STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	3480	Department of Conservation

Hyperion Budget Request Name	Relevant Program or Subprogram
3480-003-BCP-2026-MR	2435 Division of Mine Reclamation

Budget Request Title
Division of Mine Reclamation SMARA-4

Budget Request Summary
The Department of Conservation requests $869,000 one-time from the Surface Mining and Reclamation Account for fiscal year 2026-27 to continue its work on configuring, maintaining, and operating SMARA-4, a new Software as a Service (SaaS) case management system. The Department is completing the Project Approval Lifecycle (PAL) process, and it is likely to conclude in June 2026.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	N/A

Does this BCP contain information technology (IT) components? ☒ Yes ☐ No	Department CIO	Date
	Wendy Weaver	5/13/2026

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

Project No.3480-052

Approval Date: 9/24/2025

Project Approval Document: Stage 3 Solutions Analysis (S3SA)

Total Project Cost: $7,634,936, Annual Maintenance and Operations $1,026,427

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No

Prepared By	Date	Reviewed By	Date
Lindsay Whalin	5/13/2026	Clayton Haas	5/13/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Jennifer Lucchesi	5/13/2026	Wade Crowfoot	5/13/2026

Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Vy Nguyen	5/14/2026

A. Problem Statement

The Department of Conservation's Division of Mine Reclamation (Division) requires funds to finish developing (configure), maintain, and operate an updated database and case management system. The Division currently relies on four core disparate database and case management systems to meet statutory obligations related to the reclamation of mines for safety, human health, and the environment. Several require manual data entry that introduces errors and duplication. Most limit external stakeholder submittal/retrieval of information. The principal legacy systems were built on antiquated technology and therefore are technologically unsupportable and lack critical functionality. Managing these systems has resulted in increased costs due to maintenance and operational tasks required to maintain three separate systems; it causes difficulty meeting data and document transparency goals and concerns regarding data security and integrity; and reduces the Division's capacity and ability to track and enforce mine reclamation planning and implementation with our partners and for the public.

The Division has been approved through Stage 3 of the California Department of Technology's (CDT) Project Approval Lifecycle (PAL) process to replace these systems with a new integrated system that will support the state's oversight of mining and mine reclamation, to improve data security and integrity, program efficacy and efficiency, and public access to data.

In collaboration with the Enterprise Technology Services Division (ETSD), the project has been approved by CDT for Stage 1, Stage 2, and most recently Stage 3 of the PAL process. The Division received CDT approval of Stage 3 on September 24, 2025. Completion of the PAL process (i.e., Stage 4, implementation and configuration of the SaaS) is anticipated on June 29, 2026, and operation is contingent upon approval of this BCP, since the software requires a subscription. The SaaS Contractor will be selected by May 20, 2026, and the contract awarded soon after Stage 4 approval.

Resource History

(Dollars in thousands)

Program Budget	**PY-4 2020-21**	**PY-3 2021-22**	**PY-2 2022-23**	**PY-1 2023-24**	**PY 2024-25**	**CY 2025-26**
Authorized Expenditures	$4,656	$4,970	$5,366	$5,479	$5,495	$6,329
Actual Expenditures	$3,873	$4,667	$4,939	$5,120	$4,424	N/A
Revenues	$4,838	$5,180	$5,608	$5,876	$5,964	N/A
Authorized Positions	38.5	38.5	37.5	36.5	39.5	39.5
Filled Positions	33.2	34.8	34.3	31.4	31.9	N/A
Vacancies	5.3	3.7	3.2	5.1	7.6	N/A

Workload History

Workload Measure	PY-4 2020-21	PY-3 2021-22	PY-2 2022-23	PY-1 2023-24	PY 2024-25	CY 2025-26
Annual Reports Processed	1,061	1,058	1,054	1,030	968	N/A
Financial Assurance Mechanisms (FAMs) Processed	264	211	478	463	71	N/A
Reclamation Plans and Amendments Reviewed	52	43	37	28	9	N/A
Financial Assurance Cost Estimates (FACEs) Reviewed	741	719	687	765	577	N/A
Mine Site Inspections Conducted	2	7	13	38	56	N/A
Administrative Penalties Issued	0	0	0	0	0	0
PRA Requests Processed	39	59	72	61	55	N/A
Mine Inspectors Trained	0	63	54	103	64	N/A
Formal Enforcement Actions Issued	1	1	3	8	2	N/A

B. Justification

The Division is responsible for the administration of the Surface Mining and Reclamation Act (SMARA) of 1975 (Public Resources Code (PRC), § 2207, and CA Civil Code, §1103.4) in coordination with SMARA Lead Agencies (cities and counties) and the State Mining and Geology Board (SMGB). California Legislature enacted SMARA to address the need for a continuing supply of mineral and industrial material resources and enable a safe and useful post-mining condition for these disturbed lands that minimizes impacts. This is achieved by preparing for the reclamation of the land in advance (before and during operation), including developing a reclamation plan and establishing financial assurances. In this way, the Division and our partners confirm surface mine operators have the plans and means to reclaim the mines or have equipped us with the funds to reclaim in the event an operator cannot. The Division provides ongoing scientific (e.g., geologic, environmental, ecological, etc.) and regulatory technical assistance to both Lead Agencies and operators, maintains a statewide database of mine locations and operational information, performs certain oversight functions, and collects reports and fees to administer programs within the Division, the SMGB, and the California Geologic Survey (CGS), among other things.

The Division processes thousands of reports with tens of thousands of data points every year, much of it manually. In accordance with statute, operators submit some documents and data to the Division directly, while others are submitted to the Lead Agency. This information is then shared with the Division to provide technical assistance and to support the uniform application of SMARA Statewide. During the life of a mine several reports must be submitted to the Division by operators or Lead Agencies:

- A Reclamation Plan and associated amendments when mines are established or significantly altered. These are engineering, geologic, landscape, etc., designs needed to ensure a safe and useful post-mining condition that minimizes environmental impacts.
- An annual report, data from which are necessary for effective oversight of SMARA and in quantifying the state's mineral reserves.
- Financial Assurance Cost Estimates (FACEs) annually, which are anticipated costs to reclaim the mine based on current conditions.
- Financial Assurance Mechanisms (FAMs), to demonstrate adequate funds are available to reclaim the mine at any time (bonds or other securities).
- Inspection reports and enforcement documentation annually, for Division tracking and public transparency.

Throughout this process, the Division engages in correspondence with the Lead Agencies and operators, which is included in our records. If an operator is out of compliance with SMARA, the Division and/or Lead Agencies may pursue enforcement (30-Day Notices, Orders to Comply, Notices of Violation, Administrative Penalties, etc.), which requires an accurate administrative record (record of documents, data, and communications).

The Division requires funds to operate and maintain a new, enterprise SaaS system to replace all core Division systems (SMARA-3, MOL, MOARS, MODS, Microsoft calendars, and spreadsheets). This funding would help build on work funded by a one-time appropriation in the 2025 Budget Act, allowing the Department to procure the software licensing required for project implementation and continue funding for a new ITS I (Information Technologist Specialist I) position to ensure SMARA-4's continuous operations. This position will prevent costly delays, system failures, and service disruptions by providing dedicated implementation support and ongoing maintenance, including defect resolution, functional enhancements, unit testing, system maintenance, production support, and documentation. The position mitigates operational risks, maintains regulatory compliance, and eliminates expensive emergency contractor costs, delivering a cost-effective solution for California's critical mining regulatory systems.

It is a single, secure, integrated solution with external-facing portals for stakeholder document submission/retrieval. It will offer self-service portals to the regulated community (mine operators), our partners (SMARA Lead Agencies such as cities, counties, and state agencies/departments including SMGB), and other stakeholders, improving public access to documents and data. It will alleviate significant manual data entry and cross-system work, thereby improving efficacy, efficiency, and data integrity. This includes streamlining responding to PRAs, providing accurate maps, and producing an accurate Purchase Preference List (PPL)consistently and in real-time.

Furthermore, the proposed new system will make the Division more nimble, able to incorporate anticipated legislative, policy, and process changes. The CGS indicates that all 50 critical minerals that are essential to economic and national security, as well as necessary to meet Climate Adaptation Strategy goals, have been discovered in California. Interest in new or reestablished mining and reprocessing of mining waste is currently very high.

The Division anticipates this will result in increased and changed responsibilities that will necessitate a database and workflow management system that can quickly and easily adapt with minimal cost and effort and will certainly require more time and effort than we have the capacity for currently, given the existing systems.

The Division requests an appropriation increase from the Surface Mining and Reclamation Account (Fund 0035) to complete implementation, configuration, and continue operations of this new integrated system. The SMARA is funded by mining activities on federal lands disbursed by the federal government each fiscal year in an amount equal to the appropriation for the Surface Mining and Reclamation Act of 1975 contained in the Budget Act for that fiscal year. This

appropriation increase would cover the software subscription fees, maintenance and operation costs, and the continued salary and benefits of the new ITS 1, approved in the 2025 Budget Act.

C. Departmentwide and Statewide Considerations

The extraction of industrial materials and minerals is essential to the continued economic well-being of the state and to the needs of Californians and the nation. At the same time, the reclamation of mined lands is necessary to prevent or minimize adverse effects on the environment and to protect public health and safety. Proper administration of SMARA is critical. The Division's outreach efforts and regulatory programs have a direct impact on the adequacy of operator and Lead Agency performance under SMARA.

The existing SMARA databases currently contain information on 2,200 mines and track more than 1,100 active mine sites. The information tracked and reported by the Division is essential to program administration, including meeting statutory requirements for maintaining a PPL pursuant to PRC section 2717, and disclosure and transparency of mine data to the public.

This proposal is in line with the Division's statutes and regulations requiring collection of annual fees, FAMs, and FACEs and with the Department's Strategic Plan and the Division's Strategic Goals to:

(1) Facilitate effective working relationships between Lead Agencies and mine operators to increase SMARA compliance (PRC, § 2207, and CA Civil Code, § 1103.4) and Lead Agency/mine operator understanding of effective SMARA compliance.

(2) Increase the collection of annual fees, FAMs, and FACEs.

(3) Increase the level and effectiveness of Lead Agency SMARA enforcement, improve the interface for mine operators and other stakeholders to submit Annual Reports and fees, FAMs, FACEs, and Reclamation Plans.

(4) Apply and collect administrative penalties.

(5) Publish a PPL in real-time (PRC, § 2217).

(6) Have a workload management system that would better help our staff prioritize and manage our workload which would provide efficiencies;

(7) Modernize Division business practices and products. All the Division's goals are to ensure all mine operators are compliant with SMARA.

Furthermore, state agencies rely on the documents and data in our databases for their program administration. Lead agencies rely on our records for their effective oversight of SMARA, for instance, in cases when their administrative records are incomplete.

SMGB is responsible for oversight of Lead Agencies and needs to be able to rely on our records to monitor the efficacy and efficiency of around 90 cities and counties.

CGS relies on production numbers and other data in our records to calculate reserves and for mineral resource mapping. The California Department of Tax and Fee Administration (CDTFA) rely on our records for calculating taxes owed by industry. A myriad of government agencies, including the California Department of Transportation (Caltrans), need to rely on our PPL to be compliant with statute and state goals to only do business with surface mining operators in compliance with the law.

D. Outcomes and Accountability

The 2026-27 appropriation will fund one year of the subscription fee for the selected vendor. The annual subscription fee is a required cost. The appropriation will also cover a portion of the salaries for various project staff, as well as continued full funding for the ITS I position and the IV&V

contractor. During this fiscal year, the project will be in the maintenance and operations (M&O) phase, with implementation scheduled to occur immediately before this request takes effect.

During 2026-27, the following implementation activities will take place:

System Design

- Detailed solution design mapped to SMARA workflows.
- Data model design, security model definition.
- Traceability and audit log design.
- Design review and approval with DOC stakeholders.

Configuration & Development

- Core Dynamics 365 configuration.
- Power Platform components (apps, flows, portals).
- Regulatory workflow configuration (permitting, inspections, enforcement).
- Role-based access controls and security setup.
- Initial integration components.

Integration Testing

- End-to-end process validation.
- Data flow and interface testing.
- Audit log and traceability verification.
- Defect remediation cycles.

User Acceptance Testing

- UAT planning and scripts aligned to regulatory processes.
- DOC stakeholder testing.
- Validation of usability, compliance, and reporting.
- Final approval for production readiness.

Training: Implementation

- End-user and administrator training.
- Go live support.
- Transition to steady state operations.

The new management system will increase data transparency, reduce the frequency of manual data entry and associated errors, provide regulatory oversight tools for the Division, Lead Agencies, and SMGB, and increase information/data exchange with key partners and stakeholders. Division staff resources currently assigned to manual business processes will be redirected to improving compliance, including Lead Agency guidance outreach, operator enforcement, and penalty collection. The Division projects that the efficiencies introduced will enable a significant increase in outreach and enforcement activities. By 2029-30, for the more than 1,100 operating mines in the Division's system, the Division estimates that they will achieve:

1. A 75-percent increase in administrative penalty assessments for failure to file Annual Reports (the number will depend upon the number of violations, and 100 percent is infeasible due to deliberations between Lead Agencies and operators (e.g., lawsuits, property transfer, etc.)).
2. A 55-percent increase in compliance outreach to Lead Agencies and/or enforcement of operations in violation of FACEs.

3. A 55-percent increase in compliance outreach to Lead Agencies and/or enforcement of operations in violation of FAMs.
4. A 50-percent increase in site inspections conducted by the Division, in coordination with operators and Lead Agencies (inspections may decrease initially as staff time is devoted to SMARA-4 development).
5. A 60-percent reduction in staff time spent processing PRA requests, since many documents will be available online (100 percent is infeasible due to historical document requests, the Division estimates our records include more than 100,000 historical documents that will take time and workforce capacity to upload).
6. To manage this output with existing databases would require additional PYs, cost increases that would otherwise need to be passed on to mine operators, stakeholders, and the public, or a shift away from core, statutorily required work.
7. With additional automation of Annual Report processing, staff can focus efforts on ensuring compliance of mine operators and guidance to Lead Agencies, issuing administrative penalties, and ensuring FAMs are in line with FACEs and appropriately administered between the Division and Lead Agencies. Streamlined workflows will free up staff time for site inspections to address technical issues at operating mine sites, including unsafe highwalls, disturbance beyond permitted boundaries, failure to implement native plant revegetation, and inadequate financial assurance estimates that could lead to incompletely reclaimed mines.

Projected Outcomes

Workload Measure	CY 2025-26	BY 2026-27	BY+1 2027-28	BY+2 2028-29	BY+3 2029-30	BY+4 2029-30
Increased Admin Penalties for Annual Reports	35%	45%	55%	65%	75%	75%
Increased FACE Compliance Outreach and Enforcement	20%	40%	45%	50%	55%	55%
Increased FAM Compliance Outreach and Enforcement	20%	40%	45%	50%	55%	55%
Increased Mine Site Inspections	40	45	50	55	60	60
Reduction in staff time spent processing PRA requests	10%	20%	30%	50%	60%	60%

E. Implementation Plan

The Division, in collaboration with the Enterprise Technology Services Division (ETSD), has been approved by CDT for Stage 1, Stage 2 and most recently Stage 3 of the PAL process. The Division received CDT approval for Stage 3 on September 24, 2025. Completion of the PAL process (Stage 4, implementation and configuration of the SaaS) is anticipated on June 29, 2026, and operation is contingent upon approval of this BCP, since the software requires a subscription. The SaaS contractor will be selected by May 20, 2026, and the contract will be awarded soon after Stage 4

approval. The team's remaining key deliverables include reviewing and approving the vendor's best and final offer, completing and approving the GenAI process using form SIMM 5305-F, and preparing the draft vendor contract. SMARA-4 will be implemented over one year, consistent with the contractor's platform capabilities. The development and implementation will follow the agile system development lifecycle. This approach will ensure the solution meets business needs and expectations while providing flexibility should business needs mandate that adjustments be made.

Rollout will be phased to minimize and mitigate risk, particularly with respect to external stakeholders. Implementation will include:

Phase 1: Low Risk Internal Functions
Initial tasks will include the setup and configuration of any information technology-related requirements before then configuring low-risk business-related functions. The goal is to implement higher value, achievable, and early wins. These early wins could include functionality such as basic internal case workflows to iteratively deliver case management capabilities prior to addressing the higher risk implementation of the external-facing features.

Phase 2: External Function Pilot
Onboarding a smaller external-facing user group, bringing up the Lead Agency portal, and integrating this with the delivered case flows from Phase 1.

Phase 3: Full Go-Live
Engage the entire external user base and complete the remaining internal features. Transition to Maintenance & Operation (M&O).

Project Deliverables:
During the implementation phase, the solution needs to deliver the following:

1. Case Management
2. Entity Data
3. External Portal
4. File Management
5. Public Website
6. Reporting
7. Technical
8. Transition

Each requirement will be configured according to the design. Unit and system testing will be conducted on each requirement by the contractor. The Division and ETSD will perform user acceptance testing to validate the delivered configuration aligns with documented requirements and designs. Any modules and requirements that do not meet the documented design specifications, or any defects that are identified, will be run through the configuration phase again until the requirement is satisfactorily met. The contractor will provide the Division and ETSD with documentation and training materials needed for knowledge transfer (such as desk references and manuals), to include:

Training: One Year Basic Training Package

1. Training that is delivered virtually, self-paced, or live at the Division facility.
2. SMARA-4 case management self-paced learning with unlimited access to all eLearning for all employees.
3. Video learning library with unlimited access to all video content in the library for all employees.
4. A detailed training plan.

F. Supplemental Information (If Applicable)
N/A

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Division of Mine Reclamation SMARA-4

BR Name: 3480-003-BCP-2026-MR

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Salaries and Wages Earnings - Permanent	0	101	0	0	0	0
Total Salaries and Wages	**$0**	**$101**	**$0**	**$0**	**$0**	**$0**
Total Staff Benefits	0	51	0	0	0	0
Total Personal Services	**$0**	**$152**	**$0**	**$0**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	1	0	0	0	0
5304 - Communications	0	1	0	0	0	0
5320 - Travel: In-State	0	1	0	0	0	0
5322 - Training	0	2	0	0	0	0
5324 - Facilities Operation	0	9	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	121	0	0	0	0
5340 - Consulting and Professional Services - External	0	56	0	0	0	0
5344 - Consolidated Data Centers	0	110	0	0	0	0
5346 - Information Technology	0	416	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$717**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26	FY26	FY26	FY26	FY26	FY26

	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
Total Budget Request	**$0**	**$869**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0035 - Surface Mining and Reclamation Account	0	869	0	0	0	0
Total State Operations Expenditures	**$0**	**$869**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$869**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
2435 - Division of Mine Reclamation	0	869	0	0	0	0
Total All Programs	**$0**	**$869**	**$0**	**$0**	**$0**	**$0**

Personal Services Details

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150900 - Staff Benefits - Other	0	51	0	0	0	0
Total Staff Benefits	**$0**	**$51**	**$0**	**$0**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$51**	**$0**	**$0**	**$0**	**$0**