State Innovation Grant Program: Arizona

Developing an Automated Permitting Process (2002 Competition)

The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

State Innovation Grant Program Statistics, 2002-2007

Competition Year	Proposals Submitted	Proposals Selected	Total Program Funding ($)
2002/2003	29	6	$618,000
2004	33	9	$1.425 Million
2005	26	7	$1.479 Million
2006	25	6	$1.243 Million
2007	17	7	$1.611 Million
Cumulative Total	130	35	$6.376 Million

"Innovation in Permitting" has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: http://www.epa.gov/permits/erp/)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: www.epa.gov/ems/info/index.htm)
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: http://www.epa.gov/performancetrack/)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at http://www.epa.gov/innovation/stategrants

Project Background:

In early 2003, the Arizona Department of Environmental Quality (AZ DEQ) was facing a significant fiscal problem as it worked to undertake additional responsibilities in its stormwater permitting program. Prior to 2003, AZ DEQ typically processed approximately 2,000 National Pollution Discharge Elimination System (NPDES) permit applications per year. However, as part of the Federal Clean Water Act Phase II Storm Water Regulations, an EPA rule change in March 2003 lowered the threshold amount of land development construction acreage requiring an NPDES permit from five acres to one acre. AZ DEQ estimated that due to this change it would have to address 3,000 to 5,000 construction permit applications – roughly doubling the amount of permit work each year – with no increase in staffing levels.

Under AZ DEQ's Stormwater General Permit program for the construction sector, applicants eligible for a general permit needed only to file a Notice of Intent to Discharge (NOI) 48 hours before construction began. However, the general permit was processed by hand, which was time and labor intensive for AZ DEQ staff. Arizona needed to find a way to get ahead of the curve, before being overwhelmed by the expected huge increases in the number of NOIs. AZ DEQ turned to the State Innovation Grant Program to help fund its transition from a traditional paper-based permit system to an on-line automated permit processing system.

In 2002, AZ DEQ received a State Innovation Grant for the development of a web-based stormwater permit application system under the NPDES. The system was designed to streamline the permit application process through information systems automation.

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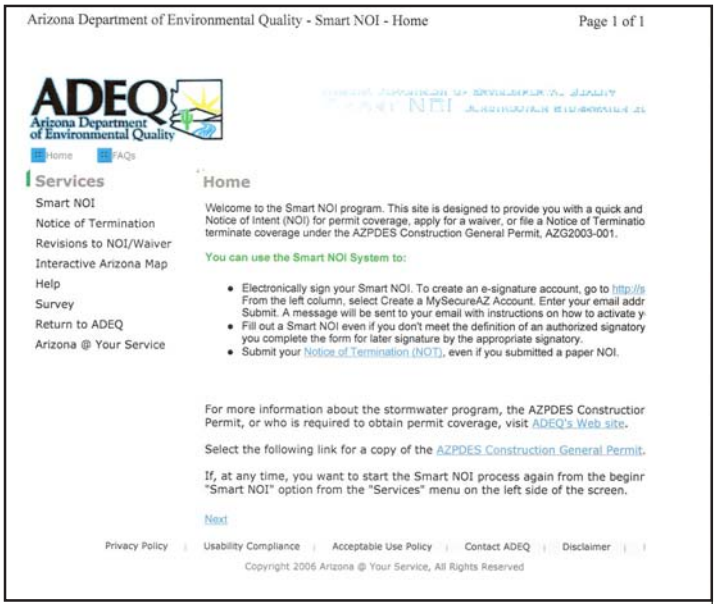
Project Description

AZ DEQ began its automated stormwater permit pilot project with the hope of saving time and money for applicants, while creating a more simplified permitting process for the state. The goals of the project, called "Smart NOI," were to:

- Develop an internet portal to help publicize the general permit and allow potential dischargers to file their NOIs online; and
- Streamline the processing of NOIs through the use of an automated, Geographic Information System (GIS)-based review.

This web-based system is designed to be user-friendly for applicants, while allowing AZ DEQ to more easily screen applications through an automated process to determine which projects require site-specific permits or other detailed review by AZ DEQ staff.



When applicants complete initial screening questions, project data are uploaded to a secure AZ DEQ site. There, automated validation programs evaluate which projects require a full permit application by verifying the application completeness and data quality and using GIS to determine if a proposed construction site impinges on an environmentally sensitive area. Approved applications are moved to an AZ DEQ permitting database, and flagged applications are sent on for further review by the state's permitting staff. This automated approach allows AZ DEQ staff to focus their efforts on construction sites that require greater oversight.

Applicants also benefit from Smart NOI. After entering project information, they receive an instant response from the Smart NOI system based on the automated screening indicating if a more detailed review (through a permit application) is necessary. If not, developers can complete the basic NOI online immediately and start construction after 48 hours. In cases where a site-specific permit is required, the program generates the necessary permit application forms for the applicant to print, complete, and mail to AZ DEQ. This process is a vast improvement over the previous paper application process, where applicants waited several weeks for a response before they could complete the necessary permit application paperwork.

Results

AZ DEQ's Smart NOI system went live in May 2003, and has met many of its program goals including reduced permit processing time, increased program participation, and improved response time to customers. With Smart NOI, AZ DEQ reduced its total processing by 2-5 days for basic NOIs. Also, customers who had to wait 5-7 days under the old system to hear if their permit required additional follow-up are now notified immediately. Arizona estimates that the new system helped increase its NOI processing rate from 25 per day under the old system to several hundred per day with Smart NOI. AZ DEQ reached its original goal of 50 percent participation by NOI applicants in 2006, two years before its target date.

AZ DEQ continues to improve the Smart NOI system, with features such as electronic signatures that allows applicants to submit their permit applications electronically, rather than having to print out and mail in the permit application. The state also updated the GIS functions of Smart NOI with new mapping tools to more accurately screen sites for proximity to environmentally sensitive areas. The state hopes such upgrades will raise participation rates to 80 percent by 2008. Thanks to positive reviews from stakeholders, the state of Arizona decided to completely fund ongoing

operations of the Smart NOI web portal. Interest in the program's success is growing in other states such as Minnesota and New Mexico, each considering replicating AZ DEQ's Smart NOI system for their own stormwater program needs.

Connection to EPA's Goals

The Smart NOI program directly supports EPA's Strategic Goal #5, focused on compliance and environmental stewardship, by promoting an innovative approach to improve environmental performance through pollution prevention measures. The project also supports EPA's Strategic Goal #2, to promote clean and safe water through watershed protection, as well as EPA's Cross-Goal Strategy of promoting innovation and collaboration with states.

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Smart NOI Website

http://az.gov/webapp/noi/main.do

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