ARKANSAS DEPARTMENT OF AGRICULTURE

AR

NATURAL RESOURCES DIVISION

Arkansas's Streamlining Project

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What is streamlining?

▶ Streamlining is the process used to simplify or eliminate unnecessary work-related tasks to improve the efficiency of processes in businesses or organizations.

▶ Streamlining processes requires the use of modernizing techniques, technology and other innovative approaches to complete.

▶ A streamlined process means <u>fewer errors and delays</u>.

▶ Streamlining should be a continuous effort, not a one-time procedure. The program, especially when implementing change, should continue to request feedback from its customers/borrowers.

Goals of streamlining processes and procedures:

▶ Improving the customer experience:

   ➢ Streamlined internal workflows ultimately benefit the customer/applicant as well as staff. Process efficiency leads to faster services and better responsiveness, both critical components to the overall customer experience.

▶ Enhancing organizational transparency:

   ➢ Departmental workflows often occur in silos and out of view from other areas of the agency. Processes function best when staff have an overall view of the processes and procedures. Use of business process management tools can pave the way for that level of visibility.

▶ Digitizing processes and workflows:

   ➢ We still rely on manual, paper-based processes to a large extent. Business process management tools can help replace lingering manual workflows with more efficient and more accurate digital processes.

Benefits of streamlining processes and procedures:

▶ Increases productivity by cutting out redundant or inefficient tasks

▶ Provides the ability to quantify processes to evaluate efficiency and identify potential improvement areas

▶ Develops a culture of innovation, making change common and welcome, not something to be feared

▶ Transparency in processes helps mitigate risk of human error, avoids mistakes and ensures compliance of rules and regulations

▶ Process consistency makes employees more accountable, and process results are less likely to vary

▶ Reduction of menial work by automating tasks allows employees to focus on the more engaging and enjoyable aspects of their job, resulting in higher employee satisfaction

Challenges of streamlining processes and procedures:

► Fear of Change:

- ➤ Change is difficult and often scary for staff members. Communicate clearly that streamlining of processes and procedures does not equal staff reduction.

► Achieving Buy-in:

- ➤ Communication is crucial in helping staff see and understand the "big-picture" which is essential to achieving acceptance and buy-in of the process.

► Virtual Process:

- ➤ Performing a process optimization drill (POD) in a virtual environment was challenging for everyone.

Steps in the streamlining process for Arkansas

- Northbridge Environmental Focus Group
  - September 2018
  - Customers are ready for change
- Northbridge Environmental streamlining project
  - Process Optimization Drill
    - September 2020
    - Staff is ready for change
  - Management Report
    - Projected for Jan 2021
    - Management indicates change is necessary, report will provide suggestions
  - Implementation Plan
    - Projected for July 2021
    - Staff and Management implement the selections for streamlining in the management report

Arkansas Department of Agriculture Natural Resources Division

Programs

- Clean Water State Revolving Loan Fund (CWRLF)
- Drinking Water State Revolving Loan Fund (DWSRF)
- Water Development Fund (WDF State)
- Water, Sewer, Solid Waste Fund (WSSW State)
- General Obligation Bond Fund (GO State)

Staff

- Program Support
  - Loan underwriting
  - Reporting
  - Environmental
  - Marketing
- Project Administration
  - Project Management
  - Project Budget
- Project Engineering
  - Project Technical Review
  - Project oversight

Focus Group (September 2018) Participant responses:

When asked about the weaknesses of the SRF financing options, participants most frequently mentioned:

- The time it takes to secure funding.

- The amount of red tape and how that impacts administrative costs.

- Streamlining process ranked higher than reducing interest rates.

Arkansas implemented changes in response to Focus Group:

- Elimination of obsolete public hearing requirement, reduces 30 to 60 days of project delay.

- Incorporated practice of "self-certification" for non-responsive environmental cross-cutter agencies or by-passing unnecessary correspondence with cross-cutters.

- Placement of all environmental procedures on the agency website allowing customers/borrowers to utilize the information when they choose, not relying on staff to distribute.

Focus Group (September 2018) Participant responses continued:

▶ When presented with a wide range of possible program enhancements, the most popular (in order) were:

1. Streamlining the application process.

2. Making planning and design assistance easier to access.

3. Making the application process paperless, including enabling electronic signatures.

▶ Arkansas implemented changes as a result of these comments:

➢ Eliminated Preliminary Engineering Report (often fronted expense by consultants).

➢ On-line fillable application and e-mail submission process for and loan application.

➢ Eliminated various out-of-date forms.

Arkansas found after the Focus Group:

- Obsolete processes:
  - While staff is <u>excellent at including new requirements</u> as they become necessary or notified by EPA, most program staff <u>struggle to remove out-of-date requirements</u> when they are no longer necessary.
  - In 1987, the construction cap grant program was replaced with the Clean Water State Revolving Loan Fund (SRF) program. Unfortunately, a lot of the requirements from the original program have been retained and have also been included on the Drinking Water SRF program when it was created in 1996.
  - Fear of not meeting an EPA requirement surpasses the need to reduce requirements.
- Staff acceptance:
  - Some staff are resistant to change or don't see the benefit of potential change.

    Change doesn't always mean elimination of tasks, processes or documents. Instead, change may be finding a more efficient method to incorporate the task or document in a natural progression from application to project completion.
  - Some staff may not understand why change is needed.

    For example, collecting EPA required documents <u>after the funding is approved</u> lessens frustration for customers/borrowers that do not receive SRF funds.

Impact of COVID-19 on our streamlining project with Northbridge

Instead of meetings and brainstorming sessions, our streamlining project has been done in a Virtual Environment

- Individual staff interviews

  - Perspective of individual staff

  - Define staff level frustrations and roadblocks, staff was more likely to share frustrations and roadblocks in an individual interview.

  - Easier to define trends, good and bad

  - Difficult to define group consensus on processes or change, good or bad

Northbridge Process Optimization Drill (POD)

- Instead of a meeting in a single room with lots of interaction between the different groups and staff members, we had individual section meetings on virtual platform.
  - Less interaction between different sections (silos).
  - Difficult to define major roadblocks and issues for the overall processes.
  - Difficult to define best practices and requirements for the overall programs and processes.
  - Allowed more individual input, but less collaborative input.

Northbridge Process Optimization Drill (POD)

Arkansas CWSRF Process Optimization Drill

Process Step:_____ Performed By: _____

# of People: _____   # of Hand-Offs_____   # of Approvals _____
Average Lead Time: _____

Task #	Description	Task Time	V	H/P	R

The first step in a virtual POD is to have each staff member complete the POD process worksheet for each process they touch.

# Northbridge Process Optimization Drill (POD)

Defining Value – POD Cheat Sheet

| ACTIVITY	DEFINITION	EXAMPLE	IMPROVEMENT APPROACH
Value	- Meaningful to the borrower - Changes the product or service provided to the borrower - Done right the first time	- Draft Loan Agreement - Issue disbursement check	Link to other activities to improve work flow
Non-Value	- Defects - Overproduction - Waiting - Non-Utilized talents - Transportation - Inventory - Excessive Motion - Excessive Processing	- Errors in applications that need to be redone - Processing more pre-applications than necessary - Waiting for approvals from others (divisions, agencies) - Not asking employees for improvement ideas - Excessive documentation movement - Excess supply, materials, equipment - Excessive research, searching for files and/or information - Redundant approvals, verifications, reviews, inspections	Eliminate
Regulatory Non-Value	Required by law or regulation	- Prepare IUP - Public Comment Meeting	Automate

Definitions for defining values in the POD process

Small slice of the POD virtual process then… and now…
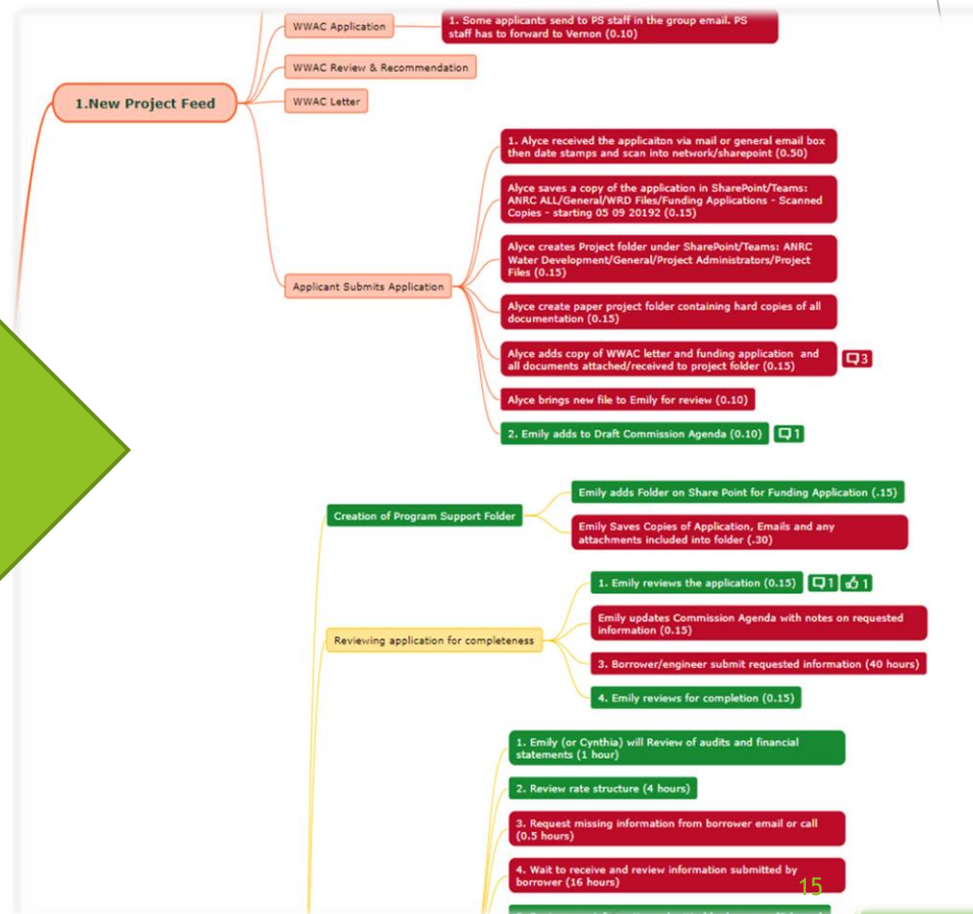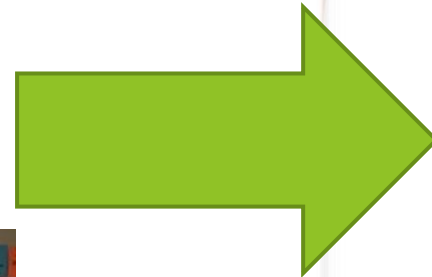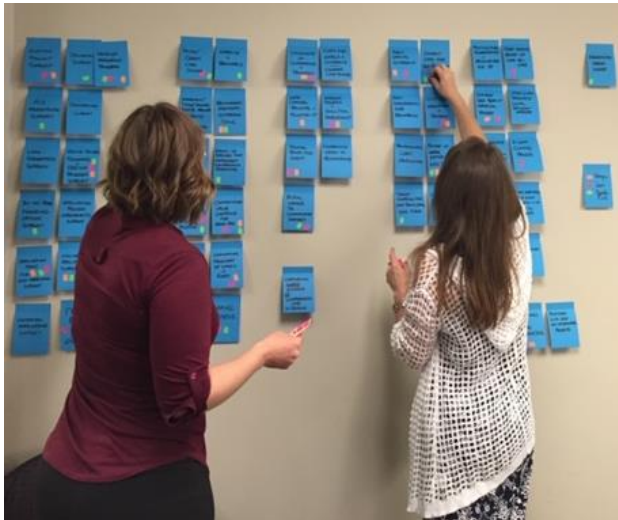
POD map is very large
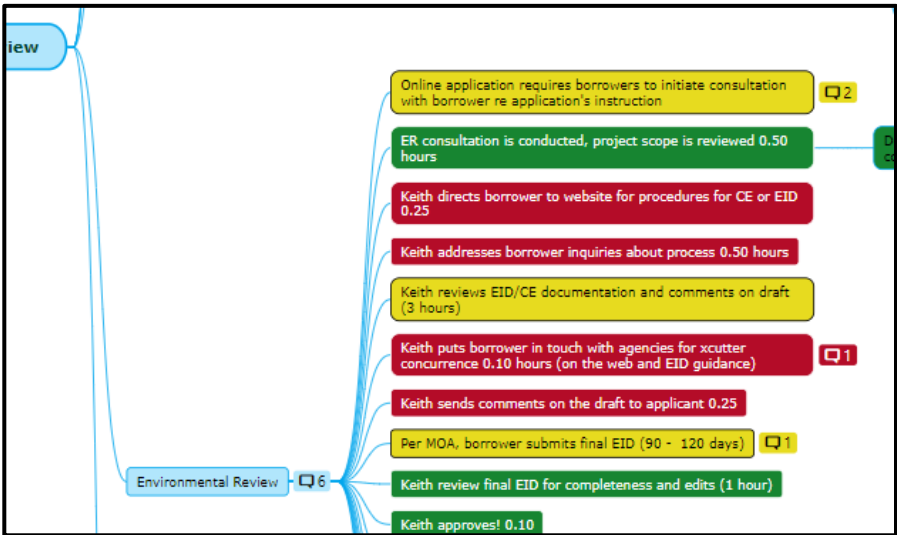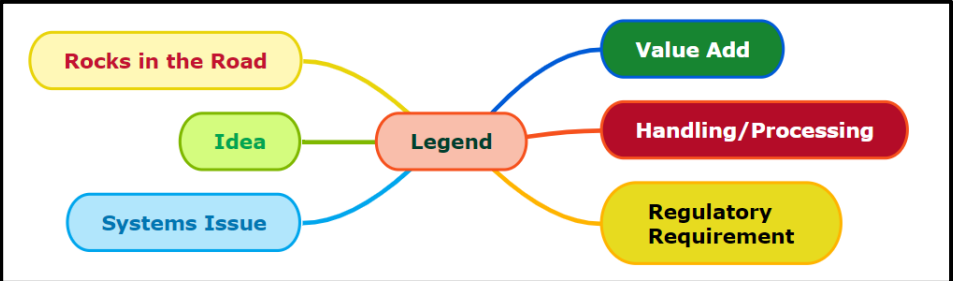
Example result from POD, a lot of transferal and approvals required between initial contact and project completion

Figure B – Analysis of Transportation and Motion

SRF Program	Hand-Offs	Approvals
New Project Feed/Marketing	7	3
Processing Applications	47	16
Developing the IUP	1	0
Engineering & Environmental Review	14	7
Loan Closing & Notice to Proceed	57	25
Disbursements & Project Management	43	20
Fund Management	12	2
TOTAL	181	73

Activities identified for improvement POD:

Time-Consuming Activities:
- Excessive reviews and approvals (internal and external) and document transportation, routing.
- Engineering review of the Facilities Plan documentation is lengthy and onerous.
- Manual processes and/or disconnected systems which lack adequate, accurate information sharing or cash flow modeling capabilities.
- Ad hoc processes for performing rate analysis, setting financing terms, and assessing affordability.
- Lack of communication between section staff resulting in misunderstanding or lack of awareness of tasks and activities being undertaken by others.
- Lack of borrower training and education on SRF processes resulting in incorrect and/or incomplete submittals.

▶ Using this information work to establish a plan to improve staff and borrower experience.

▶ Make the funding process transparent by providing everything the customer/borrower might need on the Agency website

Next steps -
changes under consideration:

► Make the funding process transparent by providing everything the customer/borrower might need on the Agency website:

► Eliminate the requirement to use the state form for engineering and construction contracts; replace this requirement with a simple checklist of what must be included in such contracts.

► Create an organized bid packet that contains required contract language and inserts can be organized into a single bid packet that can be dropped in and cover all federal/state requirements.

Additional changes under consideration to streamline:

- Apply Equivalency, which means that you can limit a cluster of federal requirements to just a few large projects needed to equal the federal cap grant value. Currently 41 States use equivalency, which greatly simplifies requirements for most of its borrowers cover all federal/state requirements. Equivalency requirements include: Single Audit, DBE, National Historic Preservation Act, A/E Procurement, Signage, and FFATA.

- Eliminate Fiscal Sustainability Plan Requirement— this is not required if State assistance is in the form of bonds rather than loans. Arkansas statutes require communities to issue bonds to undertake debt.

Additional changes under consideration to benefit the customer:

- ▶ Project Tracks – different track for the type of project to make different processing times/requirements for applications.

- ▶ Checklists for applicants and staff to define the process and procedures.

- ▶ Additional help for the projects, borrowers, consulting engineers that need or request it.

- ▶ Frequent Flyer for program funding, simplify the process for multiyear funding.

Questions?
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