

BOARD MEETING DATE: November 7, 2025

AGENDA NO. 10

PROPOSAL: Appropriate Funding for Permitting Enhancement Program Legacy System Replacement

SYNOPSIS: In April 2023, Chair Delgado introduced the Permitting Enhancement Program (PEP) with the goal of reducing the permit inventory and modernizing the permitting process platform to improve application processing and issuance timelines. The current legacy permitting software systems, which are more than 25 years old, require replacement. The initial phase of this effort, focused on developing a modern workflow framework, is near completion and was presented to the Board as part of the PEP update on October 3, 2025. As outlined in that presentation, additional funding is needed to move into the next phase to replace and integrate three legacy applications into the computer infrastructure. This action is to transfer and appropriate up to \$750,000 from the General Fund Undesignated (Unassigned) to Information Management's FY 2025-26 and/or FY 2026-27 Budgets for the replacement of legacy applications.

COMMITTEE: Administrative, October 10, 2025; Recommended for Approval

RECOMMENDED ACTION:

1. Appropriate \$750,000 from the General Fund Undesignated (Unassigned) Fund Balance to Information Management's FY 2025-26 and/or FY 2026-27 Budget for Services & Supplies and/or Capital Outlays Major Objects for the replacement of legacy applications.

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Executive Officer

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Background

In April 2023, Chair Delgado introduced the Permitting Enhancement Program (PEP) with the goal of reducing the permit inventory and modernizing the permitting process

platform to improve application processing and issuance timelines. The current legacy permitting software systems, which are more than 25 years old, lack the ability to track workflow throughout the entire permit application lifecycle, are inflexible to changing requirements, require printing and scanning of documents, and do not integrate with existing programs easily. South Coast AQMD's Information Management team has been working on the initial phase of modernizing the permit processing platform through the development of a modern workflow framework which is near completion and was presented to the Board as part of the PEP update on October 3, 2025. As outlined in that presentation, additional funding is needed to move into the next phase to replace and integrate three legacy applications into the computer infrastructure.

The first legacy system identified for replacement is the New Source Review (NSR) system. South Coast AQMD's New Source Review rules, outlined in Regulation XIII, ensure that as new or modified equipment come into the Basin, they do not adversely impact progress towards attainment of National Ambient Air Quality Standards. New Source Review requires the installation of Best Available Control Technology (BACT) for projects that increase emissions and mandates emission offsets through Emission Reduction Credits to balance pollution. The current legacy system tracks the steps, data, and compliance activities required under New Source Review.

The second legacy system slated for replacement is the Facility Permit (FP) system. South Coast AQMD's RECLAIM (Regional Clean Air Incentives Market) program is a market-based emissions trading system established in 1994 to reduce nitrogen oxides (NO_x) and sulfur oxides (SO_x) from large industrial sources in the South Coast Air Basin. Under RECLAIM, facilities have an allocation of emissions that decline over time and facilities must reconcile actual emissions with their allocation of emissions or RECLAIM Trading Credits. To support RECLAIM, the FP system was developed to implement a single Facility Permit that consolidates all equipment and emissions into one document, streamlining compliance and recordkeeping. The Facility Permit is also utilized by certain Title V facilities.

The third legacy system slated for replacement is the Permit Processing System (PPS). PPS was developed to manage the creation of air quality permits by capturing information related to emission sources, generating permit conditions, applying standardized wording templates, and facilitating the issuance and printing of permits.

These three legacy systems were developed more than 25 years ago using technologies that are now obsolete and increasingly difficult to use, maintain, and enhance. The next phase will involve analyzing the existing systems to identify functionalities that must be migrated and integrated into the new Permit Engineering Portal (PEP) framework, as well as those that require enhancement before integration. The goal is to build a centralized digital platform to manage the intake, evaluation, and issuance of air quality permits. This platform will allow applicants to submit permit applications, engineering data, and emission calculations online, while enabling agency staff to review technical

details, apply regulatory requirements (e.g., BACT, NSR), and track application status. The system will support automated workflows, emissions modeling, fee calculation, and document management. It will also ensure consistency in permit conditions, facilitate public notifications when required, and maintain a permanent record of all permit actions. Post-permit, the system will track compliance deadlines, renewals, inspections, and modifications. Ultimately, the new platform will improve efficiency, transparency, and accountability in the permitting process while supporting the agency's mission to reduce air pollution.

Proposal

Staff recommends the transfer and appropriation of \$750,000 from the General Fund Undesignated (Unassigned) Fund Balance to Information Management 2025-26 and/or 2026-2027 Budget for Services & Supplies and/or Capital Outlays Major Objects to initiate work on the next phase to update and then integrate these three key programs into the new platform. This effort will be designed and managed internally and built using third-party resources; importantly, the final product will be fully owned by South Coast AQMD, ensuring long-term control, flexibility for future enhancements, and the elimination of ongoing licensing fees or vendor lock-in.

Resource Impacts

Sufficient funding will be available in Information Management's FY 2025-26 and/or FY 2026-27 Budget upon approval of the transfer and appropriation of \$750,000 from the General Fund Undesignated (Unassigned) Fund Balance. It is anticipated that the total cost for the next phase will be approximately \$1,500,000. Additional funds will be included in future fiscal year budgets, if needed.

Benefits

Modernizing the permitting computer system is critical to increasing permit processing production rates and to achieve the goals set out to enhance South Coast AQMD's existing permitting program. When completed, the new system will be paperless, incorporate workflow, include internal and external facing dashboards, add the ability to conduct data analytics to identify bottlenecks and ensure cost recovery, be more agile and flexible to changing regulatory needs, and increase permit processing production rates.