

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

Fiscal Year 2023-24	Business Unit 0555	Department California Environmental Protection Agency	Priority No. Click or tap here to enter text.
Budget Request Name 0555-005-BCP-2023-GB		Program 0340-Support	Subprogram N/A

Budget Request Description
 California Environmental Reporting System Project

Budget Request Summary

The California Environmental Protection Agency requests \$4.3 million from the Unified Program Account in 2023-24 to implement a technology refresh on the California Environmental Reporting System. This includes continued funding for the five (5.0) permanent positions approved in the 2022 Budget Act. The project will update the technical platform, improve data quality and the processes supporting data quality, address inefficient input and interactions, and make identified enhancements to CERS.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Click or tap here to enter text.	
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 Sergio Gutierrez	Date 9/1/2022

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.055-18 **Project Approval Document:** S2AA
Approval Date: 4/1/2021

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 Nick Kuka, Senior Project Manager	Date 1/10/2023	Reviewed By Click or tap here to enter text.	Date Click or tap to enter a date.
Department Director Eric Jarvis, Deputy Secretary for Fiscal and Administrative Programs	Date 1/10/2023	Agency Secretary Amelia Yana Garcia Gonzalez	Date 1/10/2023

Department of Finance Use Only

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

PPBA Christian Beltran	Date submitted to the Legislature 1/10/2023
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Analysis of Problem

A. Budget Request Summary

The California Environmental Protection Agency requests \$4.3 million from the Unified Program Account in 2023-24 to implement a technology refresh on the California Environmental Reporting System. This includes continued funding for the five (5.0) permanent positions approved in the 2022 Budget Act. The project will update the technical platform, improve data quality and the processes supporting data quality, address inefficient input and interactions, and make identified enhancements to CERS.

Since 2019 CalEPA has been planning an IT project to implement a technology refresh on the CERS application. This proposal requests spending authority for the previously approved budget to continue the CERS project and begin the implementation phase. The CERS application is heavily used by regulated businesses and regulators and is interconnected to over 60 local government data systems. The platform is based on early 2000s technologies that are outdated and insufficient to support current use. CERS and its technology platform must be refreshed to provide a stable platform that meets modern security requirements.

Maintaining the current data exchange technology utilized by CERS is costly for the Certified Unified Program Agencies (CUPAs), who collect fees from regulated businesses to support local and state programs. Changes to state and federal laws have required modification updates to CERS almost every year over the past decade; CUPAs pass on these increasing technology costs through fees each year to regulated facilities. Moving to modern exchange technologies reduces the ongoing costs for CUPAs to remain compliant with data exchange requirements.

A portion of the current CERS technology has reached the end of its useful life (end-of-life) and is no longer maintained or supported. In 2023, all technologies supporting CERS will reach end-of-life and lose support. Once these technologies reach end-of-life and are not supported, critical security and operational patches may not be available, exposing CERS to security threats and an increased risk of system failure. CalEPA is finishing an interim update of some essential technologies to reduce the near-term risk of security threats and system failure. The proposed project timeline will allow the replacement of the CERS application to begin in July 2023 within the life of the interim update.

B. Background/History

CalEPA oversees the statewide implementation of the Unified Hazardous Waste and Hazardous Materials Regulatory Management Program (Unified Program) that applies regulatory standards to over 160,000 facilities in California. CERS is a web-based application. In response to legislation (Chapter 571 and Assembly Bill 2286), CalEPA deployed CERS in 2011 to collect and report regulatory data from CUPAs.

All regulated businesses and CUPAs regularly use CERS to submit data to the CUPAs and Participating Agencies (PAs) electronically. In 2020 the CERS application received over 500,000 regulatory submissions. Over 1 million electronic transfers between CERS and CUPA data systems were completed.

Since 2019 CalEPA has planned an IT project to implement a technology refresh on the CERS application. CalEPA has been partnering with CDT during the project planning phase and will complete all stages of the Project Approval Lifecycle (PAL) by the end of the 2022-23. The project team completed PAL "Stage 1" in January 2020. "Stage 2" was completed in April 2021. "Stage 3" is on track to start in August 2022 with the initiation of the solicitation process. CalEPA will onboard a Systems Integration (SI) vendor and begin implementing the CERS technology refresh in July 2023.

C. State Level Consideration

In response to Health and Safety Code Chapter 6.11, the CalEPA has established a “unified hazardous waste and hazardous materials management regulatory program” (Unified Program). This proposal directly supports CalEPA's policies and priorities including the 2017-2022 Unified Program Strategic Plan Goals described in detail below:

Goal 5: Improve the capabilities and functionality of the California Environmental Reporting System (CERS) for current and future needs. Objective: 5.1: Examine functionality and efficiency of CERS and local CUPA business processes and database systems.

Goal 6: Enrich and curate CERS data to make informed decisions that advance the Unified Program goals, objectives, and public safety. Objective 6.1: Develop and implement a process to enrich data quality in the California Environmental Reporting System (CERS). Objective 6.2: Develop and share analytic methodologies for trend analysis of CERS data.

D. Justification

The current data exchange technology utilized by CERS is costly to maintain for the CUPAs, who collect fees from regulated businesses to support local and state programs. Changes to state and federal laws have required modification updates to CERS almost every year over the past decade; CUPAs pass on these increasing technology costs through fees each year to the 160,000 regulated facilities. Moving to modern exchange technologies reduces the ongoing costs for CUPAs to remain compliant with data exchange requirements.

A portion of the current CERS technology has reached the end of its useful life (end-of-life) and is no longer maintained or supported. In 2023, all technologies supporting CERS will reach end-of-life and will also lose support. Once end-of-life and support have been reached for these technologies, critical security and operational patches may not be available, exposing CERS to security threats and system failure. CalEPA is finishing an interim update of some of the critical technologies to reduce the near-term risk of security threats and system failure. CalEPA will complete this interim update project before the CERS project team initiates the implementation phase. The proposed project timeline allows for the replacement of CERS technology to begin in 2023 and finish within the life of the interim update.

CERS is an integral part of the CalEPA's overall management of the Unified Program. As noted above, the system processes millions of transactions each year. Facilities and local governments use CERS to report required information, and many state agencies and the U.S. EPA consume the data collected by CERS. The continuing and uninterrupted operation of CERS is important to these agencies and the regulated business community.

Information collected in CERS is also provided to the public as required by statute through CalEPA's Regulated Site Portal. The Regulated Site Portal combines data about environmentally regulated facilities and sites throughout California into a single, searchable database and interactive map. The portal was created to provide a more holistic view of regulated activities statewide.

CERS data is utilized by many stakeholders. Feedback from internal and external CERS stakeholders has identified data quality as the legacy system's primary pain point. When CERS was initially implemented, minimal data validation rules were applied to enable successful data submissions by regulated businesses. While this helped regulated businesses submit their required data through CERS, the minimal data validation has negatively impacted the system's overall data quality. In April 2022, CalEPA engaged a consultant to analyze plan, and implement data cleansing within the legacy system in preparation for future data migration to a new solution.

The CERS project team is on track to complete the planning phase by the end of 2022-23. Previous CERS BCPs focused on the funding and position resources needed for project planning, data analysis, data cleanup, and initiating Organization Change Management Contract efforts. This proposal focuses on the first year of project funding to implement a new

solution to replace the legacy CERS application. The project team will complete all activities required to approve PAL stages "3" and "4" within 2022-23. Beginning in 2023-24, CalEPA will onboard an SI vendor to implement a new procured software solution. The estimates in the FAW are based on market research. The primary solicitation for the SI vendor is scheduled to be advertised in January 2023. Responses to the solicitation are due to CalEPA in mid-February 2023.

The Unified Program is a fee-based program that utilizes fees collected by CUPAs to run the program. Each CUPA sets its own local fees and collects those fees to support the local program. The state revenue is also collected by CUPAs from businesses as a surcharge on local fees and is passed on to the state's Unified Program Account. As required by the fee accountability requirements of the implementing statutes, the surcharge fees can cover the necessary and reasonable operating costs of the program.

E. Outcomes and Accountability

The proposal will fund and staff the planning portion of a technology refresh project, consistent with the PAL development process. The California Department of Technology will have oversight of the overall project and will participate in the planning process. The updated CERS system will provide stakeholders with improved data quality, efficiency for the regulated community and regulators, and reporting capabilities, and will meet required accessibility and security standards.

Projected Outcomes

Workload Measure	CY	BY
Project Approval Lifecycle (Stage 3) Activities	<ul style="list-style-type: none"> • Develop a statement of work for solicitation of vendors. • Continue data cleanup/migration effort. • Obtain approval to move into Stage 4 of the PAL process. 	
Project Approval Lifecycle (Stage 4) Activities	<ul style="list-style-type: none"> • Release statement of work to solution vendor. • Complete vendor selection process and award contract. • Obtain approval to begin project implementation. 	
Implementation	<ul style="list-style-type: none"> • Onboard Organizational Change Management consultants. • Onboard the Independent Validation and Verification consultant. 	<ul style="list-style-type: none"> • Onboard the solution vendor. • Complete gap analysis. • Initiate the configuration of a new solution. • Organizational Change Management Activities. • Independent Validation and Verification activities.

F. Analysis of All Feasible Alternatives

Alternative 1:

Approve \$4.3 million from the Unified Program Account, including continued funding for the five (5.0) permanent positions previously approved in the 2022 Budget Act.

Pros:

- Provides funding and resources to initiate the project's implementation phase and maintains the existing project timeline.
- Allows CalEPA to transition CERS to a fully supported platform in a reasonable timeframe.
- Surcharges levied on regulated businesses have already been temporarily increased to cover the costs of this alternative.

Con: Requires a temporary increase in UPA fees on regulated businesses.

Alternative 2:

Approve \$4.3 million General Fund, including continued funding for the five (5.0) permanent positions previously approved in the 2022 Budget Act.

Pros:

- Reduces the duration of the temporary increase to UPA fees on regulated businesses.
- Provides funding and resources to initiate the project's implementation phase and maintains the existing project timeline.
- Allows CalEPA to transition CERS to a fully supported platform in a reasonable timeframe.
- Surcharges levied on regulated businesses have already been temporarily increased to cover the costs of this alternative.

Con: Would require General Fund resources, which are limited, and may create ongoing General Fund cost pressures.

Alternative 3:

Status quo. Direct CalEPA to fund the next phase of project costs from its existing budget and temporarily redirect staff from other CalEPA Boards, Departments, or Offices (BDOs).

Pro: Reduces the temporary increase to Unified Program Account fees on regulated businesses.

Cons:

- Other BDOs do not have senior-level technical resources for the duration of the implementation phase, which would put the project at risk.
- CalEPA has already redirected more staff to this project than the agency can sustain and cannot absorb any additional workload.
- Without the requested funding, CalEPA cannot continue the CERS project or meet the current project schedule.

G. Implementation Plan

Upon approval, CalEPA will follow the plan below to obtain project approval and begin the implementation phase.

Proposed Schedule

July 2023 – September 2023

- Onboard Systems Integration vendor
- Organizational Change Management Activities
- Independent Validation and Verification activities

October 2023 – December 2023

- Complete gap analysis
- Initiate the configuration of a new solution
- Organizational Change Management Activities
- Independent Validation and Verification activities

January 2024 – March 2024

- System configuration
- Organizational Change Management Activities
- Independent Validation and Verification activities
- Quality Assurance activities

April 2024 – June 2024

- System configuration
- Organizational Change Management Activities
- Independent Validation and Verification activities
- Quality Assurance activities

H. Supplemental Information

N/A

I. Recommendation

Approve "Alternative 1" as requested. Approve \$4.3 million from the Unified Program Account, including continued funding for the five (5.0) permanent positions previously approved in the 2022 Budget Act.

BCP Fiscal Detail Sheet

BCP Title: California Environmental Reporting System Project

BR Name: 0555-005-BCP-2023-GB

Budget Request Summary

Personal Services

Personal Services	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
Salaries and Wages Earnings - Permanent	0	595	0	0	0	0
Total Salaries and Wages	\$0	\$595	\$0	\$0	\$0	\$0
Total Staff Benefits	0	394	0	0	0	0
Total Personal Services	\$0	\$989	\$0	\$0	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
5301 - General Expense	0	10	0	0	0	0
5302 - Printing	0	5	0	0	0	0
5304 - Communications	0	10	0	0	0	0
5320 - Travel: In-State	0	20	0	0	0	0
5322 - Training	0	5	0	0	0	0
5324 - Facilities Operation	0	50	0	0	0	0
5340 - Consulting and Professional Services - External	0	3,056	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	150	0	0	0	0
5346 - Information Technology	0	20	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$3,326	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
Total Budget Request	\$0	\$4,315	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
State Operations - 0028 - Unified Program Account	0	4,315	0	0	0	0
Total State Operations Expenditures	\$0	\$4,315	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$4,315	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
0340 - Support	0	4,315	0	0	0	0
Total All Programs	\$0	\$4,315	\$0	\$0	\$0	\$0

Personal Services Details

Staff Benefits

Staff Benefits	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
5150350 - Health Insurance	0	174	0	0	0	0
5150450 - Medicare Taxation	0	9	0	0	0	0
5150500 - OASDI	0	37	0	0	0	0
5150600 - Retirement - General	0	174	0	0	0	0
Total Staff Benefits	\$0	\$394	\$0	\$0	\$0	\$0

Total Personal Services

Total Personal Services	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
Total Personal Services	\$0	\$394	\$0	\$0	\$0	\$0