

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2021-22	Business Unit 3930	Department Department of Pesticide Regulation	Priority No.
Budget Request Name 3930-002-BCP-2021-GB		Program 3540-Pesticide Programs	Subprogram Pesticide Registration

Budget Request Description
 California Pesticide Electronic Submission Tracking (CalPEST) Project

Budget Request Summary

The Department of Pesticide Regulation (DPR) requests \$5 million Department of Pesticide Regulation Fund in 2021-22 to support the vendor procurement and initial analysis, design, and development of the California Pesticide Electronic Submission Tracking (CalPEST) project. CalPEST is a fully integrated information and document management system to substantially improve the current pesticide product registration process for pesticide product and device companies.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Mike Wanser	Date 1/8/2021

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. 3930-012 **Project Approval Document:** SPR

Approval Date: 2/14/2018

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Clint Williams	Date 1/8/2021	Reviewed By Maria Bueb	Date 1/8/2021
Department Director Val Dolcini	Date 1/8/2021	Agency Secretary Jared Blumenfeld	Date 1/8/2021

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

APBM Teresa Calvert	Date submitted to the Legislature 1/8/2021
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A. Budget Request Summary

The Department of Pesticide Regulation (DPR) requests \$5 million Department of Pesticide Regulation Fund in 2021-22 to support the vendor procurement and initial analysis, design, and development of the California Pesticide Electronic Submission Tracking (CalPEST) project. CalPEST is a fully integrated information and document management system designed to substantially improve the current pesticide product registration process for pesticide product and device companies.

B. Background/History

Pesticide products and certain structural pest control devices are required to be registered by DPR before the product can be sold, distributed, or used in California. California law (Food and Agricultural Code [FAC] section 12824) requires DPR to provide a thorough and timely evaluation before a pesticide is registered for the first time and to place appropriate restrictions on its use to continuously evaluate all registered pesticide products, and eliminate any pesticide's use in the state that endangers the environment, does not perform as claimed, or is misrepresented. The Pesticide Registration Branch (PRB) serves as the primary liaison to pesticide product and device companies (referred to as registrants) and processes all pesticide product registrations, amendments, and renewals, among other activities. PRB receives and processes approximately 5,000 submissions each year and maintains registrations for approximately 1,500 different registrants and 13,500 pesticide products that collectively contain over 1,000 different active ingredients.

The registration process is currently paper-based and managed manually, with some supporting technology. Registrants must submit many types of hardcopy documents to DPR for evaluation, including multiple copies of the pesticide label, supporting documentation (such as copies of U.S. EPA documents and forms), and scientific data studies to verify the product performance and safety of the product. PRB staff manually enter information from these documents into multiple supporting technology systems, move the physical documents from work team to work team through the evaluation process, and store the documents when not in use. Due to the paper-based nature of this process and the limitations of the existing system, submissions must be worked on sequentially rather than concurrently. This process makes it difficult for staff to find information quickly and requires staff to handle and physically route large volumes of paper, resulting in delays to the registration process. The lengthy registration process can financially impact registrants by delaying their ability to sell products in California. This can also impact DPR's overall revenue stream since DPR also imposes an assessment on pesticide sales to support other DPR programs, and these sales fees cannot be assessed until the product is registered and sold.

DPR has been working to implement an electronic registration system for several years. In 2015-16, DPR received resources for the CalPEST project (formerly known as the Pesticide Registration Database Management System, or PRDMS) including \$1.96 million DPR Fund in 2015-16, \$1.96 million in 2016-17, \$400,000 in 2017-18, and \$163,000 in 2018-19 and thereafter. Due to delays, DPR reverted \$3,422,000 from 2015-16 and 2016-17 and increased the 2017-18 appropriation to make the full balance of project costs available for the previously approved CalPEST project. The CalPEST project had been delayed due to excessive material deviations in the project's Request for Proposal responses, resulting in the procurement process for the project being extended. In 2017-18, DPR initiated a contract with a System Integration vendor to develop and implement the CalPEST project. During the Design Phase, DPR and the vendor mutually agreed to terminate any remaining obligations. DPR expects that approximately \$2 million of the 2015-16 project appropriation will revert to the DPR Fund when the encumbrance period ends on June 30, 2021.

DPR has implemented lessons learned from the initial vendor procurement and contract, and has refined and clarified the requirements of the system, updated the estimated cost based on

market research, and changed the project management methodology to reduce project risk. This will greatly increase the probability that the State obtains functional system components at each phase in a shorter timeframe than the previous approach to the CalPEST project.

DPR received approval from the California Department of Technology (CDT) for the project's first Special Project Report (SPR) in February 2018. The total approved project cost was \$6,909,505. Due to the project delays, DPR submitted a second SPR in December 2020 detailing the reasons for the variance in the project cost and schedule as a result of the re-planning effort. The projected total project cost increased to \$22,705,505.

The main sources of the increased project cost are as follows:

- Increased projected System Integrator Vendor costs as a result of a new Request for Information (RFI) released to the vendor community in December 2019.
- Increased project duration as a result of the re-planning effort
- Addition of a dedicated Project Manager vendor
- Addition of Project Management Support Services
- Additional Independent Verification and Validation (IV&V) services
- Additional interdepartmental oversight costs from CDT

Use of the funds requested in this BCP are contingent upon CDT's approval of the SPR #2.

Resource History*
(Dollars in thousands)

Program Budget	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Authorized Expenditures	\$12,519	\$12,758	\$16,858	\$15,878	\$16,938	\$16,711
Actual Expenditures	\$12,872	\$13,410	\$15,954	\$14,619	\$15,912	\$16,711
Registration Revenues	\$16,067	\$16,405	\$16,034	\$15,837	\$15,886	\$16,048
Authorized Positions	73.8	76.5	77.0	86.9	85.9	86.4
Filled Positions	68.2	68.3	65.1	67.9	78.5	86.4
Vacancies	5.3	8.2	11.9	19.0	7.4	0.0

*Pesticide Registration Program (3540010)

Workload History

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
New Product Submissions Received	1520	1613	1515	1296	1312	879*
Amendment Submissions Received	2,893	2,868	2,623	2,553	2,117	1,447*
Average Days for Support Staff to Process a Submission Through Intake and Indexing	4	4	9	9	14	17
Percentage of Submissions with Deficiencies**†	N/A	N/A	41.7%	N/A	N/A	N/A
Number of Submissions Returned Due to Deficiencies	490	436	545	436	342	107*
Number of Duplicate Submissions	148	129	51	117	62	33*
Number of Paper Studies Submitted†	9,520	7,153	6,790	6,158	5,101	938*

*Numbers for CY 2020 are mid-year statistics gathered from January through July 2020.

**DPR conducted a 1-year submission tracking period to determine the number of submissions that were deficient and found 41.7% of submissions had deficiencies. Deficiencies uncorrected by applicant within a set time period are returned. Data is not available for other years.

†Includes electronic studies, as all electronic studies must also be submitted in paper form.

C. State Level Consideration

This proposal supports the following DPR Strategic Planning Goals:

- Goal 1 - Protect human health and the environment;
- Goal 3 - Enforce and achieve compliance;
- Goal 4 - Ensure environmental justice;
- Goal 5 - Enforce and achieve compliance, and;
- Goal 6 - Communication and outreach.

D. Justification

Per the SPR #2, DPR estimates the CalPEST project will cost \$22,705,505. However, DPR is seeking funding for 2021-22 to do only the following activities:

- Procure a new System Integrator Vendor
- Begin the design, development, and release of the Minimum Viable Product (MVP)
- Procure dedicated Project Manager
- Procure new IV&V services
- Use limited-term help to assist the state project team

DPR's current paper-based, manual-intensive registration processes must be modernized to meet the needs of registrants, improve internal processes, and facilitate the public's access to product information. The challenges of DPR's paper-based, manually-intensive registration process have been further exacerbated by the current COVID-19 pandemic, as DPR staff are required to telework to the greatest extent possible, yet must physically work in the office on a regular basis to collect and process new documents and transfer completed work to the next step in the process.

This proposal will allow DPR to contract for the development of the CalPEST project, which will allow for online electronic submission, payment, tracking, review, and approval of registration applications, supporting documentation, and renewal of currently registered pesticide products.

DPR's registration program is fully supported by registration fees, which are assessed annually during pesticide renewal and throughout the year when new product or amendment applications are submitted. FAC section 12812 requires DPR to maintain sufficient fee levels to support the expenditure level of the registration program, and can adjust the fees through regulations to reach the appropriate fee levels.

The current estimated cost of the CalPEST project necessitates another increase in registration fees. DPR will review the level of registration fees at the conclusion of the CalPEST project to ensure the fees are appropriately supporting the ongoing work of the registration program, and do not exceed the program needs.

The implementation of the CalPEST system and temporary increase in registration fees will provide a number of benefits, including:

- **Faster Processing Time:** CalPEST will provide real-time validation of submitted data to catch missing information or supporting documentation. Scientific evaluation of submissions will take place concurrently rather than sequentially, reducing DPR's overall submission processing time and potentially shortening the time for a product to be registered and reach the marketplace. More specific reductions in processing times are described in the Outcomes and Accountability section.
- **Real-Time Access to Registered Pesticide Labels for the Public:** Real-time access to pesticide labels will allow the general public to look up a pesticide product label or device without the need to submit a Public Records Act request.
- **Improved Efficiency for State and Local Officials:** Readily accessible electronic labels will contribute to improved efficiency of DPR's Enforcement Branches and County Agricultural Commissioners, who are responsible for pesticide use enforcement at the local level.
- **Electronic Payment:** Registrants have long been requesting alternate forms of payment to the paper-only checks DPR accepts currently.
- **Reduction of Paper Use and Storage Costs:** By converting to an all-electronic system, DPR will no longer need to print letters and reports and store a significant volume of hardcopy documents at the State Record Center. This will significantly reduce DPR's expenditures for paper and document storage.

E. Outcomes and Accountability

The CalPEST project will improve the timeline for pesticide products to reach the marketplace, reduce the amount of registration errors and incomplete submissions, and increase staff efficiencies. Current average processing times for new pesticide products containing currently registered active ingredients averages 120 days, while amendments average 80 days, with 17

of those days in initial intake processing. DPR anticipates the implementation of the CalPEST project and transition from sequential to concurrent evaluation of submissions will result in marked improvement in overall processing time including a reduction of initial intake processing to less than one day. Once fully implemented, the CalPEST system is expected to provide a 10 percent annual reduction in the overall number of submissions with deficiencies and 25 percent annual reduction in duplicate submissions, as CalPEST will notify an applicant immediately if the submission has any errors (e.g., missing or duplicate information). Additionally, CalPEST is expected to have a first year online submission rate of 25 percent with a 25 percent overall annual increase. The more submissions received through the system, the fewer paper documents will need storage space and the more labels will be available online, which is a benefit to the public and to health and safety officers who need them.

Projected Outcomes

Workload Measure	2020-21	2021-22	2022-23	2023-24*	2024-25	2025-26
Average Days for Support Staff to Process a Submission Through Intake and Indexing	17	16	15	5	1	1
Percentage of Submissions with Deficiencies	40%	40%	40%	30%	20%	10%
Number of Duplicate Submissions	100	100	100	75	<50	<25
Number of Electronic Labels Submitted, Available Online	0	0	0	1000	3,500	4,000
Number of Paper Studies Submitted	6,500	6,500	6,500	4,500	4,000	3,375
*Initial phases of system implemented in BY+2, with full go-live in BY+3.						

F. Analysis of All Feasible Alternatives

Alternative #1: Approve DPR's request of \$5 million DPR Fund one-time, with a four-year encumbrance period, to initiate a new contract to develop the CalPEST project.

Pros:

- This would allow DPR to continue its development of an electronic pesticide registration system.
- The four-year encumbrance period will provide for easier tracking and flexibility in this phase of the funding plan.

Cons:

- This alternative requires resources from the DPR Fund and necessitates a temporary increase in registration fees.

Alternative #2: Provide \$5 million General Fund one-time to initiate a new contract to develop the CalPEST project.

Pros:

- This alternative would allow DPR to continue its development of an electronic pesticide registration system.
- This alternative would not require DPR to temporarily increase registration fees.

Cons:

- This alternative requires General Fund resources.

Alternative #3: Do Nothing

Pros:

- This alternative would not require any additional resources.

Cons:

- DPR would face critical challenges as it continues to struggle to meet expected registration review timeframes.
- DPR's legacy registration systems will become increasingly difficult to maintain, enhance, and ensure security as recruiting and retaining resources familiar with the coding language and software technology currently in use is challenging, and industry support for this technology is decreasing.
- The general public, enforcement staff, and emergency responders will continue to lack access to electronic pesticide labels, which has potential safety ramifications.

G. Implementation Plan*

Date	Project Milestone
September 2020 – February 2021	Engage CDT's Statewide Technology Procurement (STP) and develop Request for Proposal
November 2020	Initiate regulation process to change registration fees
February 2021	Request for Proposal Released and Posted
April 2021	Conduct Initial Evaluations
May 2021 – November 2021	Begin recruitment and hiring efforts to fill limited-term EPM I and Sr. ES (Specialist) positions, upon approval of the 2021-2022 Budget Act
June 2021	Conduct Proof of Concepts
July 2021	<ul style="list-style-type: none"> • Procure Project Manager • Procure IV&V services
September 2021	Implement registration fee changes
October 2021	<ul style="list-style-type: none"> • Conduct project team hybrid Agile training and State planning • Conduct Best and Final Offer
February 2022	Execute system integrator contract, initiate project
March 2022	Define product roadmap and Minimum Viable Product (MVP)
April 2022	Conduct Requirements Analysis with System Integrator Vendor
May 2022	Begin Design and Development of MVP

Note: Implementation Plan refers only to activities to be accomplished with the requested funding for 2021-22.

H. Supplemental Information

In accordance with Chapter 533, Statutes of 2006 (AB 2408), which requires that all mission-critical public-facing applications be hosted in a Tier III data center, this project will require the purchase of additional servers or hosting services to host the software application. Due to the complexity and the cost of this project, the CDT considers it a "reportable IT project." As a reportable IT project, during the FSR development process, CDT requires that DPR procure independent oversight to help with project success. Therefore, DPR will continue to incorporate

the Independent Project Oversight Consulting (IPOC) services provided by CDT to monitor project progress and risk throughout the project. The anticipated costs for these services are \$193,000 per year. CDT also requires DPR to procure Independent Verification and Validation services to verify vendor compliance to appropriate State standards and perform software assurance processes at \$132,500 per year.

I. Recommendation

DPR recommends the approval of Alternative #1.

BCP Fiscal Detail Sheet

BCP Title: California Pesticide Electronic Submission Tracking (CalPEST) Project Funding

BR Name: 3930-002-BCP-2021-GB

Budget Request Summary

Personal Services

Personal Services	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Salaries and Wages Earnings - Temporary Help	0	328	0	0	0	0
Total Salaries and Wages	\$0	\$328	\$0	\$0	\$0	\$0
Total Staff Benefits	0	190	0	0	0	0
Total Personal Services	\$0	\$518	\$0	\$0	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
5301 - General Expense	0	6	0	0	0	0
5302 - Printing	0	3	0	0	0	0
5304 - Communications	0	6	0	0	0	0
5320 - Travel: In-State	0	6	0	0	0	0
5322 - Training	0	3	0	0	0	0
5324 - Facilities Operation	0	36	0	0	0	0
5340 - Consulting and Professional Services - External	0	3,723	0	0	0	0
5344 - Consolidated Data Centers	0	418	0	0	0	0
5346 - Information Technology	0	281	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$4,482	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Total Budget Request	\$0	\$5,000	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
State Operations - 0106 - Department of Pesticide Regulation Fund	0	5,000	0	0	0	0
Total State Operations Expenditures	\$0	\$5,000	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$5,000	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
3540010 - Pesticide Registration	0	5,000	0	0	0	0
Total All Programs	\$0	\$5,000	\$0	\$0	\$0	\$0

Personal Services Details

Staff Benefits

Staff Benefits	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
5150900 - Staff Benefits - Other	0	190	0	0	0	0
Total Staff Benefits	\$0	\$190	\$0	\$0	\$0	\$0

Total Personal Services

Total Personal Services	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Total Personal Services	\$0	\$190	\$0	\$0	\$0	\$0