

2012 Report to the Legislature: Water Resources Program Reforms and Efficiencies



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2012 Report to the Legislature:

Water Resources Program Reforms and Efficiencies

by

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Washington State Department of Ecology
Olympia, Washington

Program Mission

The mission of the Water Resources Program is to support sustainable water resources management to meet the present and future water needs of people and the natural environment, in partnership with Washington communities.

Authorizing Laws

- RCW [18.104](#), *Water Well Construction Act (1971)*
- RCW [43.21A](#), *Department of Ecology (1970)*
- RCW [43.27A](#), *Water Resources (1967)*
- RCW [43.83B](#), *Water Supply Facilities (1972)*
- RCW [43.99E](#), *Water Supply Facilities – 1980 Bond Issue (Referendum 38) (1979)*
- RCW [86.16.035](#), *Department of ecology control of dams and obstructions (1935)*
- RCW [90.03](#), *Water code (1917)*
- RCW [90.08](#), *Stream patrolmen (1925)*
- RCW [90.14](#), *Water rights claims registration and relinquishment (1967)*
- RCW [90.16](#), *Appropriation of water for public and industrial purposes (1869)*
- RCW [90.22](#), *Minimum water flows and levels (1969)*
- RCW [90.24](#), *Regulation of outflow of lakes (1939)*
- RCW [90.28](#), *Miscellaneous rights and duties (1927)*
- RCW [90.36](#), *Artesian wells (1890)*
- RCW [90.38](#), *Yakima river basin water rights (Trust Water) (1989)*
- RCW [90.40](#), *Water rights of United States (1905)*
- RCW [90.42](#), *Water resource management (Trust Water) (1991)*
- RCW [90.44](#), *Regulation of public groundwaters (1945)*
- RCW [90.46](#), *Reclaimed water use (1992)*
- RCW [90.54](#), *Water resources act of 1971 (1971)*
- RCW [90.66](#), *Family farm water act (1977)*
- RCW [90.80](#), *Water conservancy boards (1997)*
- RCW [90.82](#), *Watershed planning (1997)*
- RCW [90.86](#), *Joint legislative committee on water supply during drought (2005)*
- RCW [90.90](#), *Columbia River basin water supply (2006)*
- RCW [90.92](#), *Pilot local water management program (Walla Walla) (2009)*

Case law

Washington case law plays a vital role in providing determinations and rulings that also govern water resources management. The Water Resources Program's website on laws, rules, and case law can be found at <http://www.ecy.wa.gov/programs/wr/rules/rul-home.html>.

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Acknowledgements

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Faster Water Rights Cost Reimbursement Agreements

March 8-9, 2011

Facilitator:

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- Victoria Leuba
- Laura Lowe
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Better Information and Quicker Decisions for Upper Kittitas Water Budget Neutral Applicants

November 4, 2010

Facilitator:

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Faster Decisions on Trust Water Right Applications

March 22-23, 2011

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Streamline and Clarify the Standard Water Right Permit Application Process--Phase 1: Intake

June 28-July 1, 2011

Facilitator:

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**Streamline and Clarify the Standard
Water Right Permit Application
Process--Phase 2: Investigation and
Documentation**

September 13-16, 2011

Facilitator:

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**Streamline and Clarify the Standard
Water Right Permit Application
Process--Phase 3: Permit Development
and Management**

November 7-10, 2011

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Executive Summary

In May 2011, through Second Engrossed Substitute House Bill 1087 (2ESHB 1087), the Legislature directed Ecology to review its water right application procedures. The budget proviso states:

The department shall review its water rights application review procedures to simplify the procedures, eliminate unnecessary steps, and decrease the time required to issue decisions. The department shall implement changes to improve water rights processing for which it has current administrative authority. The department shall report on reforms implemented and efficiencies achieved as demonstrated through enhanced permit processing to the appropriate committees of the legislature on December 1, 2011, and October 1, 2012.

2ESHB 1087 Sec. 302(7). The Water Resources Program is reviewing our existing water right application processes, with the intention of creating a streamlined process that is more efficient, takes less time, and adds value for the customer. In order to accomplish this efficiency work, the Water Resources Program has utilized the “Lean” process. Lean has helped companies like Toyota, Boeing, Group Health, and Virginia Mason Hospital to become more efficient, and the application of Lean in the government sector is being used in several other states with good success.

This report is the second report called for by the Legislature summarizing the efficiency reforms implemented to date. Ecology’s first report was published early this year and can be viewed at: <https://fortress.wa.gov/ecy/publications/SummaryPages/1211003.html>.

With, in some cases, over a year of lean work in place, we are seeing the benefits of the actions we have implemented. Listed below are some of the action items identified at our six Lean workshops.

1. Faster Water Rights Cost Reimbursement Agreements

- Eliminate the paper routing process for approval signatures, and replace it with a web-based (SharePoint) approval process. This SharePoint site will also provide a convenient place where any Ecology staff person can track pending contracts and find project information.
- Define roles and responsibilities for staff and create communication feedback loops so that contracts can be tracked. This will assist in speeding up the contracting process.

- Develop response time expectations for applicants and consultants. This will enhance Ecology's ability to develop cost reimbursement projects in a timely manner.

Status

We have implemented all of these recommendations. The cost reimbursement process is running much smoother with a much shorter time to get contracts approved due to our electronic routing process.

2. Streamline and Clarify the Standard Water Right Permit Application Process-- Phase 1: Application Intake Process

- Develop a more robust pre-application process that informs potential applicants about their likelihood of obtaining water, wait times, information needs, and options for processing before they incur such costs as consultant fees and non-refundable application fees.
- Change our forms from legal size to letter size so they are more user-friendly.
- Develop automated processes (RSS feeds) to share application information with interested parties.
- Standardize approaches in the regional offices regarding property ownership changes.
- Develop a more efficient process to route incoming applications to the regional offices.

Status

We continue to work on improving our pre-application process and to standardize the process for property ownership changes. Both processes should be fully functional by June 30, 2013. The other recommendations are currently implemented.

3. Streamline and Clarify the Standard Water Right Permit Application Process-- Phase 2: Investigation and Documentation Process

- Develop application-decision work plans with a "basin-specific focus" and make every effort to act on all pending applications in the basin.
- Improve communication to better share basin work plans both inside and outside of the agency. Provide key stakeholders and legislators early notice of where Ecology is working and the expected outcomes of our application decisions.
- Implement a structured and efficient review process to remove applications that are no longer viable from the application queue.

- Provide clear expectations on information applicants will need to provide and study requirements.
- Develop a training program and an investigator's manual to ensure consistency in application review and documentation across the state.

Status

We have made considerable progress in implementing all of these recommendations. We have more work to do developing basin-specific work plans around the state and developing a training program and investigators manual. We project having these in place by September 2013.

4. Streamline and Clarify the Standard Water Right Permit Application Process--Phase 3: Permit Development and Management Process

- Eliminate duplicate copies in our clerical processes.
- Refocus our efforts on data entry standards and consistency among regions.
- Make a commitment to request and add email addresses to our system so we can use electronic notification for construction schedules.
- Revise our construction schedule notification form to ensure that fees are not sent to us until they are required.
- Improve our customer service as it relates to extensions on development schedules by notifying applicants before they are out of compliance.

Status

We have made good progress on all of these recommendations. We have not fully implemented our pre-reminder process but it will be implemented by June 30, 2013. We will postpone implementing the pre-reminder process at CRO until they have caught up with the backlog.

5. Faster Decisions on Trust Water Right Applications

- Prioritize trust workload with clear criteria.
- Set and track goals toward trust decision targets.
- Assign a Trust Water Business Lead to provide training and support staff.
- Create more detailed assignment codes for the Water Right Tracking System (WRTS) to facilitate tracking and prioritizing trust work.
- Develop and adopt a trust-specific quality control checklist.

Status

We have assigned a Trust business lead, created assignment codes, and developed the quality control checklist. We set and tracked goals but were not able to achieve them at the end of the first year of implementation because of staffing issues. However we now have a person assigned to trust water rights and should make good progress in 2013.

6. Better Information and Quicker Decisions for Upper Kittitas Water Budget Neutral (WBN) Applicants

- Prepare focus sheets and other outreach products to explain the WBN process and steps involved.
- Develop additional tracking codes (event codes) to use in our Water Right Tracking System (WRTS) database, to more easily track WBN applications and decisions.
- Create a checklist of additional information that is useful to accompany a WBN application (such as well location, water level in well, parcel sales history, and so on), and share with potential applicants.
- Provide a response deadline when seeking feedback from fish co-managers in the Yakima Basin (Washington State Department of Fish and Wildlife, Yakama Nation, irrigation district representative) as it relates to a WBN application, to avoid open-ended response times.

Status

We have implemented all of the WBN recommendations and have a much better process than before we made use of the Lean process.

With technology integration and improved administrative processes, we will be able to make decisions faster and therefore reduce the backlog of pending applications faster than in the past.

Purpose

The 2011 Legislature directed Ecology to review its water right application procedures in an Operating Budget Proviso, 2ESHB 1087 Sec. 302(7). The bill states:

(7) The department shall review its water rights application review procedures to simplify the procedures, eliminate unnecessary steps, and decrease the time required to issue decisions. The department shall implement changes to improve water rights processing for which it has current administrative authority. The department shall report on reforms implemented and efficiencies achieved as demonstrated through enhanced permit processing to the appropriate committees of the legislature on December 1, 2011, and October 1, 2012.

This is the second report.

Introduction

The Department of Ecology's Water Resources Program allocates surface and groundwater to meet the state's many water supply needs. Ecology is responsible for making decisions on applications for new water rights and for changes to existing water rights. Ecology is also responsible for managing an existing water right portfolio of approximately 50,000 certificates, 3,000 permits, 170,000 claims, and an estimated 400,000 permit-exempt groundwater withdrawals. Water rights processing is the largest activity of the Water Resources Program, employing about one third of total program FTEs. This activity received a directed budget reduction in the 2009-2011 Biennium of 25 percent and about 15 funded FTEs.

In the 1917 Water Code, Washington chose the prior appropriation system as the exclusive basis for allocating the state's water resources. In doing so the Water Code declared all unappropriated water to be waters belonging to the public. Prior appropriation by customary practices was recognized as early as the 1880s. Still, it was not until the 1917 code that the Legislature created the current permit system for surface water, which required applicants to obtain a permit before constructing works and putting the water to use. Existing water uses established under the riparian doctrine of water rights were grandfathered in by the Water Code. The Legislature placed groundwater appropriation under the same procedures in the 1945 Groundwater Code.

Ecology can issue a permit to appropriate public water if it can affirmatively answer each part of the four-part test identified in RCW 90.03.290:

- (1) Water is proposed to be put to a beneficial use.
- (2) Water is available for the proposed use.
- (3) Proposed use of water will not impair existing water rights.
- (4) The water use will not be detrimental to the public welfare.

Similarly, courts have held that Ecology must address the four-part test to deny an application. Insufficient information in applications, such as information regarding the impact of proposed water use on existing water rights, streams, and the public welfare, prevents Ecology from rendering decisions. Coupled with decades of highly variable funding, this is a central reason that the backlog of water right applications has grown to thousands.

Once a permit is issued, the permittee is on a schedule to develop the proposed water use. If requested, Ecology may issue extensions. Once the permit holder puts water to beneficial use and the amounts and other facts are verified, a final water right certificate is issued.

Water rights are also transferred or changed at the holder's request and with Ecology's approval. Typical changes involve the place of use, purpose of use, or the point of diversion or withdrawal. Temporary changes can be approved. The principle test applied is whether the change will impair any other water right, whether senior or junior to the right proposed for change.

Since 2001, the number of change applications filed and approved has increased dramatically to the point that they outnumber new applications received or approved. This reflects the fact that much of the water in the state has already been developed, resulting in a push to change existing water rights to other uses with higher economic value.

In 1994, the program's water rights processing budget was reduced by two-thirds and staffing fell from about 60 to 20 FTEs. The reason for this budget cut was a dispute in the Legislature over whether to increase water right fees to recoup one-half of the cost of processing water rights. When the fee bill failed, a severe reduction of State General Fund automatically occurred and required the program to lay off large numbers of experienced workers. The backlog of applications then grew rapidly, adding about 4,000 pending applications by 2001, and creating a backlog of about 7,000 applications for new water rights, changes to existing water rights, and for new reservoir permits.

Between 2001, when Ecology received additional funds for water right processing staff, until the budget reduction last biennium, the program had sufficient capacity to keep up with the number of incoming applications. Staffing and processing levels were still not high enough to reduce the backlog. Due to the loss of water right permit processing staff in the 2009-2011 biennium, when

this activity received a directed budget reduction of about 25 percent and 15 FTE, the backlog may grow faster than Ecology can process applications once the economy begins to recover and the number of applications received increases.

At the direction of the 2011 Legislature, the Water Resources Program is reviewing our existing water right application processes, with the intention of creating a streamlined process that is more efficient, takes less time and adds value for the customer.

To help us streamline our process, we are applying the continuous process improvement principles and practices of *Lean* and *Value Stream Mapping*.

Lean Methods for Process Improvement

What is Lean?

“**Lean**” is a production practice and management philosophy developed by the Toyota Corporation that emphasizes value for the end customer. Working from the perspective of the customer, “value” is defined as any action or process that a customer would be willing to pay for.

Lean is centered on preserving value with less work. Lean is intended to be a cycle of continuous improvement.

Boeing has also adopted the principles of Lean, and has agreed to help state government incorporate Lean into our processes. The Governor’s Office asked state agencies to submit proposals for Lean projects, and the Water Rights Application Process was selected as a top priority for applying Lean principles.

What is Value-Stream Mapping?

“**Value stream mapping**” is a Lean process technique used in Lean workshops where the current flow of information and materials, or production path, is mapped on a wall. Workshop participants then identify where in the current process there are opportunities to eliminate waste. The process is then remapped into a desired future state, focusing on adding value with the least amount of waste.

Ecology Water Resources Lean Projects

The Water Resources Program began looking at applying Lean principles to our permitting process in 2010. Our first Lean workshop was conducted in November 2010, and the workshop focused on the Water Budget Neutral water rights process in the Upper Kittitas basin. The Water Resources Program was being criticized for the amount of time it took to process these applications, and it was an area ready for process improvement.

Since that first workshop almost two years ago, the Water Resources Program has taken the Lean principles to heart, and we have “Leaned” our trust water right process, our cost reimbursement contracting process, and our standard water rights process.

This report describes the efficiencies we have identified, and the progress we have made in implementing those changes at the date of this report. The report is organized as follows:

- 1. Faster Water Rights Cost Reimbursement Agreements**
- 2. Streamline and Clarify the Standard Water Right Permit Application Process**
 - a. Phase 1: application intake process
 - b. Phase 2: investigation and documentation process
 - c. Phase 3: permit development and management process
- 3. Faster Decisions on Trust Water Right Applications**
- 4. Better Information and Quicker Decisions for Upper Kittitas Water Budget Neutral Applicants**

1. Faster Water Rights Cost Reimbursement Agreements

As more water right applicants are selecting cost reimbursement for water right processing, the time to develop cost reimbursement contracts has grown, which frustrates both staff and applicants. The team’s objective was to decrease the amount of time for developing and implementing a cost reimbursement agreement for initiating the Cost Reimbursement Process. Our goal is to complete the process in 30 working days, assuming that the applicant returns the signed agreement and deposit within 10 working days.

Problems identified from workshop

- Slow routing process.
- Inadequate internal and external communication and coordination.
- Undefined job duties.
- Slow response rates.
- Limited process management.
- Managing “backfill dollars.”

Recommendations and Status

Routing process

The routing process we used for contract approval was very slow and a major impediment to getting contracts in place.

Recommendation

Eliminate the paper routing process for approval signatures and replace it with an automated signature web-based application (SharePoint). This SharePoint site will also provide a convenient place for a staff person to determine the status of pending contracts and project information.

Status

We have eliminated the paper routing process for contracts and replaced it with an automated signature workflow in SharePoint. Signing off on contracts took weeks before use of SharePoint and now it takes days. (Originally identified in May 2012 report to the legislature. Fully implemented summer 2012)

Communication and coordination/ Job duties

There was inadequate communication between the many internal and external people involved in developing cost reimbursement projects. Job responsibilities were also not defined for various staff involved in the process, leaving roles and responsibilities unclear.

Recommendation

Clarify staff roles and responsibilities of contracting and permitting staff and create communication feedback loops to support contract tracking.

Status

We have clarified roles in the steps of the contracting process.

Process management

Ecology contract support staff had limited time to manage our water rights cost reimbursement process.

Recommendation

Prioritize hiring a Water Resources Contract Specialist to manage contracts. A dedicated Water Resources Contract Specialist would be more responsive and accessible than the contract support staff outside of the Program.

Status

The Water Resource Program has taken on the responsibility of contract management. It is now much easier for program staff working with cost recovery projects to track the status of contracts.

Response rates

Response rates were slow when more information was requested from applicants and consultants.

Recommendation

Develop response time expectations for applicants and consultants to enhance Ecology's ability to develop cost reimbursement projects in a timely manner.

Status

Ecology now includes response time expectations in correspondence with applicants and consultants when requesting additional information.

Funds management

It was very difficult to track, manage, and spend "backfill dollars" which we would bill the applicant to cover agency time and expenses associated with the cost reimbursement project. The applicant was billed after the project was completed and a backfill project was identified. Often the contract expired before this could happen.

Recommendation

Develop a more efficient process for putting accumulated cost reimbursement “backfill dollars” to work.

Status

We have developed a new process for collecting and managing “backfill dollars.” Now we collect the backfill dollars monthly and deposit the money into an account that allows the funds to cross into the next fiscal year. We can also easily pool the backfill dollars from all regions to spend on the highest priority work of the program.

Implementing these recommendations has resulted in a faster contracting process within Ecology, a faster response time from Ecology’s contractors, and a more efficient process for using accumulated backfill money.

Table 2. Comparison of time savings from implementation of electronic work-flow	
Before	After
Draft contracts were circulated for approval by mailing and hand carrying a routing folder from employee to employee. The current status of the router was unknown. The routing folder would often get stranded in an individual office, as it wound its way through the responsible sections. Locating the routing folder often required repeated interventions (emails and phone calls) by contract staff to move things along. The process usually took several weeks or longer to complete.	Draft contracts are reviewed and approved using SharePoint Workflow. Approval status is visible to all employees and handoffs from one employee to another along the approval chain are automated. Average time for a draft contract to complete an approval workflow is 3.2 days. Average time for internal review and approval of invoices by program staff is 1.1 days.

2. Streamline and Clarify the Standard Water Rights Permit Application Process

The standard water rights process consists of six stages. Much attention is given to the first two stages in the process, application and permitting, but the last four stages are also necessary to reach the certificate stage, also known as a “perfected” water right.

Because the water rights process is lengthy and complicated, our facilitator recommended breaking the process up into several phases. The following table describes the stages of a water right, and the corresponding phase of our Lean process.

Stage	Purpose	Lean Phase
1. Application	Establishes intent to appropriate	Phase 1
2. Permit	Authorization to develop	Phase 2
3. Beginning of construction	Infrastructure begun	Phase 3
4. Completion of construction	Infrastructure complete	Phase 3
5. Proof of Appropriation	Water put to beneficial use	Phase 3
6. Certificate	“Perfection” of water right	Phase 3

These Lean workshops were facilitated by Frank Newman from the Boeing Company. Frank encouraged us to invite a customer to each of the workshops. We would like to acknowledge the following customers for their time and participation.

- Phase 1: Tom McDonald, Cascadia Law Group
- Phase 2: Steve Prather, Clark Public Utilities, and Tom McDonald, Cascadia Law Group
- Phase 3: Gerald Peterson, Washington Water Service

These customers provided valuable insight and opinions about our processes, and we ended up with a better outcome as a result of their participation.

A. Phase 1: application intake process

The discussion for this first phase focused on fees and fee processing. The Lean team for Phase 1 discovered several issues around how and when we collect fees. Water right applications are typically first received in Ecology’s Fiscal Office because it is required by the state auditor. There is a statutory, non-refundable fee required at the time of application submittal; the minimum fee is \$50.00, but could be as much as \$25,000.00. Once Fiscal Office staff receives the application, they deposit the fee and forward the application paperwork to staff in the Water Resources Program. Ecology has 5 days after receiving the application to verify that fees are correct, and to request additional fees if necessary.

Problems identified from workshop

- Poor Internet form access and usability
- Fee payment created expectations
- Inadequate filings

- Lack of public awareness on water availability
- Regional inconsistencies
- Public disclosure draining staff time

Recommendations and Status

Internet form access and usability

Water rights application were difficult for many users because they were on legal size paper and most people don't use legal paper in their home printers, and applications were hard to locate on the web.

Recommendation

Reformat our water right applications from legal size to letter size and redesign our website so documents are more accessible and customer friendly.

Status

The revised application forms were completed and reported in the May 2012 report to the legislature. Our website has also been modified to improve access.

Fee payment created expectations / Inadequate filings

Since applicants send fees directly to Ecology's Fiscal Office, the regional staff did not see the application until after the money was deposited. Applicants often had expectations about receiving a quick and positive decision on their application, and their frustration was exacerbated by the state "taking" their money.

Applicants also needed get more information about what their application fees will be and how to complete their applications correctly.

Recommendation

Offer a pre-application process to inform applicants of water availability, application processing options, and what is needed in their application before they pay non-refundable fees.

Status

During the Lean workshop, we developed a pre-application process, so that applicants meet with us before paying an application fee. We use this time to inform the applicant about the various processing options available, like cost reimbursement, or priority processing if they

qualify. We let them know how long it might take them to get their application processed, and whether the basin they are applying in has water available. Applicants are then fully aware of potential water availability in their project areas and can decide if they should wait in line, or develop their own mitigation strategy, or look for water by means other than a new water right appropriation or change.

Since January, we have documented 25 pre-application interviews. It is likely we have completed more informal pre-application interviews than this, so we need to improve our reporting protocols. This is a better process for us as well as the applicant, because we screen out many of the non-viable applications and applicants know what to expect including what studies they need to do before they commit their money.

In addition, we have redesigned our water rights web page to include an online fee estimator so applicants can see up front what their fees will be.

Public awareness

We had not completed work on water availability focus sheets describing the water picture in each of our 62 WRIs (Water Resource Inventory Areas).

Recommendation

Finish the water availability focus sheets to provide better information to parties interested in water availability in Washington.

Status

The water availability focus sheets were completed and reported in the May 2012 report to the Legislature.

Regional inconsistencies

Prior to the Lean workshop, our Fiscal Office had three different processes for getting applications to the regional offices. Fiscal Office staff scanned water right applications for two regions, used overnight mail for another, and hand-delivered applications to the fourth. These processes were done to accommodate the 5-day statutory requirement for Ecology to collect additional fees if required.

Recommendation

Revise the way that the Fiscal Office handles paperwork so that one method is used for all four regional offices.

Status

After the Lean workshop, we changed the way that the Fiscal Office handles paperwork and eliminated the need for overnight mail and scanning. Fiscal Office staff now put the paperwork into a box where Water Resources staff from Headquarters pick them up and scan them on the copier. The applications are sent directly from the copier to a SharePoint document library, and the regional staff is automatically notified that they have new paperwork to review. (Completed and called out in May 2012 report to the legislature)

Public disclosure

There are many parties interested in new applications we receive in their particular area of interest and it takes time for us to mail out copies of applications to them.

Recommendation

Notify interested parties about new incoming applications through the use of RSS feeds.

Status

Web access has significantly reduced the need to produce and mail hard copies of applications on file.

All of the other Phase 1 recommendations have been fully implemented and are contributing to improved efficiencies in the water rights permitting process.

B. Phase 2: application investigation and documentation process

The Lean team for Phase 2 focused on four major areas of concern associated with investigation and documentation:

- Developing strategies for reducing the number of pending applications in the backlog.
- Designing a better process for new applications.
- Communicating about where Ecology is working and what we expect the outcomes to be (both internally and externally).
- Providing consistency in the investigation and documentation process.

The majority of pending applications are for water in water-short or closed basins. An approach to address the applications in the backlog was a big issue for the group to address, and there was

a lot of discussion about various best practices already being used as a way to reach our goal of 500 water rights decisions this fiscal year.

Problems identified from workshop

- Unviable applications
- Old applications
- Bad contact information
- Inconsistent interpretation of laws and policies.
- Needs to improve consistency and work flow.

Recommendations and Status

Unviable applications / Old applications / Bad contact information

It can be very difficult to make progress on the backlog of water right applications because in many areas water is not available. Applicants are often unable to develop mitigation strategies and in the face of expectations from many stakeholders it is difficult for Ecology to say no. In many of the subbasins with no water available, applications are quite old and contact information is out of date. Applicants had often lost interest in their application as they had moved on or found another solution to their water needs.

One region went to extraordinary lengths to track down applicants that had moved. We needed a more streamlined approach for contacting and obtaining appropriate information from applicants so we can make more efficient progress on the water rights backlog.

Recommendation

Through our yearly program planning identify specific sub-basins where we will work and develop a standardized process for contacting applicants and make two attempts before sending them an application rejection. We will proceed systematically, basin-by-basin, around the state using this approach.

Make more use of preliminary permits to move applicants toward providing the data we need to make decisions. Preliminary permits are described in RCW 90.03.290 as a means for Ecology to obtain information needed in order to make a decision on a permit which wasn't provided at the time of application. This process allows the applicant up to three years to obtain the necessary information, and provides a process for Ecology to cancel the permit if the applicant does not follow through with the terms of their preliminary permit.

Status

We have implemented a basin specific subbasin approach in the Moxee Wide-Hollow subbasin in the Central Region. In these water short subbasins, 125 applicants have been systematically notified, which has resulted in 25 withdrawals and 47 applicants requesting to be put on hold while they develop mitigation strategies. In addition in a mail out to 53 applicants in coastal WRAs of the Southwest region, 24 applications were rejected or withdrawn by the applicant and 29 applicants asked to proceed with processing.

We have developed the FY 13 program plan with special attention to where we are working and what the likely outcomes of our decisions will be. We have it highlighted on our website. In addition, we are informing stakeholders of our work and expected outcomes of the decisions we are making.

Interpreting laws and policies

Incomplete documentation of how we approach interpreting laws and policies to conduct and make decisions about pending water right applications resulted in concerns about consistency among our regional offices and lost efficiency because of lack of clarity around how to proceed to a final decision.

Recommendation

Develop a permit writer's manual to incorporate our policies, procedures, and best practices into a desktop resource.

Status

We have developed a draft permit writer's manual, presently being reviewed in our regions.

Process improvements

We identified a number of administrative changes to improve consistency and work flow.

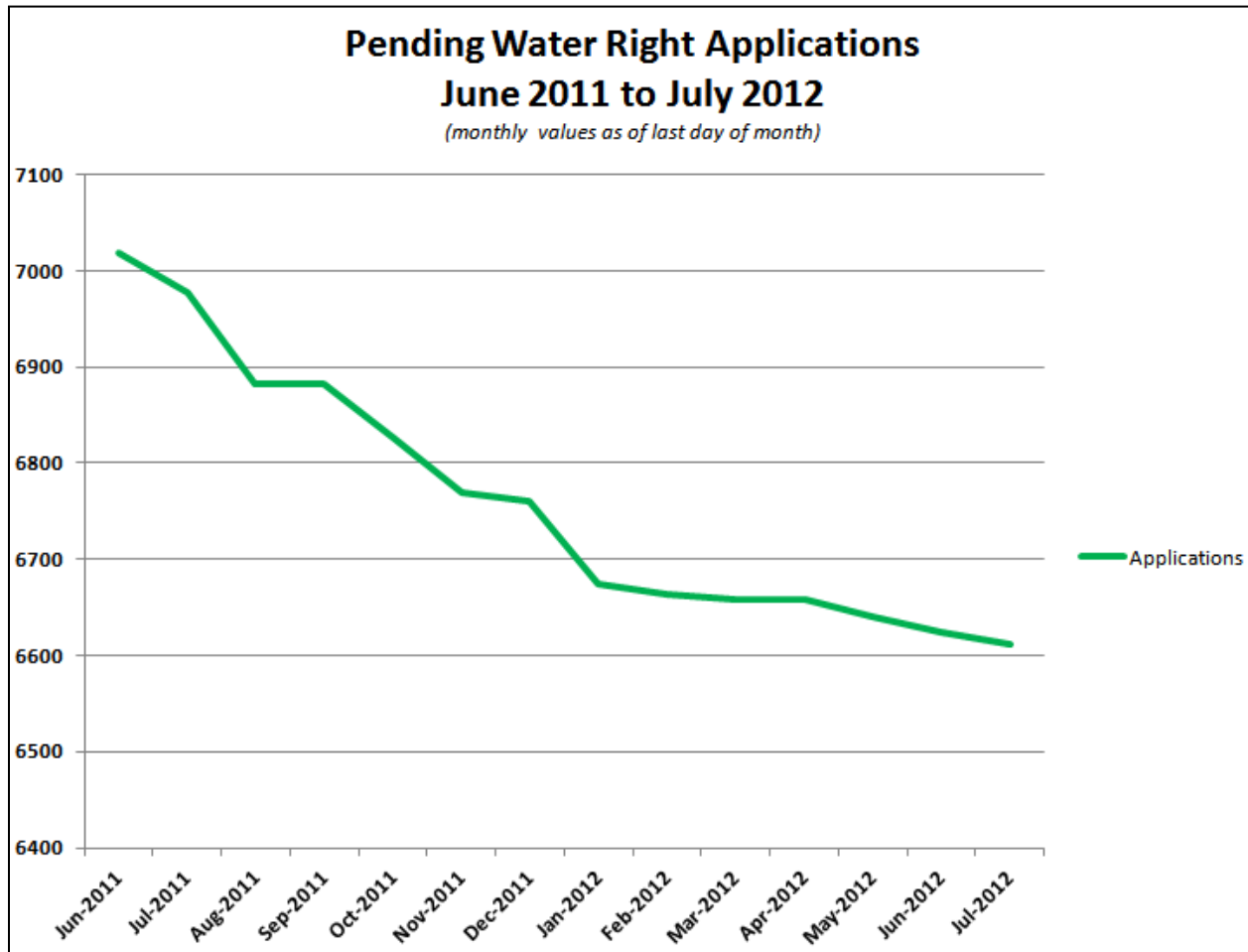
Recommendation

Prepare a desk manual for Water Right Tracking System coordinators and support staff that describes criteria for our water right permit files.

Status

We have developed a Water Right Tracking System Coordinators Team that is meeting consistently.

We are gaining ground in reducing the backlog. Since July 1, 2011, we have received 400 new applications. We approved, denied, rejected, or obtained voluntary withdrawal of 860 applications. As you can see by the graph below, there are now approximately 6,622 pending applications.



C. Phase 3: permit development and management process

The primary focus of Phase 3 was permit maintenance, including construction schedules, extensions, proof examinations, and eventually issuing a water right certificate.

Once an applicant has a water right permit, they have obligations to meet in order to maintain a permit in good standing. These obligations include timely reporting on their beginning and completion of construction schedules, requesting extensions as appropriate, filing necessary

forms and fees, and ultimately proving that the water they requested has been put to beneficial use. Once the water has been put to beneficial use, Ecology issues a water right certificate. This is called “perfecting” a water right.

This workload becomes a lesser priority when we are either short-staffed, or directed to work elsewhere. The 2012 Budget (E2SHB 1087) provided language (see below) directing Ecology to make 500 water right decisions this fiscal year, and the lower priority permit development and maintenance work was deferred, until we reached our permitting goal.

Sec. 302.

(7)(b) \$500,000 of the general fund--state appropriation for fiscal year 2013 is provided solely for processing water right permit applications only if the department of ecology issues at least five hundred water right decisions in fiscal year 2012, and if the department of ecology does not issue at least five hundred water right decisions in fiscal year 2012 the amount provided in this subsection shall lapse and remain unexpended. The department of ecology shall submit a report to the office of financial management and the state treasurer by June 30, 2012, that documents whether five hundred water right decisions were issued in fiscal year 2012.

E2SHB 1087 also required that we post information on the number of applications received and acted upon on the agency’s Internet site, and included a budget proviso that specifies \$1,075,000 solely for processing the backlog of water rights.

(c) The department shall maintain an ongoing accounting of water right applications received and acted on and shall post that information to the department's internet site.

(11) \$1,075,000 of the general fund--state appropriation for fiscal year 2012 and \$1,075,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for processing the backlog of pending water rights permit applications in the water resources program.

Problems identified at workshop

- Maintaining contact with permittees
- WRATS database inconsistencies and missing data
- Confusing construction schedule form

Recommendations and Status

Maintaining contact

We issue water rights permits that include a development schedule. This allows the applicant time to develop the infrastructure to use the water that they requested in their permit. In most cases, that development schedule may be several years long, and we may not have contact with the applicant during that time. Our current practice has been to notify the applicant after their development schedule has expired. Our customer in the Lean workshop told us that we would create a better relationship with the applicant if we provided a reminder notice to the customer *before* something was due, rather than sending them a letter once they are past due.

Also, not all the regions collected email information from applicants, making it more difficult to contact permittees on an automated basis.

Recommendations

- Change our permit reminder process and notify the customer before their development schedule is late. The goal is to provide better customer service, and to have a higher percentage of permits that are in compliance with their development schedules.
- Make a more concerted effort to collect email addresses so we can send reminder notices via email rather than USPS mail, and to continue to pursue better methods for maintaining current contact information.
- Evaluate automating our reminder letters and past due notices by pulling the information from our water rights tracking system to generate our correspondence.

Status

We will have the “pre-reminder” process in place and fully implemented by November 30, 2012. By that date, we will also have evaluated the practicality of implementing an automated reminder process.

WRATS database

Incomplete information in our WRATS database prevents us from instituting automated responses from WRATS. We also identified some discrepancies in how our individual regions input and track events in our data system.

Recommendation

In order to maintain consistency in our data, refocus efforts on data entry standards and consistency among regions and to that end reinstate the WRATS committee.

Status

The WRATS committee has been reconvened under our SWRO Section Manager. Data entry standards are being reviewed and consistency among regions is being evaluated on an ongoing basis.

Construction schedule form

Our construction schedule notification form has been interpreted such that fees are sent to us before they are due.

Recommendation

Revise the construction schedule form so that we don't receive fees before they are required.

Status

We revised our construction schedule notification form to ensure that fees are not sent to us until they are required.

Summary of outcomes for Phases 1 - 3

With the institution of the pre-application process in Fiscal Year 2012, Ecology provides better information to our customers. That will result in some customers getting earlier access to water and fewer applications accumulating in our backlog.

With technology integration and improved administrative processes, we will be able to make decisions faster and therefore reduce the backlog of pending applications faster.

With the manuals, checklists, and established procedures, we will have more consistency in our work across the state.

With recommendations we are implementing, we will be able to manage permit development to the certificate process faster by better tracking permit-development schedules and communicating with permit holders.

3. Faster Decisions on Trust Water Right Applications

The state trust water rights program was created by the Legislature as a legal mechanism to enable the voluntary transfer of water and water rights to the state, either temporarily or

permanently. These rights are held in trust for both instream and out-of-stream uses. The trust water retains the seniority of the original right and is not subject to relinquishment while in trust status. (RCW 90.42)

Trust Water provisions are very complicated parts of the water code and the emergence of water banking is contributing to the ever increasing number and complexity of trust applications.

The team's objective was to identify efficiencies so that high-priority non-donation trust applications can be processed within nine months.

Problems identified at workshop

- Need to better coordinate Trust work at CRO
- Need for statewide oversight
- No Trust tracking codes in the WRTS database
- Lack of decision-making quality control

Recommendations and Status

CRO coordination

There was a need to have a process at CRO (where most of the trust work is) to prioritize work, track work, and set goals for turnaround time on trust applications

Recommendations

- Pilot an approach to prioritizing trust work at CRO using quarterly check –in meetings and review results after a year.
- Set a goal of processing trust applications within 9 months of receiving them and track progress at quarterly CRO meetings.

Status

A pilot project was established at CRO with staff and managers meeting quarterly over the past year to prioritize work. Meetings were held quarterly with the last meeting on August 14, 2012. Work was prioritized during this pilot period with a focus on processing the highest value trust applications first with a goal of processing applications within 9 months of receiving them. The assumption was Trust Water “donations” could be processed much faster than within 9 months.

At the end of the one-year pilot project there were 40 trust applications that were not completed within 9 months and 10 trust applications that were completed within the time period. It appears that changes in staffing assignments and vacancies affected our ability to

meet our trust processing goals. The Trust Team is reconvening in September to discuss what changes in staffing, and procedures are necessary to help us realize our goal of applications processed within 9 months.

Oversight

There was a need to ensure trust implementation goes well and is consistent around the state.

Recommendation

Appoint a Trust Water Business Lead to train and support staff.

Status

The program has appointed a Trust Water Business Lead to train and support staff. The business lead will periodically process trust water changes and donations to stay current on changes to trust water processing mandated by new laws and legal precedence. A training session for the Trust Water Implementation Group (TWIG) was held in November 2011. (Completed and called out in May 2012 report to the legislature)

WRTS database

There were no water rights tracking codes to track trust work in the WRTS database, which made it very difficult to track trust work in the program

Recommendation

Create Water Rights Tracking System (WRTS) assignment codes in order to track trust work.

Status

New assignment codes in WRTS are in place. These codes greatly assist staff with identifying the types of trust applications currently pending, and help with prioritizing, tracking, and reporting our goals. (Completed and called out in May 2012 report to the legislature)

Decision-making

There was a need for a quality control process to help staff develop and review their trust decisions.

Recommendation

Develop and adopt a trust water rights specific Quality Control Checklist.

Status

The Lean Team has adapted an existing quality control checklist to be specific to processing trust water right applications. (Completed and called out in May 2012 report to the legislature)

4. Better Information and Quicker Decisions for Upper Kittitas Water Budget Neutral Applicants

The team analyzed Water Budget Neutral (WBN) application processing for the Upper Kittitas County Ground Water Rule WAC 173-539A, with the following goals:

- Reducing the number of days to process a WBN application.
- Providing WBN applicants more information to manage expectations within areas where we need additional information (commonly referred to as yellow zones as it relates to mitigation suitability).

Problems identified at workshop

- Lack of public awareness/understanding of the program
- Inefficient response to public inquiries
- Inadequate filings
- Need to streamline decision-making
- No tracking codes in the WRTS database

Recommendations and Status

Public awareness

The public lacked access to easily obtainable information about what the WBN process is, how it works, and if it is practical for them to use. This resulted in confusion and multiple inquiries to Ecology.

Recommendation

Provide a readily available explanation of the steps involved in the WBN process to potential applicants.

Status

We have designed a website on Ecology's internet site to share information related to all the steps in WBN processing with the public, including performance tracking and definitions of process steps. See http://www.ecy.wa.gov/programs/wr/cro/wb_trac.html (Completed and called out in May 2012 report to the Legislature)

Inquiry response

Numerous staff were responding to inquiries about the WBN process. Staff often created new letters for each response.

Recommendation

Improve communication with potential WBN applicants through use of a designated Ecology contact person and streamline written correspondence with topic specific form letter templates.

Status

We have improved communication with prospective WBN applicants by preparing form letters for common communications and designating a specific contact for each water bank. In addition, we now direct phone calls on specific topics to designated staff and we have developed a dedicated telephone line to return calls.

Inadequate filings

WBN applicants were not aware of the information they needed to submit to Ecology and it often took multiple contacts with them to get the information necessary to process their applications.

Recommendations

- To clarify expectations and minimize confusion, provide a standard list of information that is needed from WBN applicants to make decisions on WBN applications.
- Set deadlines for applicants to provide information to us so we can make faster decisions.

Status

We have developed a list of additional information that would be useful in accompanying applications, such as well location, water level in well, parcel sales history, etc. We have provided the list to existing water bankers and staff fielding phone calls to share with potential applicants. This has reduced Ecology's investigative time processing the application. (Completed and called out in May 2012 report to the legislature)

We have set deadlines for applicants to submit information to us and we now provide deadlines for receiving feedback from fish co-managers in the Yakima Basin (Washington

Department of Fish and Wildlife (WDFW), Yakama Nation, irrigation districts) as it relates to a WBN application. Depending on how complex a proposed project is, we typically request feedback on provided information in two to four weeks. This allows us to process the application in a more timely fashion. (Completed and called out in May 2012 report to the legislature)

Decision-making

It is very resource intensive to implement the WBN program. We needed to find approaches and use data as effectively as possible to streamline decision making and free-up resources for other work.

Recommendations

- Obtain stream flow data in Upper Kittitas County tributaries to help with WBN decisions. This information is critical to analyzing a WBN application and the amount of mitigation needed.
- Provide streamlined options for mitigation bankers to submit a primary application on behalf of prospective WBN mitigation credit purchasers. This would expedite the WBN process for prospective water users, especially with regard to notice requirements and water transfer work group proceedings.
- To improve efficiency in decision-making, process applications in areas where hydrogeologic data is available, rather than strictly by priority date, unless it would affect the outcome of another application.

Status

Where flow data was lacking additional stream flow measurements and fish surveys have been done on eight tributaries in Upper Kittitas County during the low flow period in September and October 2011. (Completed and called out in May 2012 report to the legislature)

We have streamlined the process for mitigation bankers to expedite the WBN process for prospective water users per the recommendation above. (Completed and called out in May 2012 report to the legislature)

In order to improve our efficiency, we have revised procedures so in areas where we have previously collected hydrogeologic data, we will process the application immediately, as opposed to in the order received. (Completed and called out in May 2012 report to the legislature)

WRTS database

The WRTS system did not have the event codes necessary to allow us to effectively track WBN decisions.

Recommendation

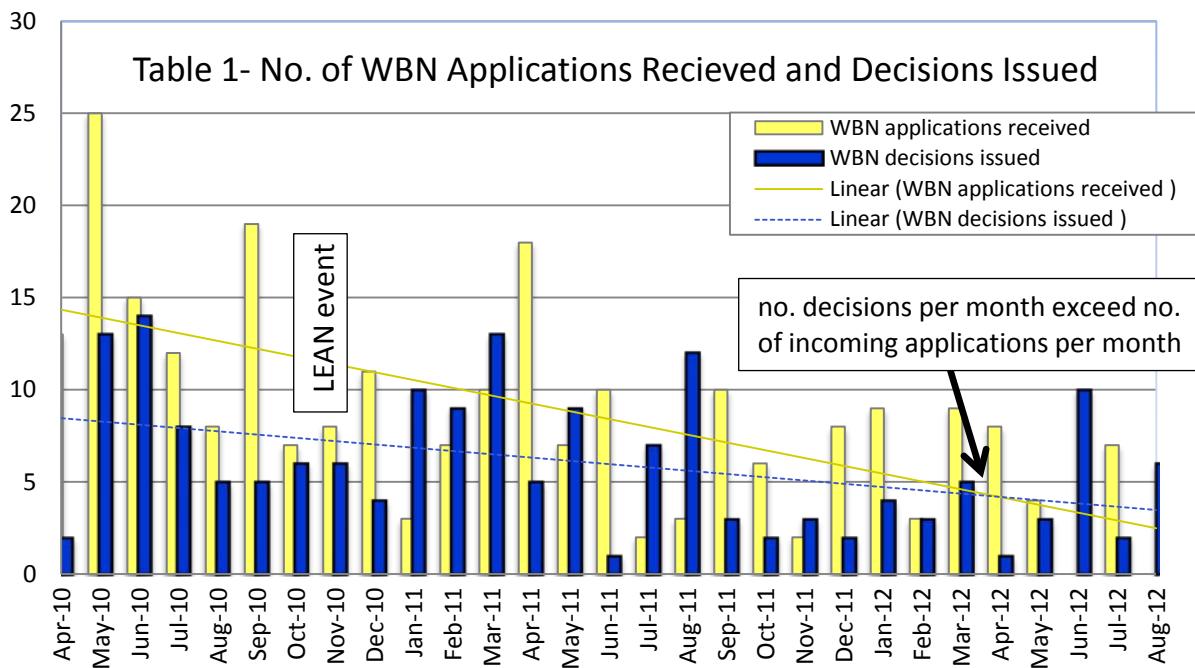
Develop additional tracking codes (event codes) in our WRTS database, to more easily track WBN applications and decisions.

Status

We have revised the WRTS database so that we have additional database event codes that allow staff to quickly query for WBN applications and decisions. (Completed and called out in May 2012 report to the legislature)

Through implementation of these recommendations over the past year, we have improved customer service and overall efficiency in implementing the WBN program. As of April 2012 the number of WBN decisions we are making exceeds the number of applications we are receiving (Table 1).

Staff time that has become available through implementing these improvements has been invested in creating more water banks to set the program up for continued long-term accomplishments. This longer term investment of time competes with our ability to process WBN applications but is essential for continued decision making into the future. There are 11 water banks in the Upper Kittitas currently in operation.



Conclusion

Ecology has been utilizing the Lean process-improvement method for over a year to help us see our processes from the customer's perspective. We are pinpointing where work is duplicated, where delays occur, and what changes could lead to more efficient water right decisions. The goal is to make our processes as simple and workable as possible, and to eliminate wasted time and effort.

Ecology is confident that these Lean process-improvement efforts will continue to:

- Streamline and clarify the standard water right permit application process.
- Expedite the process and bill for water right cost reimbursement agreements.
- Promote faster decisions on trust water-right applications.
- Provide better information and quicker decisions for water-budget-neutral applicants.

These changes will help Ecology issue important water right decisions at a faster pace, deliver better value for our applicant customers, providing better outcomes for Washington's communities, economy, and the environment.