



AGENDA: 25

# Permitting Strategies and Fiscal Year Ending 2026 Mid-Year Staffing and Budget Adjustment

## Board of Directors Meeting

September 10, 2025

Meredith Bauer, PhD | Deputy Executive Officer | Engineering & Compliance

Pamela Leong | Director | Engineering Division

Ayah Hassan | Principal Air Quality Engineer | Engineering Division

Hyacinth Hinojosa | Deputy Executive Officer | Finance & Administration

# Presentation Outline

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- Air District Permits Overview
- Permitting Strategies
- Mid-Year Budget Request

# Recommended Action

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Recommend the Board of Directors:

1. Authorize the use of \$6.6 million in undesignated reserves to fund mid-year staffing for:
  - a. 29 new positions (15 Full-Time Equivalents and 14 Limited Term Contract Equivalents) and 7 reclassifications to support the Permitting Backlog Reduction Plan and to enhance agency-wide coordination; accelerate performance improvements; and,
  - b. Pre-fund two facility-funded Limited Term Contract Equivalent positions, previously approved in the Fiscal Year 2026 Budget to initiate the pilot program.

# Recommended Action (continued)

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Recommend the Board of Directors:

2. Authorize and fund \$1.1 million for one-time Professional Services to support the Permitting Backlog Reduction Plan.
3. Approve amendments to Appendix F: Staffing Authorization of the Fiscal Year 2025-2026 Budget to:
  - a. correct two position classifications in the Compliance and Enforcement Division from Principal Air Quality Engineers to Principal Air Quality Specialists; and,
  - b. *if approved*, update the classification of the Principal Deputy Executive Officer (Chief Operating Officer); and,
  - c. *if approved*, include the 29 new positions (15 Full-Time Equivalents and 14 Limited Term Contract Equivalents) and 7 reclassifications to support the Permitting Backlog Reduction Plan.

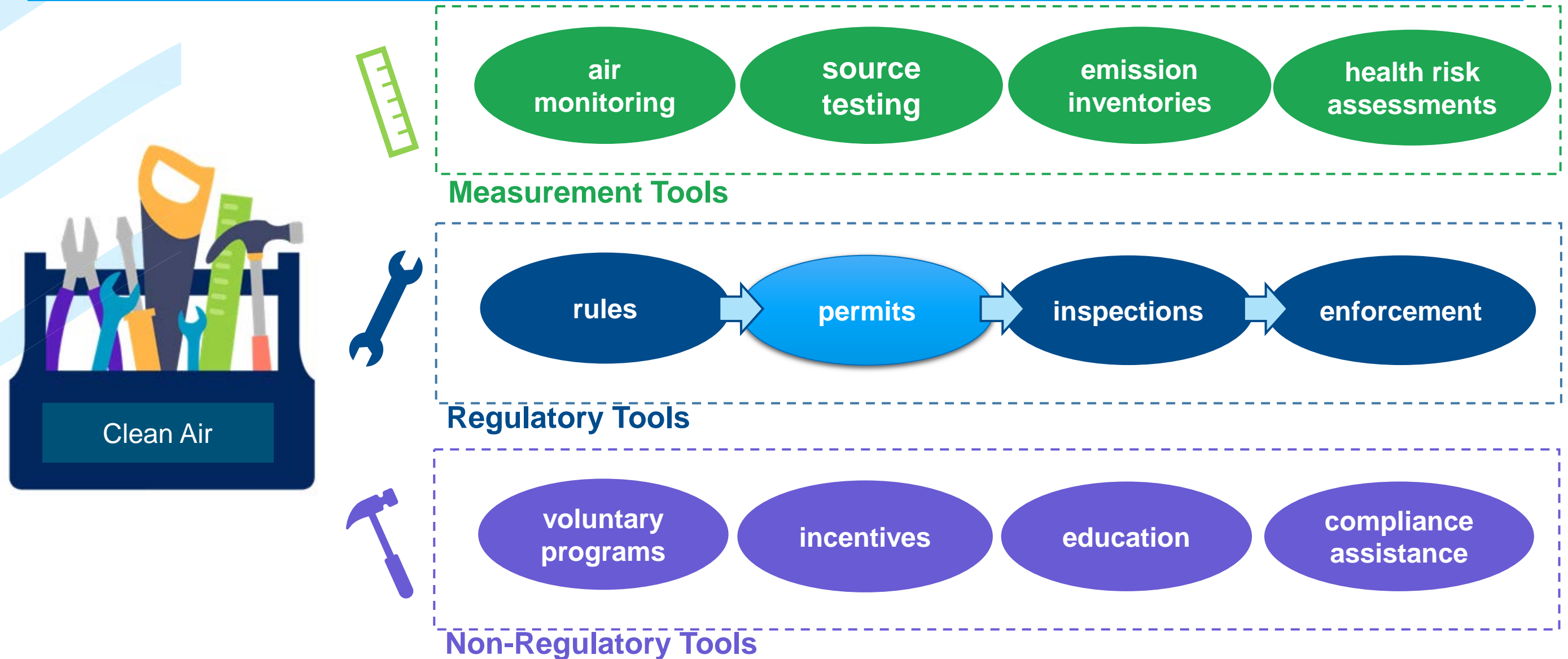


# Air District Permit Process Overview

Ayah Hassan  
Principal Air Quality Engineer  
Engineering Division



# The Air Quality Management Toolkit

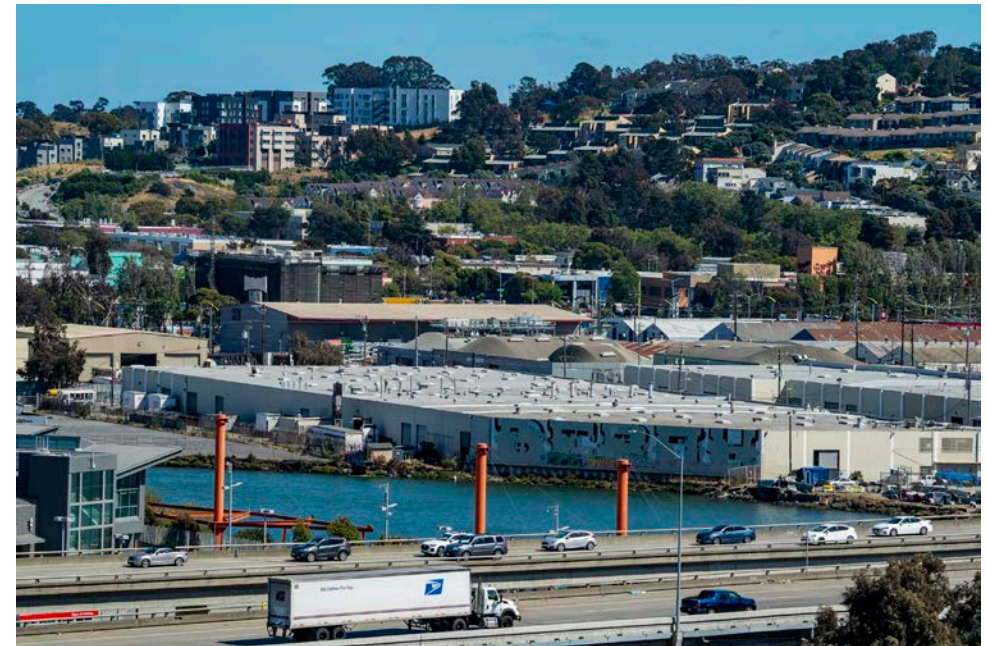


# Permits Help Achieve Clean Air For All

The Air District mission directly aligns with Clean Air Act; Clean Air Act ensures continuous improvement in air quality over time

## Challenges specific to the Bay Area

- Historic land use and density – industry alongside neighborhoods
- Some of the most stringent air quality regulations and health protective rules in the nation
- Innovation economy creates need to nimbly respond to emissions issues for new technologies





# Why Issue Air Permits?

## Permits are a key tool to:

- Protect public health and the environment by ensuring continuous improvements to air quality over time
- Regulate emissions from stationary air pollution sources
- Protect overburdened populations from disproportionate exposure to air pollutants
- Work with applicants to ensure **federal, state, and local regulations** are continuously met
- Allow greater transparency on local emissions for communities and businesses





# Who Needs a Permit?

**Stationary sources that emit air pollution and are subject to air quality regulations, typically require a permit.**



# Evaluations Informing the Permitting Process



- Not a "one size fits all" process – every application assessed individually

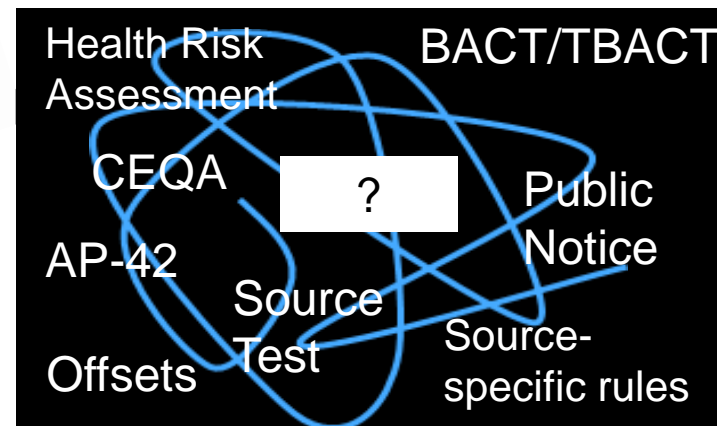


- Permitting process becomes a coordinated effort between the Air District and Applicant



- Detailed operational and technical information is requested, reviewed for completion and accuracy, and then the engineering evaluation involves **determining which of the 100+ Bay Area Air District rules apply**

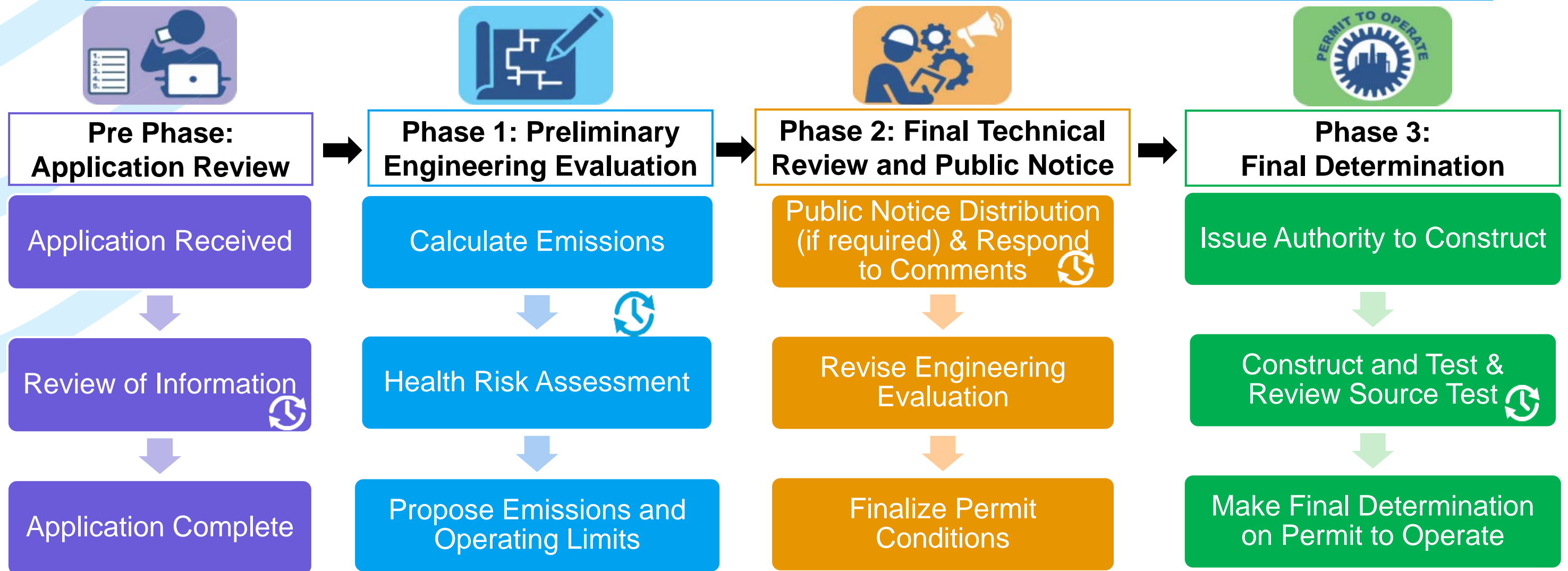
Permit  
Application



Permit to  
Operate

BACT: Best Available Control Technology  
TBACT: Toxics Best Available Control Technology  
CEQA: California Environmental Quality Act  
AP-42: Air Pollutant Emission Factors from Stationary Sources

# Permitting Process Overview



A permit denial may be issued at the end of the process if the project will not comply with regulatory requirements.

# What Can Cause Permitting Delays?



Cause of Delay	Typical Time Impact	
Incomplete Applications	varies	←
Projects where the applicant requests to substantially change the equipment or project after submittal	varies	←
Innovative Technology	varies	←
CEQA Review (Lead Agency)	+6 months or more (up to years)	
CEQA Review (Responsible Agency)	+2 weeks to 6 months or more	
Complex Health Risk Assessments	+1 to 3 months	←
Conducting a complex BACT determination	+1 month	
High public interest/many comments	+4 weeks for responses	←
Failed source tests	varies	
Unanticipated Policy and/or Legal Questions	+6 months or more	
Inadequate Staffing & Competing Demands	+3 months to years ????	



# Commitment to Continuous Improvement

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- Improve consistency
- Efficient and timely permit issuance
- Effectively partner with applicants
- Implement better communication tools
- Staff for success





# Permitting Strategies

**Pamela Leong**  
**Director**  
**Engineering**



# Overview

## Background

- Recap Audit Findings and Corrective Action Plan
- Transition from the Corrective Action Plan to the Strategic Plan

## Progress Made

- Completed Actions and Outcomes
  - Tracking tools deeper dive
- Recent Metrics

## Backlog Reduction Timeline

## Next Steps

- Acceleration Plan: Near-term Actions and Outcomes
- Longer-term Actions and Outcomes

Background

Progress  
Made

Backlog  
Reduction

Next Steps



# Background

Background

Progress  
Made

Backlog  
Reduction

Next Steps

**Take-away Points:** The 2024 Permitting Corrective Action Plan, which has transitioned to the Strategic Plan, has resulted in the implementation of improvements to the permit process for structure, accountability, and timeliness.

Background

Progress  
Made

Backlog  
Reduction

Next Steps

# Recap of Audit Findings and Corrective Action Plan

Background

Progress  
Made

Backlog  
Reduction

Next Steps

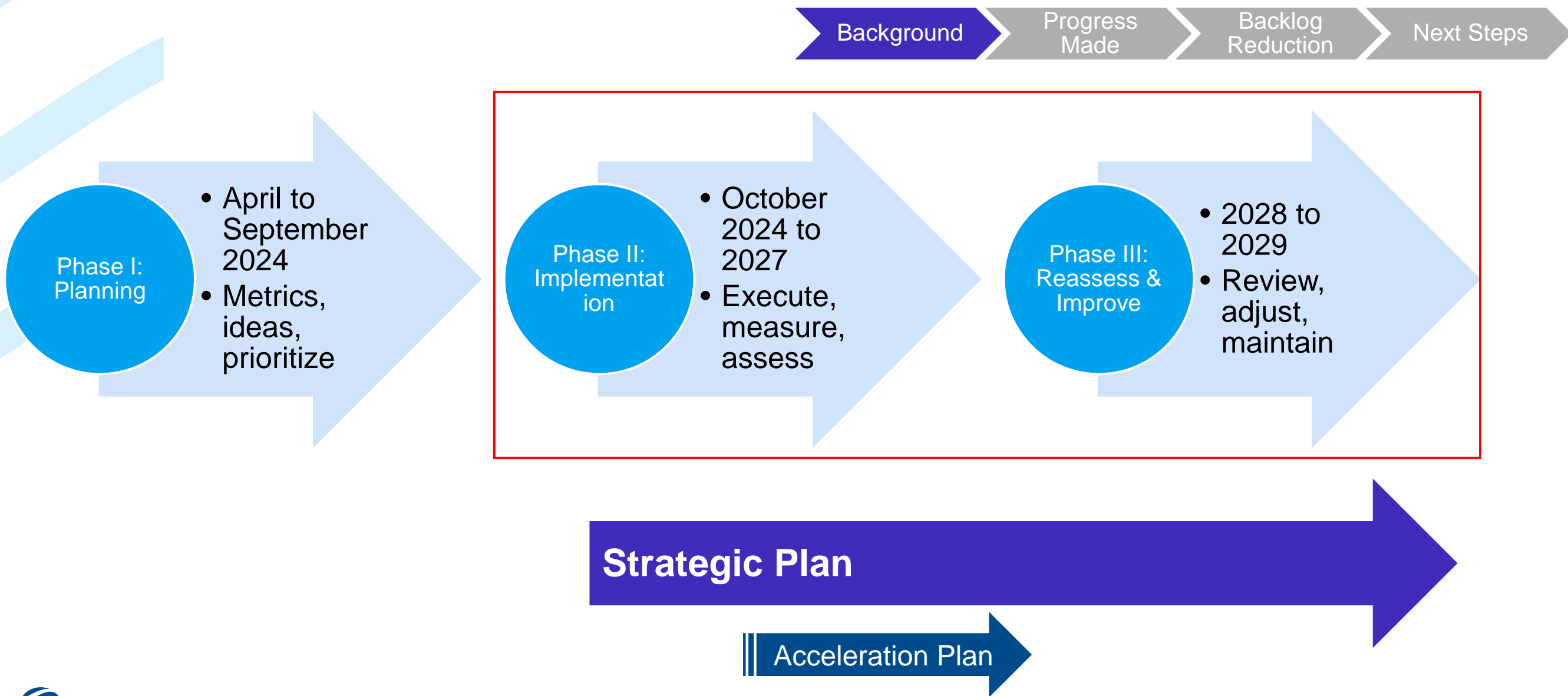
## Engineering Audit

- On December 20, 2023, the Finance and Administration Committee (FAC) discussed the Engineering Audit Report on the Air District's Permit Process
- The Audit Report focused on the following areas: timeliness, tracking, resource management, and cost recovery

## Corrective Action Plan

- In response to the Engineering Audit Report, staff developed a comprehensive corrective action plan that included 48 actions over 5 years to address the findings
- Reviewed by the FAC on April 17, 2024, and subsequently incorporated into the Strategic Plan

# Corrective Action Plan Timeline



# Transition to Strategic Plan

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Engineering Audit Findings

- Timeliness/backlog
- Tracking
- Resource Management
- Cost Recovery

## Strategic Plan Permitting Strategies

- Timely Permits
- Transparent Permit Process
- Consistent Permits

# Goal 4: Be Effective, Accountable, and Customer-Oriented

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Permitting Strategies

- Timely Permits – We will improve the timeliness of our permitting decisions
- Transparent Permit Process – We will improve our permitting process to be more transparent and accountable to the applicants and the public
- Consistent Permits – We will ensure Air District rules and associated air quality permits issued are clear, consistent, and enforceable so that air pollution affecting communities is minimized



# Progress Made



**Take-away Points:** Important technology and tracking improvements have been instituted, and metrics are showing progress. More work is needed.



# Completed Actions

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Significant Permit and Compliance System (PCS) Upgrades

- Full transition to PCS in October 2023
- Hands-on, small group training for the new system
- Online submittal option for permit applications and permit renewals
- Online payment option & removal of eCheck service fee
- System notifications for permittees
- Improved tracking and report capabilities
- Improved transparency & access to permit applications during the review period

### **\*Outcomes\***

Improved proficiency, efficiency, accuracy, and transparency in permit application processing



# Completed Actions (cont.)

## Staffing

Background

Progress  
Made

Backlog  
Reduction

Next Steps

- Created permit teams for complex facilities such as refineries and landfills
- Hired 5 highly trained permit Engineers to work on complex permit applications and permitting policy
- Hired dedicated Assembly Bill (AB) 617 Principal to help with communication with and gathering input from communities on permitting matters, allowing other senior level staff to concentrate on permitting operations
- Hired and trained HRA modelers
- Board approved for Fiscal Year 2026:
  - Facility-funded positions Engineering Program Manager (EPM) positions
  - BACT / Consistency Coordinator

**\*Outcomes\***  
Addressed some specialized staffing needs to improve permit application processing speed and remove competing demands for Permit Engineers

# Completed Actions (cont.)

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Policy/Program Updates

- Updated Permit Handbook to promote efficient and consistent permit application processing
- Policy updates for back-up engines: created short-term increase in permit applications in fall 2024 followed by more expedited application processing
- Created back-up engine backlog reduction plan
- Streamlined HRAs including backup generators

### **\*Outcomes\***

Promotes efficient and consistent permit application processing\*

# Completed Actions (cont.)

## Tracking Tools



- **Additional statuses and labels**
  - "Under Evaluation With Applicant" tracks time with Air District vs. time with applicant: Improves transparency & accountability
  - Overdue reasons: Improves tracking, reporting, and identifying barriers
- **System Dashboards** – Organizes/tracks work, helps with prioritization, and alerts on deadlines
- **Internal Management Reports** – Manage workload, track progress, and identify bottlenecks
- **Corrective Action Cockpit** – Visually show overall performance of the permitting program with trends for applications and renewals

**\*Outcomes\***  
Improves transparency, accountability, prioritization, organization, workload management, progress tracking, and de-bottlenecking

# Application Tracking – Who has it?

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## With the Applicant

- Incomplete status – application is incomplete for fees and/or information
- Complete
  - Revisions required to comply
  - Applicant wants to review permit conditions

## With the Air District

- Completeness review upon receipt
- Evaluation (includes public notice period)
- CEQA Lead Agency Review moved to “With Applicant”

### **\*Outcomes\***

- Provides clarity regarding next steps for the permit application to keep on track
- Prevents permit applications from getting stuck
- Creates accountability for Air District staff and permit applicants

# Permit Application Tracking: With Applicant

Application Status

APPLICATION STATUS

Application Status: COMPLETE - APPLICATION UNDER EVALUATION - WITH THE APPLICANT

Next Due: 63 Days Remaining Sep 10, 2025

Initial Submit Date: 5/30/2025

Update Application Status

Select a Reason: Applicant Reviewing Permit Condition

Add Note

Next Due: 9/10/2025

UPDATE STATUS →

Background

Progress Made

Backlog Reduction

Next Steps

Reasons (must enter note and notify applicant)

- Applicant Reviewing BACT/ BACT for Toxics (TBACT) Requirements
- Applicant Reviewing HRA Requirements
- Applicant Reviewing Compliance with Regulations
- Applicant Reviewing Permit Condition
- Applicant Seeking Emission Reduction Credits
- Applicant Reviewing Application Errors and Omissions
- Applicant Reviewing Other Materials
- Awaiting Lead CEQA Agency Review

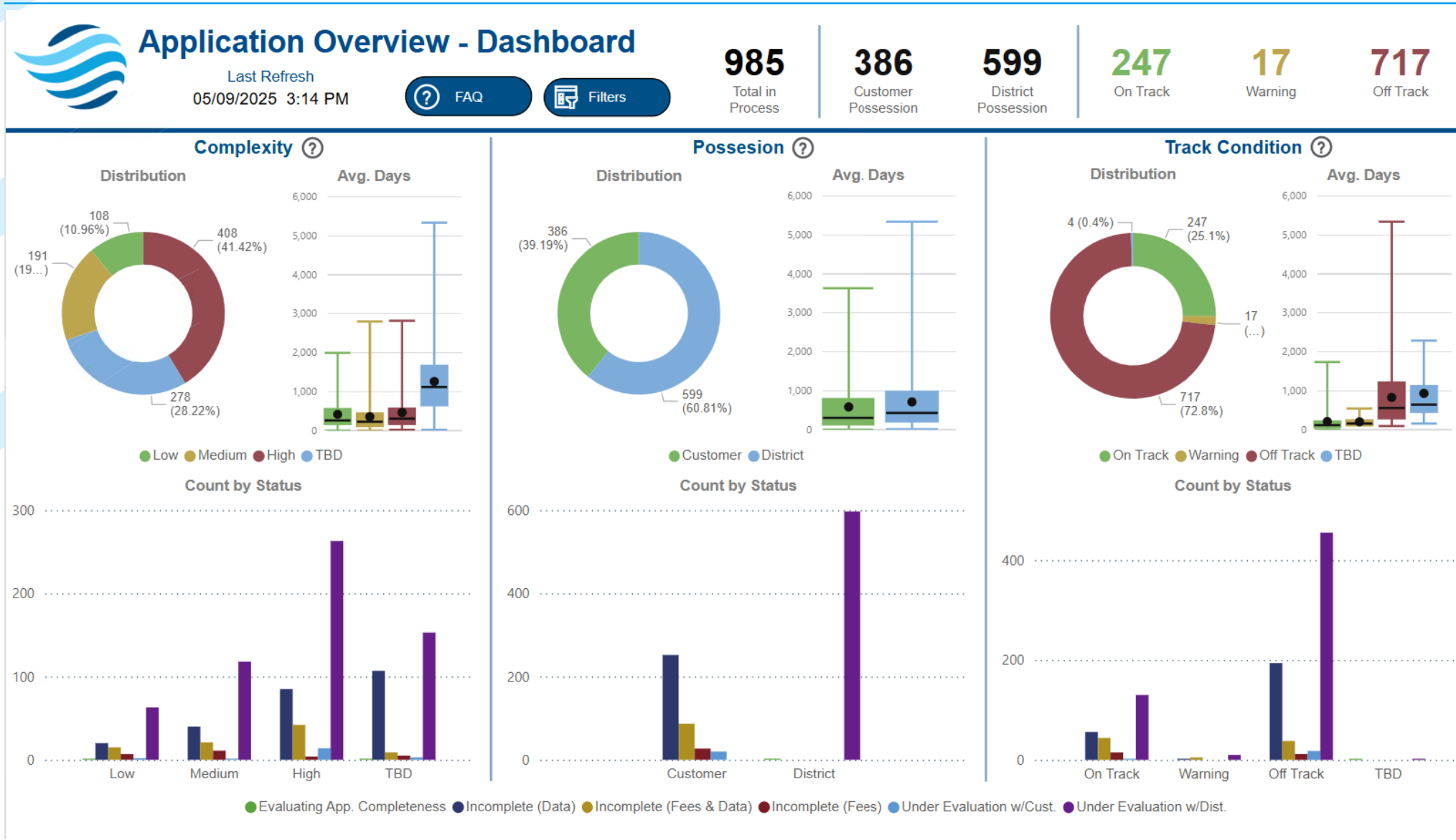
# Application History and Status for the Facility



**Outcomes:** better transparency and accountability on permit status for applicants.

- Application status
- Visual timeline
- Time with Air District and applicant

# Application Dashboard

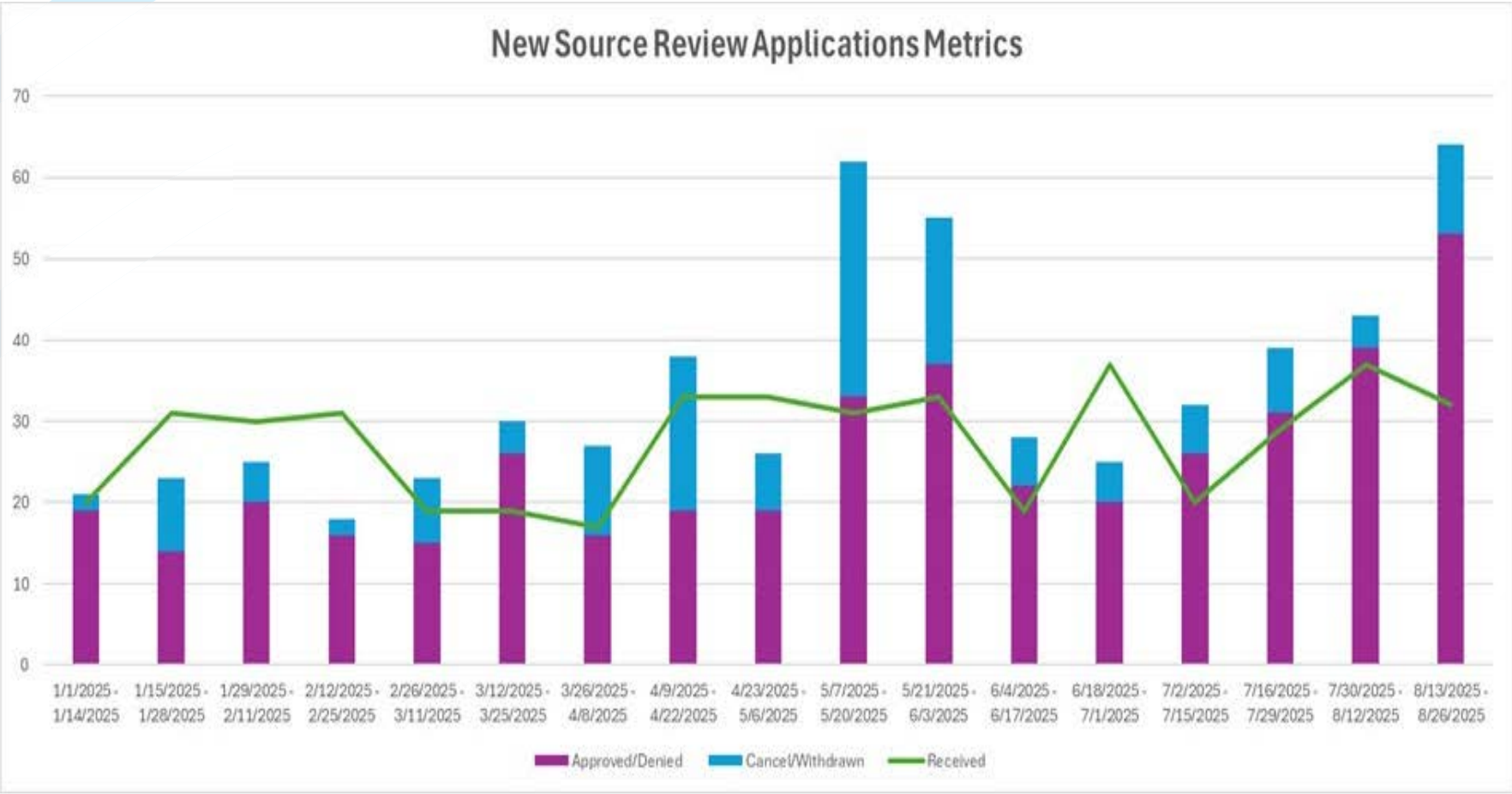


## \*Outcomes\*

- Prevents applications from going off track
- Highlights applications that are off track in order to get them back on track



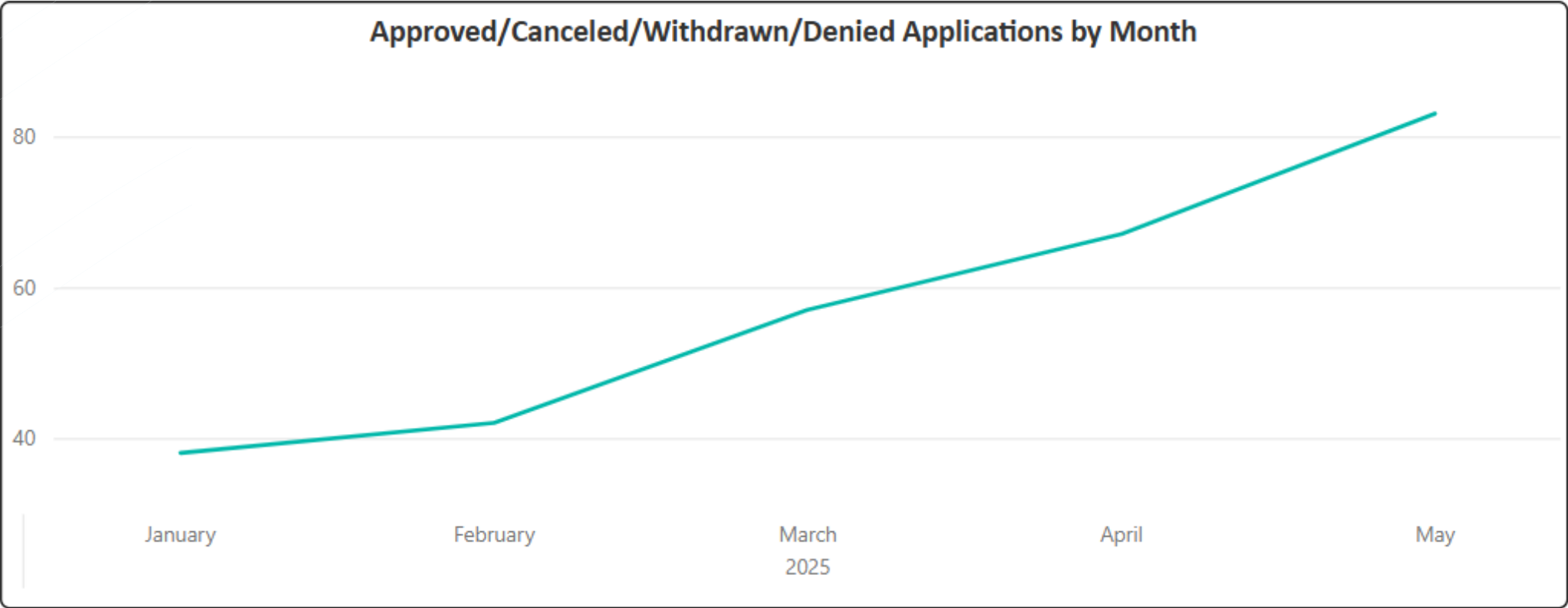
# Recent Metrics: In vs. Out



Large increase in Engines

- November and December 2024

# Recent Metrics: Applications Complete



Data refreshed daily - last updated: 5/26/2025 3:08:18 AM

- Start to clear applications
- Incomplete
  - Legacy
  - Outdated

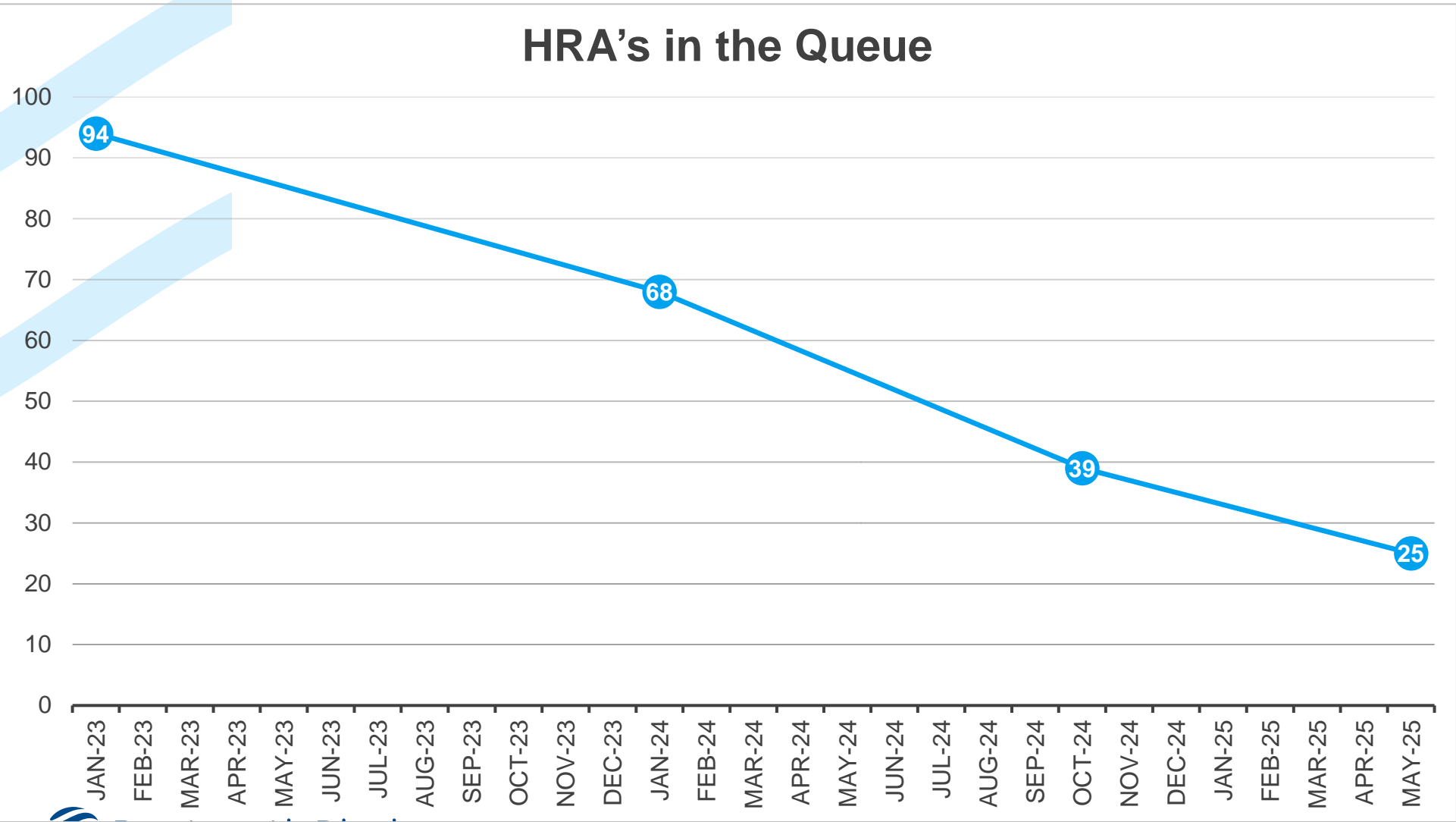
# Recent Metrics: HRAs in Queue

Background

Progress  
Made

Backlog  
Reduction

Next Steps



- Continuous improvement:
- Staffing
  - Streamlining
  - Training
- Maintenance level
- In=out



# Recent Metrics: Timeliness for Completed Permit Applications

Background

Progress  
Made

Backlog  
Reduction

Next Steps

New source review (NSR) application processing times	# Evaluation to Approved/Deny	% Evaluation to Approved/Deny	# Submit to Approved/Deny	% Submitted to Approved/Deny
<90 days	1874	60%	1019	33%
90 to <180 days	624	20%	725	23%
180 days to <1 year	424	14%	851	27%
1 to <2 years	135	4%	375	12%
2 to <3 years	19	1%	79	3%
3 to <4 years	10	0%	22	1%
4 to <5 years	8	0%	16	1%
5+ years	6	0%	13	0%

**Since 2021, once all information is provided by the applicant...**

- 60% issued in 90 days or less
- 80% issued in 180 days or less

- Evaluation to Approved/Deny means length of time since application is declared "Complete"
- Submit to Approved means length of time since application was submitted
- January 2021 to June 2025 (excludes canceled and withdrawn)

# Progress Made: Summary

Background

Progress  
Made

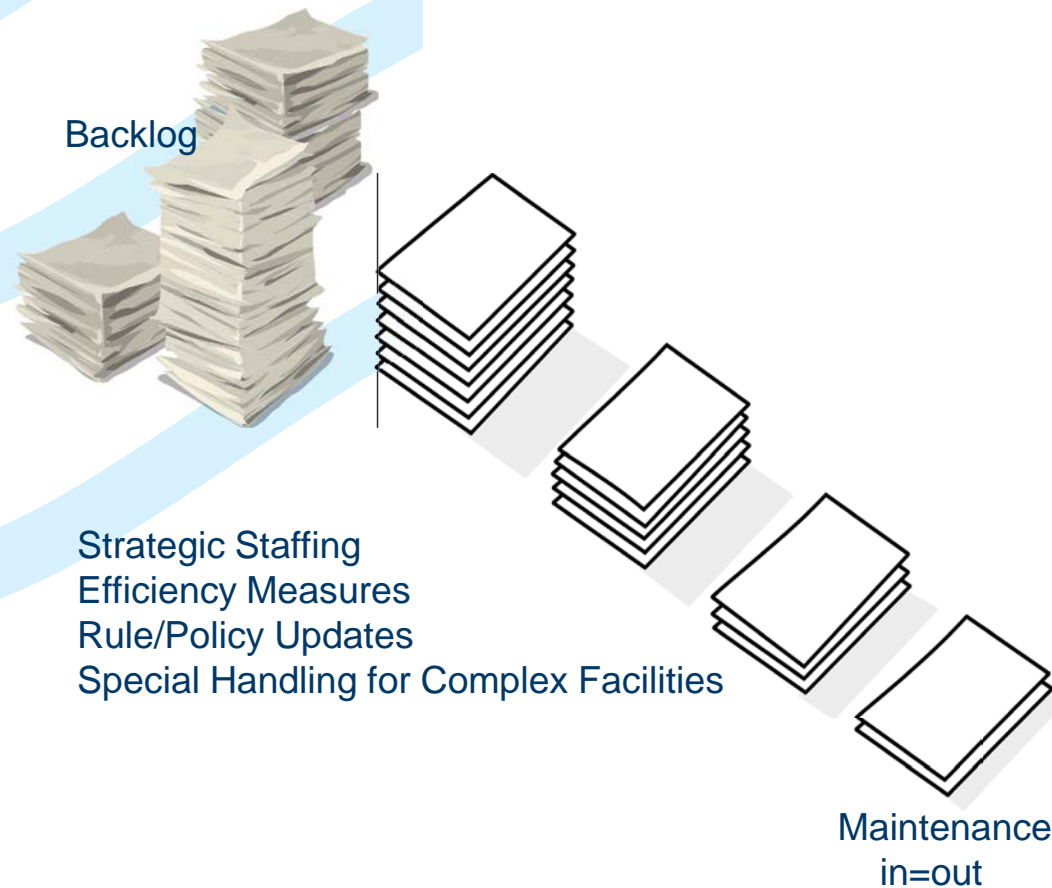
Backlog  
Reduction

Next Steps

We are making progress but key sticking points for applicants exist:

1. 20% of completed permit applications take longer than 6 months for action
2. Permit applications can get stalled in the incomplete phase – 44% take longer than 6 months for action from time of submittal
  - It can take many months for the Air District to collect the information needed for a permit application to be deemed complete
3. Lack of dedicated staff to address backlogged permit applications

# Backlog Reduction Timeline: Properly Resourced



Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Clear out legacy permit applications

- 105 applications pre-2021
- Act on all by 2027 (if not prevented by Legal/policy issue)
- Tools: project management; permit streamline policies; temporary staff

## Standard permit applications (e.g., engines, coatings)

- 558 active applications
- Achieve maintenance by 2027; with applications in = out
- Tools: tracking, online applications, staffing increases

## Complex permit applications

- 404 active applications
- Achieve maintenance by 2028; with applications in = out
- Tools: EPM positions, rule/policy updates, staffing

# Next Steps

Background

Progress  
Made

Backlog  
Reduction

Next Steps

**Take-away Points:** Increased resources, improved tools, and rule/policy updates are needed to bring about to accelerate timeliness of permit application processing.



# Near-term Actions

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Significant PCS Upgrades

- Add Source Test programs to PCS
- Add HRA data and metrics to PCS
- Strategize moving all renewals and applications submittals online (includes outreach and workgroups)
- Improved notification/reminders (e.g., 30-day reminder on Under Evaluation with Applicant, 10-day cancelation notice, permit expired)
- Improved tracking of Authority to Construct & Start-up

# Near-term Actions (cont.)

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## Tracking Tools

- Tracking time permits are with applicants and with Air District staff
- Automated emails to applicants for applications that require attention
- Create tracking alerts for off-track permit applications requiring elevation and timely decision-making
- Expand/refine reports for better tracking
- Improved dashboards for efficient permit application tracking

# Near-term Actions (cont.)

## Policy/Program Updates

Background

Progress  
Made

Backlog  
Reduction

Next Steps

- Establish a **Permitting Taskforce** with applicants and other stakeholders
  - Support the transparent implementation of process, rule, and policy changes
  - Meet bi-monthly (minimum), to assess progress and get feedback
- Accelerate first phase of permitting rule amendments (Early 2026)
  - Focus on efficiency and clarity
    - Remove unnecessary bottlenecks and outdated language that do not provide meaningful air quality benefits
- Develop an updated permit streamlining policy
  - Provide predictable timelines for business and stable applications for efficient permit review
- Review/revise rules that require significant engineering resources
  - Revise without losing health protection
  - Examples: Regulation 12-15 emissions reporting and 11-18 process streamlining

# Near-term Actions (cont.)

Background

Progress  
Made

Backlog  
Reduction

Next Steps

## **Staffing: Currently Approved**

- Hiring a consistency coordinator – will bring consistency and transparency to BACT
- Hiring 2 EPMs for complex facilities
  - Webinar was held in early August
- Contracted with an external refinery expert to assist with challenging technical issues that are causing delays in permit actions
- Aggressively back-filling vacancies – interviewing for 6 entry-level permit Engineers and 1 Principal Air Quality Engineer
- Seek assistance from retired annuitants for backlog-related work

## **Proposing additional resources as follows....**



# Mid-Year Budget Request for Permitting Resources

**Hyacinth Hinojosa**

**Deputy Executive Officer for Finance and Administration**



# Permanent Staff Needed to Fully Support the Air District Permit Program

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## Why the Positions are Needed:

- Keep pace with high-volume permit applications such as engines and solvents
- Address increased permitting workload and challenges related to public needs such as landfills, compost operations, public works, and construction and infrastructure
- Address competing demands for refinery permitting staff
- Prevent bottlenecks with HRAs and public noticing
- Improve external communication
- Improve retention of expert staff

\*Note: these positions are not sufficient to address the current backlog

# Temporary Staff Needed for Surge Capacity to Address Permit Backlog and Vacancies

## Why the Positions are Needed:

- Permit Backlog: This plan creates a new 3-year team of 5 LTCE positions to tackle the backlog and bring it down to a maintenance level.
- Attrition/vacancies: Engineering Division anticipates multiple retirements and promotions to occur in the next two years. Utilizing 4 LTCE positions, Engineering Division could hire staff before vacancies are created in order to train new Engineers.
- Digitize permitting workflows: Support transition to move permit applications online, reduce manual and administrative tasks for engineers
- Recruit staff and accelerate regulatory changes to reduce backlog
- Launch EPM Program: temporary funding is requested to pilot this program prior to transitioning to facility funding.



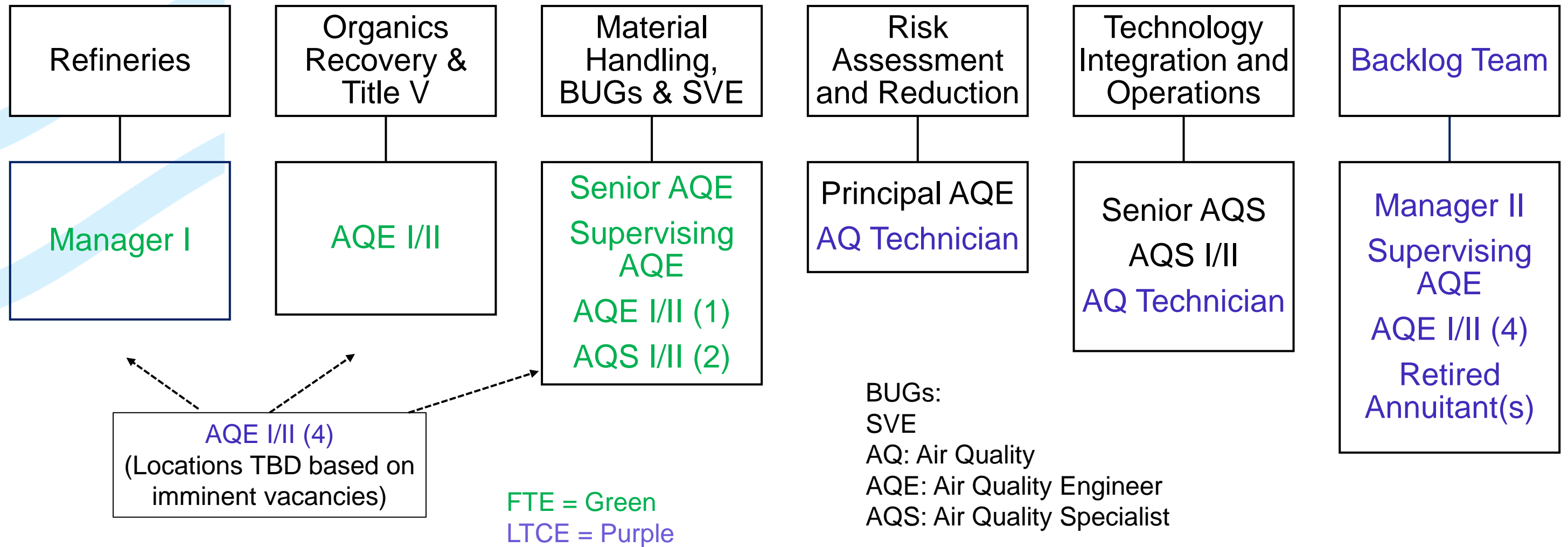
# Other Staffing Adjustments

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## **Why the Adjustments are Needed:**

- Upgrade three (3) Manager II positions that support permitting to Senior Manager in order to reflect the complexity and large span of control for the sections that oversee Refineries, Operations, and Source Tests
- Reclassify two (2) vacant AQE I positions to Manager I to manage the increase in approvals that will be created by additional staff-level permit reviews
- Reclassify one (1) vacant Systems Analyst to Senior Systems Analyst to attract and acquire the talent with the necessary skills to effectively develop the technical tools to support the permit process
- Add/deletes to better align staffing with permit processing needs

# Engineering Division: Organizational Updates



# Contracts to Support Acceleration of Permit Strategies

Contract Scope	Cost
Business Process and Efficiency Analyses	\$125,000
Cost Recovery and Containment Review	\$75,000
Refinery Expert	\$25,000
Helpdesk Optimization	\$25,000
Update Source Test Protocols	\$50,000
Use of AI for Permit Efficiency	\$50,000
Launch of Permitting Task Force and EPM Program	\$50,000
Build Email Tracking into PCS	\$200,000
Project Management for Permit Processing – for backlog and multiple source types	\$500,000
Total \$1,100,000	

# Strengthening Leadership and Permitting Operations Improvements

As part of ongoing transformation to improve efficiency & accountability in Permitting, the proposal also includes executive level changes to **two positions**:

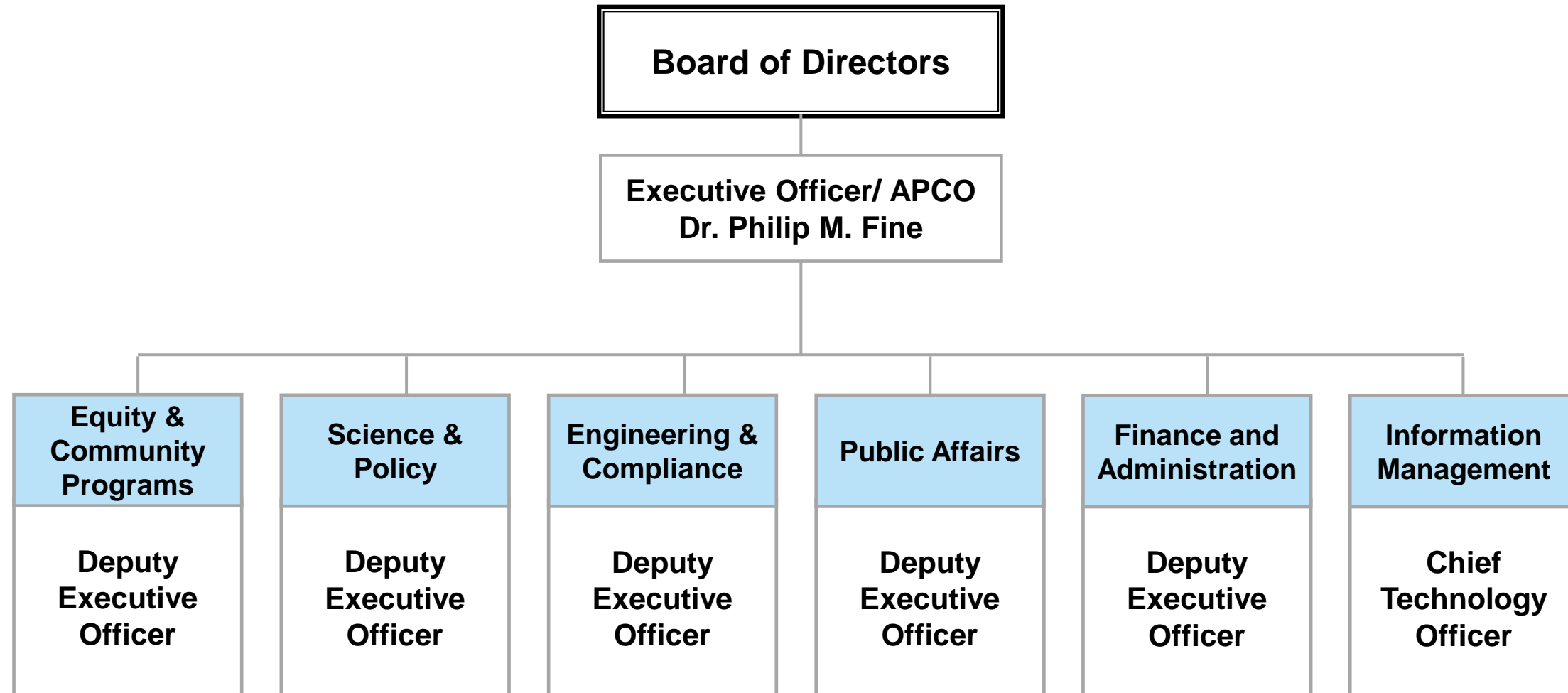
## **Fund a new Principal Deputy Executive Officer (PDEO / Chief Operating Officer)**

- Leads coordination of Operations and drives interdivisional initiatives at the agency
- First priority will be overseeing permitting efficiency initiatives
- Provides overall operational, strategic, and policy coordination and guidance
- Revised classification and pay structure

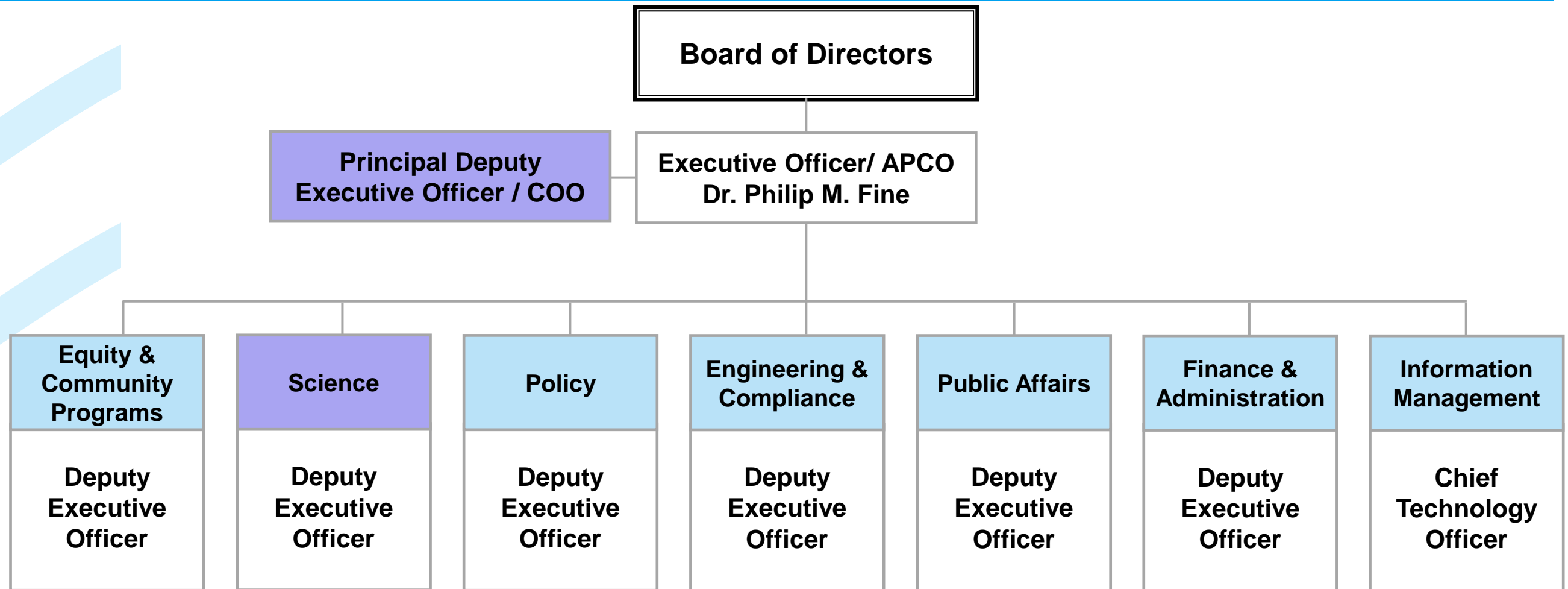
## **Reclass vacant DAPCO to new Deputy Executive Officer (DEO) of Science:**

- Dedicated leader for technical divisions: emissions inventories, air quality modeling, monitoring operations, health risk assessments
- Narrows scope of existing DEO of Science & Policy → allows DEO of Policy to focus on permitting efficiency through rule amendments.

# Executive Office – Current Structure

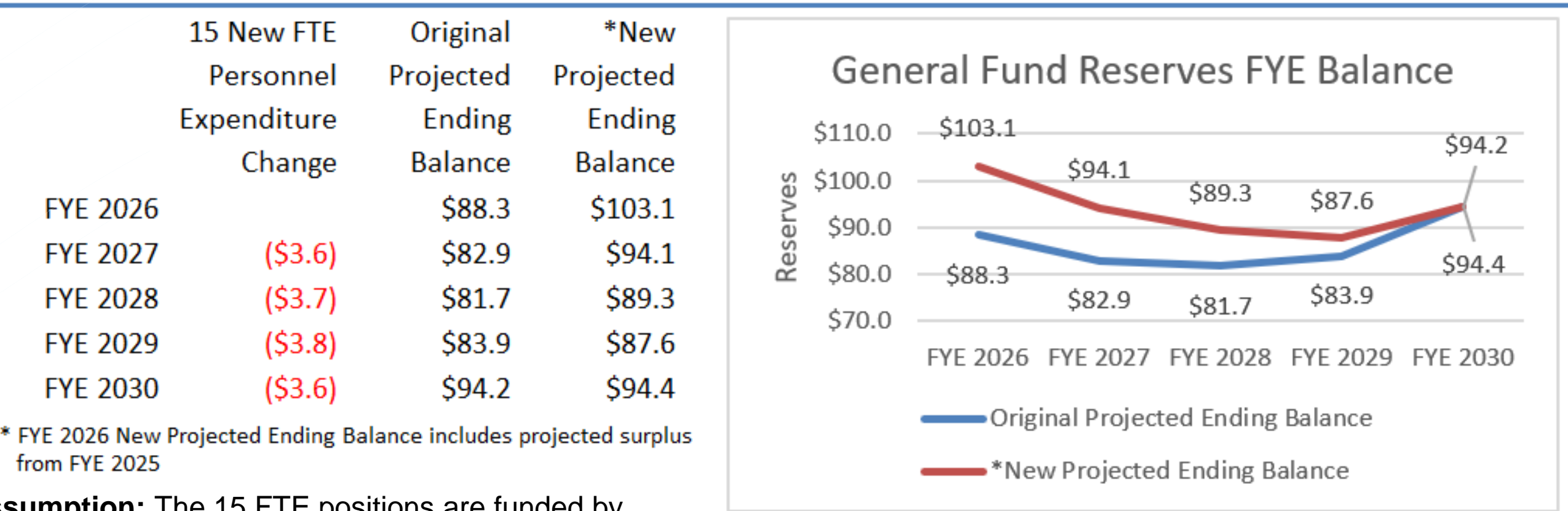


# Executive Office – Proposed Structure



# Financial Impact: Ongoing New FTE on General Fund Reserves

Cumulative Impact on Reserves of Additional 15 FTE

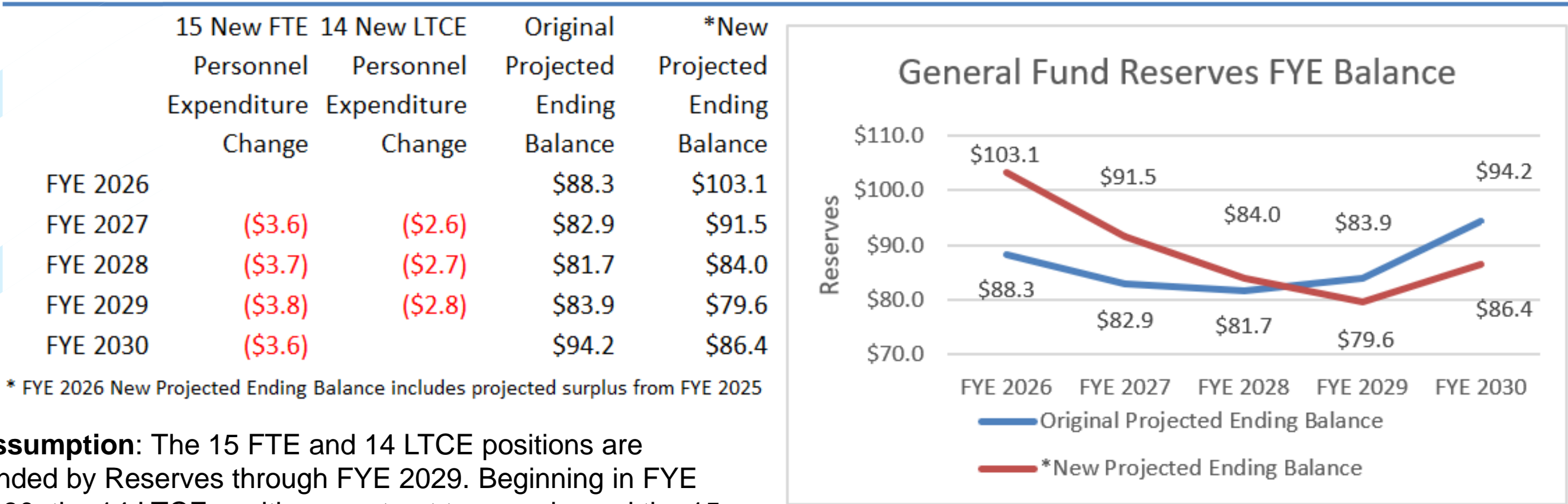


**Assumption:** The 15 FTE positions are funded by Reserves through FYE 2029. Beginning in FYE 2030, these positions are fully supported by projected ongoing revenues.



# Financial Impact: Ongoing New FTE and LTCE on General Fund Reserves

Cumulative Impact on Reserves of Additional 15 FTE and 14 LTCE



**Assumption:** The 15 FTE and 14 LTCE positions are funded by Reserves through FYE 2029. Beginning in FYE 2030, the 14 LTCE positions contract term ends, and the 15 FTE positions are fully supported by projected ongoing revenue.

# Proposed Staffing Adjustments – New FTE & LTCE

Division	FTE #	LTCE #	(FTE)Total Annual Fully Burdened Cost Impact	(LTCE)Total Annual Fully Burdened Cost Impact
Executive Office *Principal Deputy Executive Officer/COO *Executive Assistant II	2	-	729,432	-
Engineering	10	12	2,033,089	2,213,979
Enterprise Technology Solutions	3	-	642,680	-
Human Resources Office	-	1	-	187,890
Regulatory Development	-	1	-	213,242
<b>Total</b>	<b>15</b>	<b>14</b>	<b>3,405,201</b>	<b>2,615,111</b>

# Proposed Staffing Adjustments – Add/Delete

New Position	Old Position	Division	Cost Impact
Senior Manager (3)	Manager II (3)	Engineering (2) Source Test (1)	83,736
Air Quality Specialist I/II (1)	Senior Air Quality Technician (1)	Engineering	17,126
Air Quality Specialist I/II (1)	Air Quality Technician II (1)	Engineering	32,659
Senior Analyst (1)	Systems Analyst (1)	Enterprise Technology Solutions	18,394
DEO of Science (1)	DAPCO (1)	Science & Policy	89,597
		<b>Total</b>	<b>241,512</b>

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# Questions & Discussion

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## **For more information:**

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Ayah Hassan | Principal Air Quality Engineer | [ahassan@baaqmd.gov](mailto:ahassan@baaqmd.gov)

Hyacinth Hinojosa | DEO for Finance & Administration | [hhinojosa@baaqmd.gov](mailto:hhinojosa@baaqmd.gov)