to DTSC’s programs.

In order to institutionalize continuous improvement, and to address the issues raised through Legislative hearings, DTSC proposes to establish a permanent team to carry out organized and integrated strategic planning and program review. This team will work collaboratively with the Department’s core programs and
Cleanup Program (completing the review for all DTSC programs by year two); (3) Conducting a Baseline Program Evaluation and development of a Strategic Program Development Plan for the Voluntary Cleanup Program; and (4) Preparing the Biennial Report pursuant to H&SC Section 57007.

The Scoping Plan will generally identify program areas and support services that will be evaluated for performance improvement. With input from executive leadership, the Plan will prioritize the program areas and support services for review. It will specifically identify the work areas for the coming year, with an outline of projected program reviews in future years. In the first year, the Voluntary Cleanup Program will be the program area evaluated. The Plan will be updated annually.

The Statutory Program Review for the Voluntary Cleanup Program, and, subsequently for each program area, will identify the statutory authorities and mandates that underpin the program’s activities, minimum performance standards and other obligations, and the specific program activities that implement those statutes. It will also identify statutes that are not fully implemented, and statutes that are no longer needed or appropriate in light of current conditions. The resources needed to fulfill these obligations will be identified based on current program practices. This information will provide the foundation for the Baseline Program Evaluation.

The Baseline Program Evaluation will build on the Statutory Program Review with detailed analyses of work processes, existing performance metrics and other quality measures. It will assess the program performance issues and gaps identified through internal review, legislative oversight, recommendations of the Independent Review Panel, or other stakeholder input. Functional analyses of the program or service area will be developed (such as a matrix analysis of Strengths, Weaknesses, Opportunities and Threats, or SWOT analysis). These analyses will identify the program or service elements where improvements can be most productively made.

The Strategic Program Development Plan will provide the overall performance improvement map, including expected outcomes, tools and methods, and specific deliverables and milestones. Some of the tools and methods identified may include Lean Six Sigma projects and other structured performance improvement strategies. The Plan will incorporate internal and external feedback as appropriate.

In the first year, the Department expects to complete the Statutory Program Review, Base Program Evaluation and Strategic Program Development Plan for the Voluntary Cleanup Program. This program area is a priority for review because of questions raised by impacted communities and the Independent Review Panel, as well as internal reviews of some of the Department’s voluntary cleanup projects. The Plan will be implemented in the second year, including one or more Lean Six Sigma projects and the development of concrete performance goals and metrics.

In the first year, the Team will also produce the Biennial Report on DTSC’s implementation of continual quality improvement required pursuant to H&SC Section 57007.

D. Outcomes and Accountability

The Strategic Program Development Team will carry out the following activities:

1. **Prepare Annual Scoping Plan:**
   - Outline of functional program areas and discrete support service areas
   - Prioritized order for evaluation of outlined areas with approximate timing of review
   - Schedule of reviews and other substantive activities for year ahead

2. **Complete Statutory Program Review:**
   - Review of federal and state statutes specific to the program or support service area
• Monitoring of performance metrics (and the periodic posting of metrics on DTSC's website) for identified DTSC programs or support services
• Continuous reviews of various improvements implemented in previous years.
• Review and reinforcing of standardized use of new guidelines, procedures and other reform measures instituted.
• Documenting progress and shortfalls

8. Reports

• Status reports to executive leadership on activities and outcomes
• Development of periodic reports on strategic improvement efforts
• Development of the Biennial Report on Performance Improvement required under H&SC Section 57007

Accountability will be assured through:

• Periodic reports posted on the DTSC website
• Biennial Report on Performance Improvement required under H&SC Section 57007
• Regular reporting to the Independent Review Panel (IRP) on performance metrics; the IRP is required by law to report quarterly on DTSC's progress improving its Permitting, Enforcement, Public Engagement, and Fiscal Management.

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E. Analysis of All Feasible Alternatives

Alternative 1: Adopt this proposal to make permanent 5.0 positions to provide Strategic Program Development, and maintain and oversee the continued implementation of improvements to DTSC's programs and support services.

Pros:

• Ensures DTSC undertakes critical strategic planning and continuous improvement efforts necessary for the Department to achieve performance excellence.
• Establishes a mechanism for institutionalizing required or recommended enhancements and reforms.
• Ensures that any efficiencies and/or enhancements to programs and support services, and new or improved standards are fully authorized and legally defensible.
• Creates accountability and transparency across DTSC's programs and support services.
• Aligns with, supports and leverages efforts by the Office of Environmental Justice and Tribal Affairs.
F. Implementation Plan

July 2016

Hire new staff

Begin on-the-job training of new hires with experienced staff

September 2016

First Annual Scoping Plan

December 2016

Biennial Report on performance improvement (H&SC Section 57007)

Ongoing

Baseline program evaluations

Strategic Program Development Plans

New/improved performance standards and metrics

Implementation support

Monitoring and reporting on progress and performance

G. Supplemental Information

None.

H. Recommendation

Approve Alternative 1 to make permanent 5.0 positions to provide Strategic Program Development, and maintain and oversee the continued implementation of improvements to DTSC’s programs and support services.