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## PUBLIC COMMENT ONLY

### 3560 STATE LANDS COMMISSION (SLC)

#### Issue 1: Bolsa Chica Lowlands Restoration Project (Governor's Budget (GB))

**Governor's Proposal.** The Governor's budget requests \$4.08 million in 2025-26, \$4.05 million in 2026-27 and \$4.35 million in 2027-28 from the General Fund for continued operations and management responsibilities for the Bolsa Chica Lowlands Restoration Project (BCLRP) in Orange County.

This request also includes \$330,000 in 2025-26 to hire a consultant to initiate a feasibility study for the implementation of Sea Level Rise (SLR) adaptations to protect the habitat, wildlife, oil operations and surrounding neighborhood from flooding, and associated liability to the state. Bolsa Chica sits below mean sea level due to oil drilling subsidence and will be impacted by SLR earlier than other coastal areas.

This request includes maintenance and operations, such as annual dredging, support contracts, and deferred repairs. The cost of annual dredging required to sustain the wetland habitat has increased significantly in the last three years, contributing to the overall increase in maintenance and operational costs.

The BCLRP does not have a stable funding source, and the original endowment funding is nearly depleted. The restoration effort is at risk of collapsing if additional funding is not provided for ongoing operations and maintenance and SLR adaptive planning. If that happens, the state's liability may be extensive.

An inability to maintain the system would likely result in the eventual failure and loss of critical habitat and a valuable public resource, a significant loss to the state's goal of preserving our coastal wetlands, as well as an investment of over \$165 million. It could also have significant impacts to the state in the form of financial liabilities caused by the failure of the project.

**Background.** Over 90 percent of Southern California's original coastal wetlands have been lost to development. The BCLRP is the largest coastal wetland restoration project in the history of Southern California. Since its establishment in 2006, over \$165 million has been invested in the project. The continued function and success of the BCLRP is of significance to the state because it preserves coastal wetlands and endangered species habitat and provides public access to sovereign public trust lands. With 20 access points and two adjacent parking lots, as many as 400 people visit the wetlands on any given day.

The US Environmental Protection Agency recognizes the importance of creating significant wetland habitats at Bolsa Chica as critical habitat for migratory birds along the Pacific Flyway and habitat for wildlife and fish. The project also contributes a significant component to the US Army Corps of Engineers' policy of "no net loss" of wetlands.

**Staff Recommendation. Hold open.**

**Issue 2: Rincon Decommissioning Project Implementation (GB)**

**Governor’s Proposal.** The Governor’s budget requests \$12.5 million General Fund in 2025-26, with an extended encumbrance period through June 30, 2028, to implement the Rincon Decommissioning Project (Project). The Project addresses the decommissioning of Rincon Island, the associated Onshore Facility and the related onshore pipeline connections, all of which supported oil and gas production from state leases offshore. The work proposed includes remediation of soil and groundwater contamination at the Onshore Facility, and soil and interstitial water contamination at the Island. Additionally, these funds are needed to address the state’s liability for remediation of the adjacent Coast Ranch Parcel, recently donated to the state through a settlement, and to cover project cost contingencies and staff costs for project implementation.

An appropriation of \$12.5 million is intended to resolve the funding gap between total estimated project costs of \$22.5 million, and the remaining available balance in SLC’s Special Deposit Fund (estimated to be \$10 million at the time Phase 3 will commence).

Completion of Phase 3 decommissioning activities is intended to protect public health and safety by remediating contaminated state lands and removing hazards from state lands. The decommissioning activities proposed will also make these sites available for future leasing opportunities, including habitat preservation and conservation, consistent with the state’s 30x30 Initiative.

Caretaker costs are estimated at \$476,000 per year but have been under budget each year to date. Caretaker costs will continue to be expended until decommissioning is complete.

Approximately \$10 million will be available in the Special Deposit Fund for decommissioning work after accounting for anticipated caretaker costs. No other funding is currently available to support clean-up and decommissioning costs.

**Background. Rincon Island and Associated Facilities.** Rincon Island was constructed in 1959 and, along with the Onshore Facility and the adjacent privately owned Coast Ranch Parcel, was used for oil and gas production from state lands.

SLC historically issued leases to oil production companies for this purpose. RILP was the most recent lessee of these lands, producing oil under State Oil and Gas Leases, as authorized by Public Resources Code Sections 145, 410, and 1466.

Rincon Island is an approximately 2-acre manmade island located approximately 3,000 feet offshore of Punta Gorda in Ventura County, immediately offshore of the community of Mussel Shoals. The island is comprised of sand, boulders and gravel, and is reinforced with concrete tetra-pods. The Rincon Island Causeway is a single lane, 2,732-foot-long wood and steel bridge that connects Rincon Island to shore. The causeway provides vehicle, equipment, and personnel access to the island. The Rincon Island Wharf is located at the end of the causeway on Rincon Island and is comprised of wood and steel pilings and wood decking.

The Onshore Facility consists of a 6.01-acre parcel owned by the state and located 1.3 miles east of Rincon Island, down coast from Mussel Shoals, at 5750 W. Pacific Coast Highway, Ventura. A 4.91-acre formerly-privately owned parcel known as the “Coast Ranch Parcel” is immediately adjacent to the Onshore Facility, and the oil and gas facilities and equipment needed for oil and gas production from the state oil and gas leases, including wells, storage tanks, and processing equipment, is located on both the Onshore Facility and the Coast Ranch Parcel. Wells were directionally drilled from the Onshore Facility

and Coast Ranch Parcel into submerged lands. Oil and gas pipelines previously ran along the causeway to the shore and connected to the Onshore Facility.

**Staff Recommendation. Hold open.**

### **Issue 3: Selby Slag Remediation Reappropriation (GB)**

**Governor’s Proposal.** The Governor’s budget requests a reappropriation of \$1.63 million General Fund and \$2.65 million in reimbursement authority, with an extended encumbrance period through June 30, 2027, to accept cost-sharing contributions for the preliminary plans phase of the Remedial Action Plan (RAP) at Selby Slag. This funding was originally authorized for 2022-23 and was reappropriated in 2023-24.

This project represents the implementation of the RAP. The Department of General Services (DGS) will act as the Project and Construction Manager on SLC’s behalf, pursuant to the DGS Project Management Plan. Total project costs are currently estimated at \$144.48 million. The current project schedule estimates the certification of the environmental impact report by DTSC by the end of 2025, with the Preliminary Plans beginning by March 2026, and being completed by August 2027.

**Background.** Selby Slag is an extensively heavy metal contaminated site on 66 acres in Contra Costa County. A settlement agreement required an initial cleanup of the site, which was completed in the mid-1990s. In the early 2000s, studies showed the site’s contaminants entering San Francisco Bay. DTSC directed the parties to develop a remediation plan to address this contamination. In response, the parties developed the RAP.

The state is obligated to pay a proportionate share of the hazardous remediation costs; SLC’s share of the preliminary plans is 38 percent (\$1.63 million). The other two parties with proportionate shares are represented as reimbursement authority, with C.S. Land, LLC contributing 20 percent (\$855,000) and ASARCO (its funds are held in trust by DTSC) the remaining 42 percent (\$1.8 million). SLC will recover shared costs from DTSC and C.S. Land, LLC.

**Staff Recommendation. Hold open.**

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**3780 NATIVE AMERICAN HERITAGE COMMISSION (NAHC)****Issue 4: Department of Justice Litigation Costs (GB)**

**Governor’s Proposal.** The Governor’s budget requests one-time \$430,000 General Fund in 2025-26 to cover Department of Justice (DOJ) litigation costs.

The NAHC is currently involved in litigation initiated by the City of Corona regarding the NAHC’s designation of a Native American cemetery on the site of construction of a wastewater reclamation facility after the discovery of Native American human remains. The NAHC anticipates a substantial increase in DOJ legal fees—estimated to be \$430,000 as a result of this litigation—which cannot be absorbed within the NAHC’s baseline budget.

**Background.** The City of Corona is bringing four causes of action and one in the alternative against the NAHC, requesting a bench trial on its main causes of action and a jury trial for the alternative. The costs of the proceedings are extensive. This litigation requires a substantial amount of document review, discovery, and court filings. The NAHC does not have the legal resources to successfully defend the litigation without the assistance of the DOJ. The ongoing litigation is anticipated to be resolved in 2025-26.

**Staff Recommendation. Hold open.**

**3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)****Issue 5: Border Field State Park (SP): Monument Mesa Day Use and Interpretive Area (GB)**

**Governor's Proposal.** The Governor's budget requests \$1 million in spending authority in 2025-26 for the working drawings phase of the Border Field SP: Monument Mesa Day Use and Interpretive Area project. This project will update the outdoor educational plaza at Monument Mesa with areas for mixed-use group events as well as provide interpretive elements and exhibits. This project will also improve walkways and landscaping. This project is intended to enhance the visitor experience by providing landscape and hardscape upgrades to Monument Mesa area and installing integrated interpretive elements and exhibits that will discuss and highlight the border story, as well as commemorate the importance of Friendship Park. Total project costs are estimated at \$5 million and the project is expected to be completed in December 2028.

**Background.** Border Field SP is a 760-acre parcel of land situated in the extreme southwest corner of California. The park is part of a larger 2,400-acre unit called the Tijuana River National Estuarine Research Reserve (Reserve) established in 1982 and administered by the National Oceanographic and Atmospheric Administration (NOAA). The park provides restrooms, picnic areas, barbecues, horse corrals, and interpretive displays. Visitors can enjoy beach combing, hiking, horseback riding, bird watching, and learning about the historical and cultural significance of Friendship Park and the Monument Mesa area.

The Treaty of Guadalupe Hidalgo officially ended the US-Mexican War on February 2, 1848. Subsequently, in 1850, delegations from both countries began surveying the US-Mexico border from the west. The Monument Mesa Day Use area at the southwest quadrant of the park is named for the monument identifying the westernmost border marker between the United States and Mexico. Visitors can see the actual survey marker at this location.

Due to the park's location adjacent to the international border, there is a continual balancing act between the mission of the federal Department of Homeland Security and the mission of Parks. In part because of these distinct missions, the park has experienced degradation and diminishing visitation over time.

For instance, the public increasingly perceived a portion of Monument Mesa, once known as Friendship Park, as a border enforcement area rather than a public park. The construction of a Federal Border Infrastructure Project (FBIP) contributed to this perception. The FBIP resulted in a loss of state lands and damages to Border Field SP. The state and federal governments agreed on a settlement to compensate Parks for the losses.

Still, the FBIP restricts public access on Monument Mesa due to the construction of tall steel fences. The public can no longer walk up to the 19th-century historic survey monument. The fences also restrict public access to Friendship Park, which is adjacent to Monument Mesa. Although Monument Mesa is popular as a day-use picnic area, the public may no longer access the historical elements of the park. Additionally, Border Patrol needs access to the northwest corner of the Mesa to occasionally park their vehicles.

**Staff Recommendation. Hold open.**

**Issue 6: California Indian Heritage Center (CIHC): Design and Construction (GB)**

**Governor's Proposal.** The Governor's budget requests \$9 million in 2025-26 for the CIHC project in Yolo County. The request includes \$3 million General Fund for initial designs in the working drawing phase, \$3 million in reimbursement authority to the State Parks and Recreation Fund (SPRF) for subsequent drawings, and \$3 million General Fund for the construction of immediate public use improvements to advance the first phase of the park buildout.

This proposal includes budget bill language to make the working drawings funds available for encumbrance for two years rather than one. This project involves extensive collaboration with numerous tribal communities and stakeholders and is located on a riverfront, which will result in longer than average time requirements for design, permitting, environmental compliance and construction.

The requested appropriation is intended to allow Parks to fully develop the site, which will include up to approximately 120,000 square feet of building space, equipment and furnishings, outdoor plaza, and venues, along with interpretive/educational trail-connections to the Sacramento River.

This project is intended to address problems associated with the State Indian Museum in a facility constructed in 1940 on the grounds of Sutter's Fort State Historic Park. The California Indian Cultural Center and Task Force selected a site at the confluence of the Sacramento and American Rivers in West Sacramento for the CIHC.

**Staff Recommendation. Hold open.**

**Issue 7: California State Parks Library Pass Program (GB)**

**Governor's Proposal.** The Governor's budget requests a one-time transfer of \$6.75 million General Fund to the SPRF for the Library Pass program in 2025-26. This proposal is intended to provide 33,000 State Library Parks Passes to more than 1,100 library branch locations throughout the state.

**Staff Recommendation. Hold open.**

**Issue 8: Candlestick Point SRA: Phase 01 Initial Build-Out of Park (GB)**

**Governor's Proposal.** The Governor's budget requests \$2 million from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) in 2025-26 for the working drawings phase of the Candlestick Point State Recreation Area (CPSRA): Initial Build-Out of Park project in San Francisco County. This continuing project is intended to allow for the design and construction of the initial build-out of the park unit to provide core improvements, public access, and recreation enhancements.

Provisional language is requested making these program funds available for encumbrance for two years, rather than one year. This project location is a place of natural resource sensitivity. This results in longer than average time requirements for design, permitting, environmental compliance, and construction.

As a portion of the funding needed to complete this project is tied to future land transfers associated with the ongoing redevelopment of the adjacent communities, working drawings and construction have been



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split into two phases. This request will fund Phase 01 working drawings. Parks will not request funding for Phase 02 working drawings until sufficient funding has been received to complete the project.

Total project costs, including Phase 01 (\$20 million) and Phase 02 (\$30 million), are \$50 million (\$10 million Proposition 68, \$10 million Natural Resources and Parks Preservation Fund, and \$30 million from future land transfers to the State Park Contingent Fund) for the initial build-out of core improvements at this park.

**Background.** CPSRA is located in the southeast part of the City and County of San Francisco. Acquired in the late 1970s, the CPSRA was the first California State Park unit developed to bring state park values into the urban setting. From historic wetlands to landfill and landscaped park, CPSRA demonstrates major land use changes of the San Francisco Bay. As of now, much of the CPSRA is underutilized and in need of substantial improvement, restoration, and reconfiguration. Its location on the western shoreline of the San Francisco Bay provides a variety of recreational opportunities including windsurfing, fishing, bird watching, and walking. The trails, group picnic sites, and fishing piers at this urban park offer visitors a getaway to open space and outdoor activities.

SB 792 (Len), Chapter 203, Statutes of 2009, authorizes Parks to transfer certain lands within CPSRA to the San Francisco Redevelopment Agency (now the San Francisco Office of Community Investment and Infrastructure (OCII), the Successor Agency). In exchange for the transfer of lands between OCII, SLC, and Parks, in a series of phased closings, funding will eventually provide for operation and maintenance of the CPSRA, planning and construction of improvements, and other considerations combining to the total value of \$50 million.

Of this amount, a dedicated allocation for operations and maintenance of \$10 million has been set aside from previous transfers, with the remaining \$40 million allocated for designing and constructing park improvements, subject to future land transfers.

To date, only a limited amount of land has been transferred to OCII. The remaining transfers are expected to occur in phases over the next nine years, with the last transfer expected to be complete by the end of 2029. Therefore, the build-out of this park, envisioned in the 2013 General Plan, has been on hold. The proposed funding would allow Parks to design and fund partial construction of the initial core improvements (Phase 01). Funds from land transfers will be utilized as they become available for remaining construction activities.

**Staff Recommendation. Hold open.**

**Issue 9: Hollister Hills State Vehicle Recreation Area (SVRA): Entrance Kiosk (GB)**

**Governor’s Proposal.** The Governor’s budget requests \$182,000 Off-Highway Vehicle Trust Fund (OHVTF) in 2025-26 for the preliminary plans phase of the Hollister Hills State Vehicular Recreation Area (SVRA) Entrance Kiosk project in San Benito County. This new project includes an entrance kiosk, site work, utilities, and accessible parking. Total project costs are estimated at \$1.65 million and estimated to be completed in October 2028.

Parks requests provisional language to make these program funds available for encumbrance for two years, rather than one year — This project is in a park with culturally and naturally sensitive areas, which results in longer than average time requirements for design, permitting, environmental compliance and construction.

The existing entrance kiosk is located too close to the main road and does not allow adequate space for vehicles to line up to pay the entrance fee. In peak season, vehicle lines extend into the main road, causing unsafe conditions for themselves and other motorists. The existing kiosk is not accessible and does not provide adequate space for operations.

The new Entrance Kiosk would be relocated in the park to provide adequate space for vehicles to line up to pay without causing vehicles to back up into the main road. The Entrance Kiosk would be accessible to the public and designed to accommodate operational needs.

**Background.** Hollister Hills SVRA is located six miles south of Hollister. The Gabilan Mountains are an hour drive from San Jose. Park elevations range from 660 feet to 2,425 feet. This area is a motorcycle, four-wheel drive, all-terrain vehicle, and dune buggy use area. For motorcyclists and all-terrain vehicle riders, the park offers 64 miles of trails in addition to motocross, vintage, training track, and mini-bike tracks.

**Staff Recommendation. Hold open.**

**Issue 10: Off-Highway Vehicle Trust Fund (OHVTF) Local Assistance Grants (GB)**

**Governor’s Proposal.** The Governor’s budget requests \$29 million OHVTF in 2025-26 for local assistance grants. The OHVTF provides state funds to local and state agencies and other organizations for grants that support various off-highway motorized vehicle projects and programs.

**Background.** The OHV Recreation Act of 1988 provides for well-managed OHV recreation by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, California Native American Tribes, certified community conservation corps, and nonprofit entities.

The OHV local assistance program, administered by the Off-Highway Motor Vehicle Recreation Division, supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration, and conservation of trails, trailheads, areas, and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education.

**Staff Recommendation. Hold open.**

**Issue 11: R.H. Meyer Memorial State Beach (SB): Parking Lot Expansion, Facility and Site Modifications (GB)**

**Governor’s Proposal.** The Governor’s budget requests \$4.8 million Natural Resources and Parks Preservation Fund in 2025-26 for the construction phase of the continuing project, R.H. Meyer Memorial SB: Parking Expansion, Facility and Site Modifications project in Los Angeles County. This project includes increasing available parking to help reduce pedestrian and vehicle accidents, installing permanent vault toilets, repairing the beach trail, and reducing beach trail erosion through grading and the use of more durable yet permeable surfaces. Total project cost is \$5.49 million and construction is estimated to be completed in December 2026.

The purpose of this project is to enhance public safety by providing additional parking within the park, repair the beach access trail, and reduce beach trail erosion by grading the parking lot and installing more durable but permeable surface. In addition, the project will decrease maintenance time and costs by installing permanent vault toilets with increased holding capacities.

**Background.** R.H. Meyer Memorial SB is located approximately 10 miles northwest of Malibu and three miles southeast of Leo Carrillo Campground on the Pacific Coast Highway (PCH) in Los Angeles County. It is comprised of three cliff-foot strands known as “pocket beaches” on which El Matador, the site of this project is located. Acquired in the 1980s, El Matador incorporates an asphalt paved entrance and road that transitions into a gravel surfaced day-use parking lot, situated at the top of the cliff just off the PCH, and contains 40 spaces for visitor parking. However, the parking lot is regularly full by 10 a.m., as visitation has significantly increased. As a result, visitors use both the east (inland) and west (coastal) sides of the four-lane PCH as overflow parking, which poses a public safety risk by exposing people to fast-moving traffic as they exit and unload their vehicles. Additionally, this lot does not provide any permanent restroom facilities. Instead, there are chemical portable toilets available for visitors, which are unsightly and have an increased potential for hazardous material spills due to necessary weekly pump-outs.

**Staff Recommendation. Hold open.**

**Issue 12: State Parks Roads and Bridges (BCP and TBL) (GB)**

**Governor’s Proposal.** The Governor’s budget requests \$8.6 million SPRF ongoing and an increase of \$8.6 million in ongoing annual transfers from the Highway Users Tax Account, Transportation Tax Fund (HUTA) to SPRF beginning in 2025-26. The increased transfer will increase the department’s proportional share of current HUTA revenues, which have not been updated since 1993.

The proposed TBL requires the Governor’s annual Budget Bill to increase the amount not to exceed from \$3.4 million to \$12 million to be appropriated by the Legislature from the HUTA to SPRF for state park highway purposes.

Escalating construction costs and unchanged resource levels over the last 30 years have contributed to roads and bridges within the state park system to increasingly fall into disrepair.

This proposal is intended to right-size the department’s share of highway maintenance funding. This funding will be used for continued improvement and maintenance of roads and bridges within the state

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park system. Additional HUTA funding will also allow Parks to work more cooperatively with the California Department of Transportation and local counties to address road and bridge concerns by leveraging state funds to pursue additional federal highway funding.

**Background.** Over the last three decades, the state park system has grown and now serves more than 75 million visitors each year with associated impacts to roads and related infrastructure. Parks is currently responsible for maintaining nearly 3,000 miles of roads, 152 bridges (including 56 major bridges regularly inspected by Caltrans), and more than 38 million square feet of parking surfaces. Construction costs have also increased over the last 30 years with the California Construction Cost Index roughly tripling since 1993.

**Staff Recommendation. Hold open.**

**3860 DEPARTMENT OF WATER RESOURCES (DWR)****Issue 13: Central Valley Flood Protection Board (CVFPB): Yolo Bypass Cache Slough Partnership and Federal Comprehensive Studies (GB)**

**Governor's Proposal.** The Governor's budget requests \$324,000 Proposition 68 in 2025-26 to provide planning and communication support for currently authorized positions to support CVFPB's role in supporting the Yolo Bypass Comprehensive Study (YBCS), Yolo Bypass Master Plan and associated environmental compliance (CEQA), and the Yolo Bypass Cache Slough Partnership communication and engagement. This proposal also requests the reversion of approximately \$31,000 Proposition 68 bond previously appropriated to the CVFPB in the Budget Act of 2021.

The requested funding is needed to support CVFPB staff to continue support for the YBCS Partnership, Yolo Bypass Master Plan, and the newly defined Yolo Bypass Comprehensive Study in 2024-2025. CVFPB staff participates in document development, provides support, and helps to coordinate planning initiatives essential to the flood system, the long-term stability of flood risk reduction, and multi-benefit projects.

**Background.** The YBCS Partnership is a coalition of 16 Partners (federal, state, and local agencies) working collaboratively to address six regional priorities: flood management, habitat restoration, water supply, water quality, agriculture, and recreation.

As a Non-Federal Sponsor of the Yolo Bypass Comprehensive Study, CVFPB plays a key role in the development of a comprehensive study of the Sacramento River in the vicinity of the Yolo Bypass System to identify actions to be undertaken by the federal government for the management of the Yolo Bypass for the purposes of flood risk management, ecosystem restoration, water supply, hydropower, and recreation.

**Staff Recommendation. Hold open.**

**Issue 14: CVFPB: Extension of Reimbursable Authority from Sacramento Area Flood Control Agency (SAFCA) (GB)**

**Governor's Proposal.** The Governor's budget requests to extend the reimbursable authority by the Sacramento Area Flood Control Agency (SAFCA) of \$1 million annually for two years (2025-26 and 2026-27) to support the existing permanent positions and work being completed in the 2019 Budget Act.

These positions oversee project coordination with partnering agencies including DWR, SAFCA, USACE, and local Levee Maintaining Agencies (LMA). Activities also include development and reporting of activities monthly and annually to CVFPB as required.

It is the responsibility of CVFPB to manage the State Plan of Flood Control (SPFC) as well as its regulatory authority to take enforcement action against noncompliant encroachments. Staff will continue to work on flood risk reduction projects, provide project coordination, and perform CVFPB's legislatively mandated responsibilities of permitting, enforcement, and inspection. This proposal is intended to help leverage federal funding to implement much needed flood risk reduction projects to the greater Sacramento region, thus reducing the state's potential liability from future flood related disasters.

**Background.** The Sacramento metropolitan area is one of the highest risk areas for flooding in the United States with an unacceptably high risk from levee failure that threatens public safety, property, and critical infrastructure. The Sacramento Levee Section positions funded by SAFCA through reimbursable authority have a primary goal of supporting the USACE flood risk reduction projects in the greater Sacramento region. Unauthorized encroachments threaten the integrity and intended function of the state's flood control system. CVFPB is the lead regulatory agency responsible for enforcement and permitting of these encroachments with the goal of protecting lives and infrastructure from catastrophic flooding.

The state has provided assurances to the federal government that it will manage, operate and maintain the SPFC in accordance with federal requirements. The state has in turn allocated routine operations and maintenance to LMAs, but at least one California appellate court has found liability on the state for an SPFC failure. (See *Paterno v. State* (1999) 74 Cal. App. 4th 68).

**Staff Recommendation. Hold open.**

<b>Issue 15: Delta Levees Special Flood Control Projects and Delta Levees Maintenance Subventions (GB)</b>
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**Governor's Proposal.** The Governor's budget requests a reversion of \$8.7 million Proposition 1 Local Assistance (LA) funding appropriated in 2021-22, and a new corresponding new appropriation of \$8.7 million for State Operations (SO).

An \$8.7 million shortfall is anticipated in 2025-26 of SO funds to administer both the Delta Levees Special Flood Control Projects and Delta Levee Maintenance Subventions Programs.

The requested funds are intended to allow continuation of the Delta Levees Special Flood Control Projects and Delta Levee Maintenance Subventions Programs in the Sacramento-San Joaquin Delta to implement and manage/administer projects for levee repairs, improvement and maintenance, and habitat mitigation and enhancement.

**Background.** Delta levees protect hundreds of thousands of acres of farmland, Legacy Communities, major highways and other critical infrastructure, as well as water quality and critical habitat in the Sacramento-San Joaquin Delta (Delta).

To ensure continual protection, DWR administers projects for levee repairs, improvement and maintenance, and habitat mitigation and enhancement including a mandate that requires DWR to develop and implement a program of flood control projects on specific islands and towns in the Delta. To comply with this mandate, DWR has developed the Delta Levees Special Flood Control Projects (Special Projects) Program.

This program requires DWR work with local public agencies, public beneficiaries, and the California Department of Fish and Wildlife (CDFW) to develop projects necessary to accomplish needed flood protection while achieving a net long-term habitat improvement in the Delta. DWR works closely with more than 70 local Reclamation Districts and CDFW to develop and implement both flood protection and habitat enhancement projects. Climate change, sea level rise, and other threats to the Delta's levee system and the critical state resources the levees protect underscore the need for this program. This

program's purpose is to improve water resilience and security, protect ecosystem biodiversity, expand nature-based solutions, and increase climate resilience by helping local agencies improve, operate, and maintain the Delta's levee system. This program also helps provide equitable and inclusive access for recreation within this fragile water supply/flood control region. The program reduces the risk of flooding to a portion of the population that are economically impacted/vulnerable communities in the Delta.

Levee safety standards were established to ensure the levees could protect the communities, farms, business, and infrastructure in the Delta. Based upon the most recent engineering planning studies developed by local Reclamation Districts (RDs) in the Delta, there are approximately 500 miles of levees that do not meet these standards. The RDs estimate \$1.39 billion in levee/flood control improvement projects is necessary to bring Delta levees up to compliance with levee standards, While DWR continues to administer more than \$750 million in grants provided to RDs over the last 20 years for levee and habitat improvements in the Delta, \$1.39 billion is still needed to meet the levee maintenance need over future years.

**Staff Recommendation. Hold open.**

#### **Issue 16: Water Desalination Grant Program — Planning, Monitoring, and Administration (GB)**

**Governor's Proposal.** The Governor's budget requests a new appropriation of \$1.62 million Proposition 1 for the Water Desalination Program funding consisting of approximately \$540,000 annually over three years for administration of desalination grants.

This funding request is for DWR staff to continue monitoring and administration activities that include preparing grant agreement amendments, managing budget, and processing invoices to ensure claimed expenses are eligible; reviewing and approving project deliverables; conducting site visits to verify the work is being conducted as contracted and billed; reviewing and analyzing the invoices and progress reports, resolving disputes, tracking expenditure; preparing project completion reports; responding to program audits, maintaining project information in a tracking database, meeting bond reporting requirements, conducting program performance evaluation and responding to legislative and executive inquiries, conducting post-project performance monitoring; tracking and quantifying statewide desalination production to assess contribution of Proposition 1 funding to statewide supplies; and monitoring advances in desalination technologies to support implementation of funded projects.

There are more than a dozen projects funded by the Proposition 1 grants that are in various phases (planning, permitting, construction, close-out). Because of the size, complexity, and environmental sensitivity of desalination projects, planning, monitoring, and administration of these projects will last several years.

**Background.** The program provides grant funds as an incentive to local or regional entities to implement projects that produce state, regional, and local potable water supply or reliability benefits through the planning, design, and construction of feasible brackish and seawater desalination projects. Grant funds are also provided to advance water desalination technology research pilot projects. To date, the program has awarded over \$82 million of Proposition 1 grant funds to 20 projects which included feasibility studies, research, design pilots, and construction projects to support the evaluation, development, and implementation of potable groundwater and surface water desalination projects in California. Of the 20 projects, five have been completed. The remaining 15 projects are in various stages of implementation (planning, permitting, construction, project close out). Water supplies produced from the projects funded by the grants are intended to provide communities with a new water supply source to add to their water

supply portfolio to improve their water supply reliability. It is a resilient baseline supply that enables suppliers to manage other variable supplies. The five completed projects produced about 3,100 acre-feet of fresh water per year. When completed, the remaining projects are anticipated to collectively produce about 38,000 acre-feet of fresh water per year.

Construction projects funded by the grants are located throughout the state: City of Antioch, City of Camarillo, City of Dana Point, City of Avalon, City of Torrance, City of Santa Monica, and Monterey County.

**Staff Recommendation. Hold open.**

**Issue 17: Rehabilitation of High Hazard Potential Dams Grant Federal Trust Fund Authority (GB)**

**Governor's Proposal.** The Governor's budget requests a total of \$30 million (\$10 million per year for three years) of additional federal trust fund authority to DWR, Division of Flood Management (DFM) for the Federal Emergency Management Agency's (FEMA) Federal Rehabilitation of High Hazard Potential Dams (HHPD) Grant Program.

DWR currently receives \$10 million in federal trust fund authority. The increase will give DWR authority to receive and pass-through FEMA's Rehabilitation of HHPD Grant assistance through 2027-28. The purpose of FEMA's HHPD program is to provide eligible dam owners with technical, planning, design, and construction assistance for eligible rehabilitation activities that reduce dam risk and increase community preparedness.

California's grant amount for the 2024 grant cycle will be an estimated \$18 million. The federal grant money is divided among the states under dual criteria, where one-third of the total allocation is divided equally between all states with eligible applications, and the remaining two-thirds is divided proportionally to states with eligible applications based on the number of eligible dams in the state to eligible dams in all states. As the HHPD Grant funds have progressively increased, the original reimbursable authority will not be sufficient beginning in 2024-25.

Additional authority is requested to support grant funding that will be allocated by FEMA to DWR, and then to the selected dam owner(s), to improve dam safety and community preparedness. DWR is the grant recipient, and the dam owners will be the subrecipients. This authority will be utilized for existing DWR staff to:

- Identify, select, and notify potential subrecipients of the availability of the program.
- Ensure that potential subrecipients are provided information on the application process, program eligibility, including the requirements for FEMA-approved mitigation plans that include all dam risks, and key deadlines.
- Determine subrecipient eligibility, including the requirement for a FEMA-approved mitigation plan.
- Submit revisions or amendments for FEMA review and approval.
- Conduct environmental and floodplain management reviews.
- Establish priorities for the selection of projects.
- Process requests for advances of funds and reimbursement of funds.
- Monitor and evaluate the progress and completion of the selected projects.



- Review and approve cost overruns.
- Process appeals.
- Provide technical assistance as required to subrecipient(s).
- Comply with the administrative and audit requirements affiliated with the program.

In 2019, FEMA announced a new grant to rehabilitate dams. Since then, DWR has participated and been awarded funds in the amounts of \$260,483 in 2019 from an available allocation of \$10 million; \$267,244 in 2020 from an available allocation of \$10 million; \$921,442 in 2021 from an available allocation of \$11.64 million; and \$1.02 million in 2022 from an available allocation of \$11.64 million.

In 2024, the overall funding total to all states was increased to \$185 million and it is anticipated that additional funding in the amount of \$11.64 million will become available later in fall 2024.

**Staff Recommendation. Hold open.**

<p><b>Issue 18: Habitat Restoration Contracting (Trailer Bill Language (TBL)) (GB)</b></p>
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**Governor’s Proposal.** The Governor’s budget requests trailer bill language to provide DWR authority to contract for the efficient delivery of multi-benefit habitat and environmental outcomes. This authority is intended to enable the department to continue contracting for full delivery of multi-benefit and habitat restoration projects through Public-Private-Partnerships based on available funding. The proposed TBL is as follows:

SEC. 2. Division 1, Chapter 2.5, Article 5 (commencing with Section 290 is added to the Water Code, to read:  
SECTION 290 HABITAT RESTORATION CONTRACTING

290. Habitat Restoration Contracting

(a) Notwithstanding any other law, when undertaking a habitat restoration project, and where the department has lawfully available funds to carry out such a project, the department has authority to enter into contracts to accomplish the restoration pursuant to this Section, existing authority under Public Contract Code sections 10105 and 10106, and Government Code section 65967.

(b) Contracts may include the physical restoration of any State or privately-owned real property, and any incidental or necessary services to accomplish that purpose. This may include, but is not limited to, acquisition or sale of real property, including to the Department, conducting environmental reviews, performance of design, securing any necessary permits, and ongoing monitoring or land management.

(c) Solicitations issued by the department shall be subject to the following:

(1) The department shall prepare a request for proposals in a manner consistent with existing state law and as prescribed by the department.

(2) The request for proposals shall include all applicable terms and conditions that may apply to the restoration project.

(3) The request for proposals shall include minimum requirements for proposals, standards for competition including the minimum number of proposals required, the processes and procedures for the scoring, evaluation of proposals, and protests.

(d) Contracts entered into by the department shall provide compensation, including through progress payments, based upon measurable environmental outcomes and performance targets.

(e) Contracts entered into by the department that include work meeting the definition of a “public work” pursuant to Section 1720 of the Labor Code shall be subject to Chapter 1 of Part 7 of Division 2 of the Labor Code.

(f) In establishing the terms and conditions that apply for each project, the department shall classify the nature of the services to be provided as provided in existing state law. The department shall ensure that the contract includes terms and conditions consistent with those applicable to state contracts for each identified classification.

DWR, Department of General Services, and the Department of Finance have worked together to craft a proposal combining project delivery steps into a “full delivery” model — a simplified approach for Public-Private-Partnerships to achieve desired environmental outcomes. Essentially, one agreement initiates the planning, design and restoration work, after which the project is turned over to the state to complete.

The efficiency being sought here is specific to the need to move at a scale and scope that can match the effect of climate pressures are exerting on landscapes and the state’s environmental restoration goals. The “full delivery” model is intended to allow DWR to accelerate and maximize the amount of habitat created with the funding they possess.

**Background.** Under historic contracting practices, DWR has utilized the Design-Bid-Build method for infrastructure projects. This method is well suited for hard infrastructure projects like dams, bridges, and buildings, where clear specifications are critical. This approach provides DWR with control over design details that must meet engineering and operational standards. However, the Administration contends that Design-Bid-Build is not as effective for multi-benefit, natural infrastructure projects like floodplain and river restoration where significant site-specific uncertainty requires substantial design adaptation in the field.

The Administration states that a delivery method that works well for natural infrastructure habitat restoration projects is one that combines project delivery steps into a “full delivery” model, allows for a single contract to encompass multiple project phases for efficient project delivery, including environmental clearances, acquisition of property rights, design, permitting, implementation, and post construction monitoring. Combining phases into one contract shifts the inherent risks that come with creating habitat to the private sector, which results in significant cost and time efficiencies in project delivery.

**Staff Recommendation. Hold open.**

#### **Issue 19: FEMA Hazard Mitigation Grant Reimbursement Authority (GB)**

**Governor’s Proposal.** The Governor’s budget requests a total of \$8.7 million in reimbursement authority (\$4 million in 2025-26, \$3.35 million in 2026-27, and \$1.35 million in 2027-28) for FEMA Hazard Mitigation Grant Program (HMGP) grants related to alluvial fan hazard mitigation efforts. This request also is intended to support three Division of Flood Operations existing staff. DWR needs a continuation of reimbursement authority to leverage federal funds for major disaster preparedness mitigation activities.

Reimbursement authority of \$ 8.7 million is required to leverage federal funds and allow DWR to receive reimbursements for the project costs from an awarded FEMA HMGP grant through the California Office of Emergency Services (CalOES). CalOES is the recipient of the HMGP (Presidential disaster declaration, DR-4407) grant for the state. DWR is one of the subrecipients of the grant.

After the presidential disaster declaration, DR-4407 in November 2018, DWR applied and was awarded an \$11.5 million FEMA Hazard Mitigation grant funded pilot project in January 2021 for alluvial fan and watershed hazard assessments monitoring and mitigation. DWR received initial reimbursement authority through the 2020 Budget Act for the HMGP, which is due to expire in 2025.

The primary goal of DWR’s project is to develop a statewide alluvial fan risk early warning/emergency management system that conveys the general extent of risk areas and provides the framework for risk management, response and recovery work including post fire evacuation warnings.

**Background.** An alluvial fan floodplain is a landform shaped like a fan which originates at its apex at the base of canyons or mountain ranges and is characterized by complex high-velocity flood flows which

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often carrying sediment and/or debris. California's alluvial fan floodplains can pose a life safety risk of 10 to 1 when compared to clear water floods in river systems.

In California, warming climate, sequences of prolonged drought and wildfire, punctuated with or followed by periods of extreme rainfall will result in increased magnitude of flash floods and debris flows threatening life and property on alluvial fans. Extreme and sub-daily rainfall pertinent to alluvial fan flooding is anticipated to intensify at an even greater rate than more moderate rainfall at daily or longer timescales.

Over the past 25 years there have been seven Presidential disaster declarations and numerous Governor's state of emergency declarations due to post-wildfire flash floods and debris flows. After a presidential disaster declaration, FEMA funds plans and projects that reduce the effects of natural disasters through their HMGP. In California these grants are administered by CalOES. The key purpose of the HMGP is to ensure that the opportunity to take critical mitigation measures to reduce the risk of loss of life and property from future disasters is not lost during the recovery and reconstruction process following a disaster.

**Staff Recommendation. Hold open.**

## 3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

### Issue 20: US Environmental Protection Agency (USEPA) Lead and Copper Rule Revisions (GB)

**Governor’s Proposal.** The Governor’s budget requests eight permanent positions from the Public Water System, Safe Drinking Water State Revolving Fund, which is continuously appropriated. Federal grant awards supporting position and contract funding will be expended from the same fund with no additional appropriation authority required, to implement a system (WaterTAP) for intake, management, analytics support, and federal reporting of lead and copper data in compliance with the revised Lead and Copper Rule Revisions (LCRR).

This proposal creates a Division of Drinking Water (DDW) unit to manage data collection, maintenance, analytics and publishing for information provided by public water systems. The eight positions are intended to assist with the implementation of the new database, as well as with ongoing maintenance and reporting needs.

This unit will also support the 14 staff from the 2023-24 Lead and Copper Rule Revision Regulation Implementation and Database BCP in both the implementation and adoption of regulations by collecting and making available related data and analytics. These staff will support the creation, implementation, and maintenance of the data, including a public facing application.

Without this unit at SWRCB, each of the 28 district offices and 26 Local Primacy Agency (LPA) Counties would need to collect, maintain, analyze, and publish data independently. This proposal is intended to maximize the use of available federal funds and save state resources by providing for the efficient intake of information, compliance determination, public transparency, and federal reporting of this complicated, expansive regulation.

SWRCB’s Division of Drinking Water (DDW) will need to create an intake data system for water systems to upload required documentation and certifications, compliance forms and data in a secure portal with the ability for staff to review and query for compliance. The current Safe Drinking Water Information System (SDWIS) is not capable of meeting these needs. Due to the number and complexity of added requirements, the system will need to track submissions, deadlines, automate compliance decision support, and support new federal reporting requirements. As part of the primacy delegation, California is required to report specific information to the USEPA on a quarterly basis to ensure conformance with federal regulations and to demonstrate appropriate actions are taken. This data system is necessary to support USEPA reporting as current federally provided tools are inadequate to meet the complex needs of California’s 4,368 water systems.

**Background.** On January 15, 2021, the USEPA published the Lead and Copper Rule Revisions (LCRR), the first major update to the Lead and Copper Rule (LCR) in nearly 30 years. USEPA’s new LCRR strengthens the LCR to better protect communities and children in elementary schools and childcare facilities from the risks of lead exposure. The LCRR relies on removal of the lead material over corrosion control treatment and empowers communities through required public educational information. The LCRR requires state drinking water programs to continue the current lead and copper rule program as well as add additional program elements not associated with any current program.

Federal funding from Drinking Water State Revolving Fund grants as part of the Bipartisan Infrastructure Legislation (BIL) is available for expenditure until 2028-29 to support the positions and contracts during

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the implementation phase of the project. These grants will provide approximately \$2 million in annual funding over four years for the eight requested positions alongside an anticipated \$45 million in contract funding over four years to fund the project.

The Center for Disease Control and Prevention (CDC) states that there is no safe level of lead in blood levels of children. Reducing lead in drinking water is a critical step to reducing children's overall lead exposure. In 1974, the USEPA established a maximum containment level goal (MCLG) for lead of zero, or no lead is safe. The Lead and Copper Rule (LCR), promulgated nearly 30 years ago, relied on corrosion control treatment to reduce the risk of lead. The new Lead and Copper Rule Revisions (LCRR) relies more on direct material inventory of lead within a water system and removal of the lead material. The LCRR also contains direct sampling of schools and childcare facilities to protect the most sensitive populations. Washington, D.C. and Flint, Michigan, were in the headlines for widespread lead poisoning within their cities. Both cities were in compliance with the existing rule for much of the last 30 years. The additions in the LCRR will protect the citizens of California from the risk of lead. While most of the existing LCR is still in effect, there are many additions to the rule that reduce the effect of lead on the population of California, especially children.

SWRCB, as the federally designated primacy agency for the drinking water program in California, is responsible for the implementation of the federal Safe Drinking Water Act (SDWA) and the California SDWA. It is mandated to establish and maintain a minimum regulatory program for all public water systems that ensures consumers are reasonably protected from waterborne diseases and chemical contamination. Under state law and the USEPA primacy delegation to SWRCB to operate a drinking water program, SWRCB is responsible for the Public Water System Supervision program in California. If the state does not adequately fulfil its mandate to protect public health in this area, including those systems delegated to the counties, the federal government may withdraw primacy from California. This could jeopardize federal funding for the drinking water program in California. Implementation of the LCRR is a portion of the delegated program requirements.

**Staff Recommendation. Hold open.**

## DISCUSSION

### 3860 DEPARTMENT OF WATER RESOURCES (DWR)

#### Issue 21: Department Overview: DWR

DWR’s responsibilities are to protect, conserve, develop, and manage the state’s water supply. The department evaluates existing water resources, forecasts future water needs, and explores potential solutions to meet the state’s growing needs for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. DWR also works to prevent and minimize flood damage, oversee the safety of dams, and educate the public about the importance of water and its efficient use. Because DWR’s programs drive a need for infrastructure investment, the department has a capital outlay program to support this need.

The figure below summarizes the Governor’s 3-year expenditure and positions plan:

#### 3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3230	Continuing Formulation of the California Water Plan	480.1	489.1	493.1	\$2,075,156	\$991,088	\$661,585
3240	Implementation of the State Water Resources Development System	2,238.1	2,256.1	2,256.1	2,843,942	3,300,609	1,755,123
3245	Public Safety and Prevention of Damage	587.0	587.0	587.0	556,212	427,022	589,589
3250	Central Valley Flood Protection Board	54.3	54.3	54.3	23,426	24,642	23,344
3255	Services	13.7	13.7	13.7	8,651	8,673	8,675
3260	California Energy Bond Office	28.0	28.0	28.0	911,400	911,389	911,392
3265	Loan Repayment Program	-	-	-	-1,405	-1,405	-1,405
9900100	Administration	553.5	553.5	553.5	158,974	110,423	110,423
9900200	Administration - Distributed	-	-	-	-158,974	-110,423	-110,423
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>3,954.7</b>	<b>3,981.7</b>	<b>3,985.7</b>	<b>\$6,417,382</b>	<b>\$5,662,018</b>	<b>\$3,948,303</b>

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds. Fiscal year 2023-24 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2023-24 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance

**California Water Plan.** The California Water Plan (Plan) is the state’s strategic plan for the efficient use, management, and development of the state’s water resources. The Plan is updated every five years and provides a framework for water managers, legislators, and the public to consider options and make decisions regarding the state’s water future. The Plan evaluates current and future water conditions, challenges, and opportunities. It presents basic data and information on the state’s water resources including water supply evaluations and assessments of existing and future agricultural, urban, and environmental water uses. The Plan identifies and evaluates multiple future scenarios and over 30 resource management strategies such as conservation, recycling, desalination, transfers, storage, conveyance, water quality, watershed management, ecosystem restoration, groundwater, and urban land use management to help meet future demands in light of uncertainties and unexpected catastrophic events. This program also identifies ways for the state to: (1) help local agencies and governments

prepare interacted regional water management plans on a watershed basis and diversify their regional water portfolios to ensure sustainable water uses, reliable water supplies, better water quality, environmental stewardship, efficient urban development, protection of agriculture, and supporting a strong economy, (2) help cities, counties, and local agencies prepare a Water element for their General Plans, Urban Water Management Plans and Agricultural Water Management Plans, and (3) help local agencies and tribal governments improve water and land use planning coordination.

**Programs. *State Water Project (SWP).*** The SWP is a water storage and delivery system that consists of 700 miles of conveyance (canals, pipelines, and tunnels), 34 storage facilities (reservoirs and lakes), 21 pumping plants, four pumping-generating plants, and five hydroelectric power plants. SWP provides water to over 25 million Californians and 750,000 acres of irrigated farmland. The state's water supply depends on several factors, including rainfall, snowpack, runoff, water storage facilities, and pumping capacity from the Sacramento-San Joaquin Delta (Delta). The amount of water available for distribution and operational constraints are meant to be balanced with the need to protect fish and wildlife, water quality, and environmental and legal obligations.

For the last 20 years, SWP's average water is 34 percent for agriculture and 66 percent for residential, municipal, and industrial uses. The SWP also serves to help manage the state's water supply during extremes such as flooding and drought, it also is a major source of hydroelectric power deliveries for the state's power grid.

SWP's water supplies originate in the high Sierra Nevada Mountains where snowmelt and rainfall flow through rivers and tributaries. SWP moves water from Lake Oroville towards the Delta, which serves as the hub for the state's water supply and delivery system. SWP captures and stores its share of these water supplies, which is then delivered through 700 miles of canals and pipelines for use in several parts of the state. SWP is a complex and complicated system; and it is one of the largest water and power delivery systems in the world.

*DWR's Role in SWP.* DWR is the owner and operator of the SWP and is responsible for and manages SWP's water supply and infrastructure — administering the financing, construction, upgrades, operation, and maintenance of the SWP. However, DWR does not fund SWP — this is the responsibility of the State Water Contractors.

*State Water Contractors (SWC).* While the majority of the SWP was being constructed in the 1960s, public agencies and local water districts signed long-term water supply contracts with DWR and are collectively known as the SWP long-term water contractors, or more simply, SWP water contractors. Today, 29 local public water agencies (PWAs) make up SWC, which is a non-profit association. These PWAs serve parts of the Bay Area, San Joaquin Valley, Central Coast, Southern California, Inland Empire, and Desert regions. The water supply contracts (which expire in 2035) set forth the maximum amount of SWP water that a contractor may request annually. However, the amount of SWP water available for delivery varies from year to year and is based on a number of factors, including:

- Hydrologic conditions
- Current reservoir storage
- Delivery requests from the SWP water contractor

The SWC PWAs finance the SWP's maintenance, operations, and capital improvement costs. Ultimately, the SWP is paid for by the 27 million Californians, who receive water from the SWP, via the water utility rates of their local PWA.

*The Delta.* As noted above, the Delta is at the center of the SWP's water distribution system. Roughly two-thirds of the state's water originates in the Sierra Nevada mountains, eventually flowing through the Delta where, consistent with water rights and applicable water quality requirements, it is delivered to various regions of the state.

The Delta is an estuary. An estuary and its surrounding wetlands are bodies of water usually found where rivers meet the sea. Estuaries are home to unique plant and animal communities that have adapted to brackish water — a mixture of fresh water draining from the land and seawater. In the Delta, many species of birds (including waterfowl and sandhill cranes) and fish (such as the Chinook salmon, Central Valley steelhead and green sturgeon) depend on the habitats in and around the 700,000-acre estuary for survival. However, the Delta has been negatively impacted by pollution, invasive species, and destruction of the area's wetlands and river habitat. In addition, water supply operations have reversed the direction of rivers flowing out of the Delta, jeopardizing several native species.

*Delta Conveyance.* Delta Conveyance refers to the SWP water transport infrastructure hub in the network of waterways comprising the Sacramento-San Joaquin Delta (Delta), collecting and moving water to the Bay Area and Southern California. As the owner and operator of SWP, DWR is responsible for all associated upgrades and maintenance, including the Delta Conveyance Project.

*Delta Conveyance Project (DCP).* The goal of DCP (formerly known as California Water Fix and the Bay Delta Conservation Plan) is to upgrade the massive water transporting system. Project proponents plan to re-plumb the SWP infrastructure by drawing river water into the system with two, new intake facilities miles upstream from its current location and transport water around the Delta to Bethany Reservoir. The reservoir is on the 444-mile California Aqueduct, which is the main artery that transports water south. DCP would allow more water to be transported south.

DCP's plan to relocate the intakes further upstream would serve the purpose of avoiding the earthquake risk of levees rupturing and allowing seawater to flood water pumps and other facilities.

DCP includes building a 45-mile, 36-foot diameter tunnel 100-130 feet beneath the West Coast's largest estuary, bypassing the ecologically sensitive Delta where regulations restrict pumping. Building the tunnel could take until at least 2044, with construction expected to start around 2029 and last about 15 years.

The estimated cost of DCP is \$20 billion. Of the 29 local PWAs, 18 of them are funding the planning and design of the DCP through local sources. A question arises — because the DCP is not being funded by all of the SWC, will it in fact be an element of the SWP? Or will the DCP solely be used to the benefit of the contractors funding the DCP?

Although DWR is not responsible for funding DCP, the department assists with SWP capital project financing by issuing revenue bonds. (Investors purchase the revenue bonds, thereby providing money to the issuer of the bonds. In return, the issuer promises to repay the bondholders' principle plus a specified rate of interest over the life of the bonds using revenue from the project that was financed by the bonds.) Revenue bonds are not liabilities of the state. These bonds are solely the obligation of the SWP and are repayable from SWP revenue. For DCP, that revenue will be provided only by the participating PWAs.

The project has been the subject of intense debate for over six decades, pitting Delta locals, environmentalists, tribes, and the fishing industry against state officials, including the Governor and DWR, and SWC.



Opposition is concerned that the project may imperil the Delta ecosystem by reducing freshwater flows needed for fish, farms, and communities in the region. Some argue that the further upstream water is diverted, the lower water quality will be for downstream users. DWR contends that pumping limits will protect the river and that existing rules safeguard downstream water quality will remain in place.

***Public Safety and Prevention of Damage.*** This program supports the California Water Action Plan by protecting life and property from damage by floods, ensures proper construction and maintenance of jurisdictional dams and levees, and provides loans for levee construction. Activities include assessing the state and regional investment needs to reduce risk, preventive floodplain management to discourage unwise use of areas subject to flooding, protection of floodplains, issuance of flood warnings, operation of flood control facilities, coordination and supervision of flood fight activities, and annual levee and flood channel maintenance and inspection in cooperation with other local, state, and federal partner agencies. This program also buys land, easements, and right-of-way for federal flood control projects and supervises the design and construction of new dams and periodic inspections and the reevaluation of all existing jurisdictional dams for proper operation and maintenance. Fiscal oversight and coordination activities associated with the Disaster Preparedness and Flood Prevention Bond Act of 2006 are administered under this program. The program also reviews federal dam projects in coordination with federal and other state agencies with regard to dam safety.

***Central Valley Flood Protection Board.*** The Central Valley Flood Protection Board has regulatory authority over the State Plan of Flood Control (SPFC) facilities, designated floodways, and regulated streams in the Central Valley. The Board regulates encroachments on the system by issuing permits and initiating enforcement action when necessary to maintain the integrity of the levees and floodways that protect the valley's people and property. The Board manages the state's portfolio of real property held by the Sacramento-San Joaquin Drainage District. The Board serves as the non-federal sponsor to the United States Army Corps of Engineers on large joint state-federal levee improvement projects and assists the more than 100 local maintaining agencies that operate and maintain the SPFC. The Board conducts regular public meetings, workshops, and tours, providing a public forum for stakeholders.

***Services.*** This program provides technical support within DWR and expertise in the fields of water resources planning, development, and management; watermaster services; scientific analyses performed by DWR's chemical laboratory; information technology; mapping, surveying, and engineering services for other agencies.

***California Energy Bond Office.*** The California Energy Bond Office manages the Electrical Power Fund and DWR Charge Fund. The Electric Power Fund was created in response to the 2001 California energy crisis; for a limited period of time, the Electrical Power Fund purchased electric power on behalf of the state's investor-owned utilities and issued \$11.3 billion in bonds. The final amount of the outstanding bonds were defeased in September 2020. Bond proceeds were used to repay amounts borrowed for power purchases during the 2001 energy crisis. The DWR Charge Fund was created by AB 1054 (Holden), Chapter 79, Statutes of 2019, to collect remittances from charges on invested-owned utilities ratepayers pursuant to Water Code Section 80550.

**Proposition 4: Climate Bond.** The figure below shows the Governor’s budget proposal for various components of Proposition 4 to be implemented by DWR.

Purpose	Code Section	Implementing Department	Bond Total	2025-26 Proposed	
				Amount	Percent of Bond Total <sup>a</sup>
Sacramento-San Joaquin Delta levees	91021(a)	DWR	\$150	—	—
Flood Control Subventions Program	91021(b)	DWR	150	\$110	74%
State Plan of Flood Control projects	91021(c)	DWR	250	63	25
Dam Safety and Climate Resilience Local Assistance	91022	DWR	480	232	49
Integrated regional water management	91031	DWR	\$100	\$0.5	0.5%
Riverine Stewardship Program	91032(c)	DWR	50	0.1	0.2
Salton Sea Management Program	91033(a)	DWR/CNRA	160	148	93
Water data management, stream gages	91017	SWRCB/DWR	15	1	7
Groundwater management	91012(a)	DWR	\$388	\$10	3%
Brackish desalination, salinity management	91016	DWR	63	0.2	0.3
Water data management, stream gages	91017	SWRCB/DWR	15	1	7
Regional conveyance projects and repairs	91018	DWR	75	0.7	1
Water conservation—agricultural and urban	91019	DWR	75	0.3	0.5

Source: Legislative Analyst’s Office

**LAO Background. Last Year’s Budget.** The 2024 budget package included a total of \$3.2 billion from various fund sources to support DWR in 2024-25, including \$416 million from the General Fund. (The total includes the roughly \$1.5 billion in annual payments from water contractors for DWR’s work on the State Water Project that is continuously appropriated outside of the annual budget act.) The total DWR budget is down a net \$4.3 billion (57 percent) from the estimated 2023-24 expenditure level. The decrease is due primarily to the expiration of one-time funds that were available to DWR in 2023-24—including large carryovers from prior years—and is partially offset by the augmentations for flood management.

**Includes \$94 Million in 2024-25 for Flood Management.** The budget provides DWR with additional General Fund for three flood management programs:

- **Urban Flood Risk Reduction—\$33 Million.** Of the total, \$23 million is for the state’s share of cost for flood projects that are managed by the U.S. Army Corps of Engineers and are part of the State Plan of Flood Control. The other \$10 million will support associated state operations costs.
- **Central Valley Systemwide Flood Risk Reduction—\$31.3 Million.** Funding will support three multibenefit flood management projects that also are part of the State Plan of Flood Control. These projects are primarily state funded.
- **Pajaro Flood Management Projects—\$30 Million.** This appropriation will support the state’s share of cost for federally authorized flood control projects in Pajaro in Monterey County.

DWR also received an augmentation of \$16.5 million from the General Fund provided through early budget action in April 2024 (and scored as a revision to the 2023-24 budget) to support flood recovery and response: \$13.5 million for repairs to levees in the Sacramento-San Joaquin Delta that are on or near state-owned land and \$3 million for the state’s share of cost for federally supported Delta levee repairs.

**Issue 22: Electricity Supply Strategic Reliability Reserve Facility Divestiture Trailer Bill Language**

**Governor’s Proposal.** The Administration proposes trailer bill language to specify restrictions on operations be applied to facilities constructed and owned by the department, not just facilities constructed by the department as currently stated in existing statute.

**Background.** Chapter 61, Statutes of 2022 (AB 205) directed DWR to contract for, and/or construct, temporary and emergency supply-side assets under the Electricity Supply Strategic Reliability Reserve (ESSRR) program. These temporary and emergency assets are limited in their operation to “extreme events” such as wide-spread heat events, wildfires, or any other climate-driven energy emergencies. Specifically, the existing statute states that “[f]acilities [...] constructed by the department or under contract with the department [...] shall only operate as necessary to respond to extreme events [...] and shall not operate at any other time.”

Currently, the existing statute can be interpreted to read that these facilities constructed by the department are continually limited to only operate during extreme events. However, the department proposes to amend statute to clarify this limitation only applies to facilities constructed and owned by the department.

The department reports that as the ESSRR program ends, DWR would like to have the ability to divest ownership of these assets at some point. However, if these facilities are continually limited to operate only during extreme events, the value of these assets would be significantly diminished. Therefore, this proposed trailer bill language would allow DWR to recoup more costs by maintaining the asset’s value by specifying these facilities can be operated at other times—as long as it is no longer owned by the department. The proposed language would apply to three facilities with a total capacity of 143 megawatts.

Specifically, these three facilities are natural gas generators, located in Modesto, Turlock, and Lodi. According to the department, a similar model from the same company with similar emission reduction technology achieved certification from the California Air Resources Board in its distributed generation program, which certifies that the GHG emissions from the generator is low enough to be exempt from air district permit requirements.

These generators were purchased with one-time funds for emergency and temporary purposes. Long-term ownership and operation of these facilities may (1) require additional appropriation to fund the ESSRRP if the assets continue to be operated, or (2) likely will require decommissioning, storage, and security costs if the assets are not operated but cannot be sold—especially because the assets are situated on non-State leased land.

The department requests this trailer bill language to recoup some of the costs of these generators. Currently, DWR estimates to be able to recuperate up to \$40.5 million in aggregate for these three generators, if the trailer bill language is approved. Any potential sale is expected to occur in 2028 at the earliest. The Modesto Irrigation District, Turlock Irrigation District, and the City of Lodi have all expressed interest in having an option to purchase these assets to bolster their own electric reliability, including but not limited to addressing extreme events.

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If the proposal is not approved, the facilities would have continuing value but the State will forfeit that value resulting in decommissioning costs of over \$20 million to remove the generators from their current sites, continued ownership costs associated with storing the assets or finding new locations for the assets, and funding for potential continued operation beyond 2028.

**Staff Recommendation. Hold open.**

## 3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

### Issue 23: Department Overview: SWRCB

SWRCB, along with the nine Regional Water Quality Control Boards (RWQCBs), promote proper allocation and use of the state’s water resources, and preserve, enhance, and restore the quality of water resources. These objectives are achieved through the Water Quality, Water Rights, and Drinking Water programs. The following figure summarizes the Governor’s 3-year expenditures and positions plan for SWRCB:

#### 3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3560	Water Quality	1,708.8	1,985.3	1,987.3	\$3,008,648	\$1,673,059	\$1,611,673
3565	Drinking Water Quality	420.6	435.6	447.6	236,350	238,424	244,910
3570	Water Rights	388.9	417.9	417.9	136,640	113,248	85,244
3575	Department of Justice Legal Services	-	-	-	2,801	2,801	2,801
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>2,518.3</b>	<b>2,838.8</b>	<b>2,852.8</b>	<b>\$3,384,439</b>	<b>\$2,027,532</b>	<b>\$1,944,628</b>

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds. Fiscal year 2023-24 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2023-24 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance

**Programs. Water Quality.** This program advances the highest possible quality of water for the state. Specific activities include:

- Formulating, adopting, and updating water quality control plans and policies that set standards and provide guidance in water management decisions.
- Monitoring water quality to determine compliance with control plans, permit terms, conditions, and water standards and implementing the Total Maximum Daily Load program to address pollution in the state’s most seriously impaired water bodies by developing plans that allocate responsibility for reducing pollution.
- Ensuring the waters of the state are not degraded by hazardous waste spills or tank leaks, or by spills or tank leaks from solid and hazardous waste treatment, storage, and disposal facilities.
- Requiring waste discharges, including storm water discharges, to prevent and abate water pollution and inspect dischargers to determine compliance with requirements.
- Assisting owners and operators of underground tanks in financing the cleanup of unauthorized releases from their tanks.

- Administering financial assistance programs, which include loan and grant funding for construction of municipal sewage facilities, drinking water systems, water recycling facilities, watershed protection projects, and nonpoint source pollution control projects.

**Drinking Water.** The Drinking Water Program works to protect and improve the health of all state residents by promoting the safety of drinking water. The program is responsible for enforcing the state and federal Safe Drinking Water Acts, adopting drinking water standards, and enforcing compliance with drinking water standards. The program also establishes criteria for water recycling projects; supports and promotes water system security; provides support for improving technical, managerial, and financial capacity of public water systems; certifies laboratories that analyze environmental samples for regulatory purposes; and maintains a registry of certified water treatment devices.

**Water Rights.** The Water Rights Program ensures that the state’s water resources are put to beneficial use, while protecting prior rights, water quality, and the environment. Specific activities include:

- Allocating the unappropriated waters of the state to ensure water is used in accordance with state laws.
- Maintaining a record of title of appropriative water rights initiated and maintained since 1914, including those for stock ponds, livestock, and small irrigation and domestic use ponds.
- Maintaining records of water diversion and use under riparian and pre-1914 rights and groundwater extractions in four southern counties.
- Enforcing permit and license terms and conditions, abating illegal diversions, protecting public trust resources, and preventing waste or unreasonable use under all rights.
- Assisting the courts in determining existing rights to surface water throughout the state through court reference and statutory adjudication proceedings, and in determining rights to groundwater through the groundwater adjudication process.

**Proposition 4: Climate Bond.** The figure below shows the Governor’s budget proposal for various components of Proposition 4 to be implemented by SWRCB.

Purpose	Code Section	Implementing Department	Bond Total	2025-26 Proposed	
				Amount	Percent of Bond Total <sup>a</sup>
<b>Water Quality, Safe Drinking Water</b>			<b>\$610</b>	<b>\$194</b>	<b>32%</b>
Water quality, safe drinking water	91011(a)	SWRCB	\$585	\$183	32%
Tribal water infrastructure	91011(a)(8)(B)	SWRCB	25	11	45
Urban stormwater management	91023	SWRCB	110	1	1
California-Mexico rivers and coastal waters	91032(j)	SWRCB	50	9	19
Water reuse and recycling	91014	SWRCB	388	153	40
Water data management, stream gages	91017	SWRCB/DWR	15	1	7

Source: Legislative Analyst’s Office

**LAO Background. Last Year’s Budget.** The budget includes a total of \$1.8 billion from various fund sources to support SWRCB in 2024-25, including \$161 million from the General Fund. This represents a net decrease of \$1.8 billion, or 50 percent, from the estimated 2023-24 expenditure level. The year-to-

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year change is due primarily to the expiration of one-time funds including large carryovers from prior years. Some changes to SWRCB's budget include:

- ***Support to Address Impact of Recent U.S. Supreme Court Decision.*** The budget provides \$6.1 million in 2024-25 and \$4.8 million in 2025-26 and ongoing—all from the Waste Discharge Permit Fund—as well as 26 new permanent positions for SWRCB to handle increased workload resulting from the May 2023 *Sackett v. U.S. Environmental Protection Agency* decision. That decision reduces the number of wetlands over which the federal government has regulatory authority. Given existing state laws, SWRCB will have to assume some of those regulatory responsibilities.
- ***Leviathan Mine—\$3.7 Million.*** The budget includes one-time General Fund for SWRCB to make safety improvements to a pond water treatment system at the Leviathan Mine, a federally listed Superfund site in Alpine County. Budget trailer legislation also authorizes the state to transfer ownership of the property—and the associated liability—to another entity (such as the former owner of the mine) if it is in the best interests of the state. The increase is more than offset by a reversion of \$5.1 million approved last year to reline the walls of a diversion channel at the mine. (Should the state proceed with selling the property, this relining activity would be handled by the new owner.)
- ***New Groundwater Recharge Permitting Unit—\$1.2 Million.*** The budget includes \$1.2 million from the Water Rights Fund on an ongoing basis and five permanent positions to expedite and streamline groundwater recharge permitting.

**Issue 24: Implementation of the Sustainable Groundwater Management Act (SGMA) (GB)**

**Governor’s Proposal.** The Governor’s budget requests a loan of \$16.4 million from the Underground Storage Tank Cleanup Fund to the Water Rights Fund to support 22 existing positions and continue critical implementation tasks in SWRCB’s SGMA program. The funding is intended to mitigate fee uncertainty until sufficient fee revenue is collected. The proposed loan of \$16.42 million would be enough to cover the cost of the 22 positions for up to three years.

The loan shall be repaid with future SGMA fee revenues, if feasible; alternatively, if fee funding is not legally able to be collected as anticipated, this loan shall be repaid from the General Fund.

**LAO Bottom Line.** *The Governor’s proposal to loan SWRCB \$16.4 million over three years from the Underground Storage Tank Cleanup Fund to support 22 existing positions in SGMA program seems reasonable and necessary given that the board is not currently collecting fee revenues from the two probationary subbasins.*

**LAO Background.** According to the LAO:

SGMA requires SWRCB to pay for its SGMA-related costs with revenues from fees it imposes on groundwater extractors. SGMA authorizes SWRCB to impose these fees when a groundwater basin has been designated as probationary due to noncompliance with SGMA.

**Status of Six Subbasins Whose Plans Were Deemed Inadequate.** DWR reviews groundwater basins’ plans for achieving groundwater sustainability. If it determines that a basin’s plan(s) are inadequate, it refers the basin to SWRCB for possible state intervention, which would begin with a probationary period. Of the six basins referred to SWRCB by DWR, SWRCB has:

- Designated two as probationary—Tulare Subbasin and Tule Subbasin.
- Cancelled Kaweah Subbasin’s January 7, 2025, probationary hearing to give SWRCB staff additional time to review the subbasin’s revised groundwater sustainability plans. If SWRCB determines that those plans adequately address deficiencies, it could remove Kaweah Subbasin from probationary consideration.
- Extended the time for Kern County Subbasin to correct deficiencies in its plans. In its February 20, 2025 hearing, SWRCB cited significant progress made thus far by the subbasin’s groundwater sustainability agencies as the reason for the continuance. The next hearing is scheduled for September 17, 2025.
- Not yet scheduled hearings for two—Delta-Mendota and Chowchilla Subbasins.

**SWRCB Has Not Yet Collected Any Fee Revenues.** Despite having designated two basins as probationary, SWRCB has not yet collected any fee revenue for two different reasons. In the case of Tulare Subbasin, which the board designated as probationary in April 2024, the Kings County Farm Bureau subsequently sued the state, alleging SWRCB overstepped its regulatory authority and violated procedural rulemaking laws. A superior court judge issued a preliminary injunction in July 2024, preventing enforcement—including collection of fees—by SWRCB. The injunction remains in place as legal proceedings—including appeals by SWRCB—continue. In the case of Tule Subbasin, which SWRCB designated as probationary in September 2024, collection of annual well fees and volumetric extraction fees will not begin until February 2026 (extractors were required to begin tracking extractions in January 2025). (Of note, no parties filed suit to challenge the probationary designation in Tule Subbasin and the window for making such a challenge has now closed.)



***SWRCB Requesting a Loan to Cover Staffing Costs.*** SWRCB currently has 40 authorized positions for SGMA-related workload, which includes assessing subbasins for probation, preparing for hearings, and administering extraction reporting requirements, among other activities. The state has provided some funding to support these positions (\$654,000 annually to support three positions from 2021-22 through 2023-24 and \$4.8 million annually to support 19 positions in 2023-24 and 2024-25) but approved this support on a limited-term basis given that fee revenues were ultimately supposed to cover SGMA enforcement costs. After 2024-25, remaining ongoing state funding (\$3.5 million annually, mostly from the General Fund) will only be sufficient to support 18 of the 40 positions. SWRCB consequently has requested a loan from the USTF. The administration indicates that the loan (\$5.5 million annually for three years) would be taken from USTF's cash balance, which is in the hundreds of millions, and that the proposal would not affect USTF-related programs. SWRCB would have four years to repay the loan. If SWRCB is legally unable to collect SGMA fees in time to repay the loan, the Governor proposes to repay the loan from the General Fund.

***SWRCB Believes Future Groundwater Fee Revenues Should Be Sufficient to Cover Costs.*** If SWRCB's authority to regulate and enforce SGMA—including through imposing fees—is upheld by the courts, SWRCB expects fee revenues will be sufficient to cover existing workload costs. The board notes that fee revenues will be variable. This is because (1) the goal is to move basins off probation and into compliance, which consequently means the number of basins designated as probationary will change year-to-year (in addition, the amount of fee revenue will vary by basin); (2) the amount of groundwater extracted in a given year (and thus amount of fee revenue collected) will vary depending on that year's amount of precipitation (with more groundwater used in dry years); and (3) future compliance rates are unknown and difficult to predict. State statute provides SWRCB with the authority to adjust fee amounts periodically through emergency regulation and the board indicates that this will help it deal with the variability and ensure that revenue totals roughly align with actual costs.

***LAO Comments.*** The proposed special fund loan seems like a reasonable and necessary stopgap measure to cover SWRCB's SGMA-related staffing costs given that ongoing litigation over SWRCB's regulation of the Tulare Subbasin has prevented SWRCB from collecting fees and fee collection has not yet begun in Tule Subbasin. The outcome of the Tulare case could affect SWRCB's ability to regulate SGMA more broadly. If SWRCB's appeals are ultimately unsuccessful, the administration and Legislature likely will need to revisit the issue to address the potential longer-term consequences on SGMA implementation.

**Staff Recommendation. Hold open.**

## 3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

### Issue 25: Department Overview: Parks

The mission of Parks is to provide for the health, inspiration, and education of the people of California by helping to preserve the state’s biological diversity, protecting its most valued natural, cultural, and historical resources, and creating opportunities for high-quality outdoor recreation.

The responsibilities of Parks include: stewardship of natural resources, historic, cultural, and archeological sites, and artifacts and structures; provision of interpretive services for park visitors; construction and maintenance of campsites, trails, visitor centers, museums, and infrastructure such as roads and water systems; and creation of recreational opportunities such as hiking, bicycling, fishing, swimming, horseback riding, jogging, camping, picnicking, and off-highway vehicle recreation.

In addition, the Division of Boating and Waterways funds, plans, and develops boating facilities of waterways throughout the state and ensures safe boating for the public by providing financial aid and training to local law enforcement agencies.

Because Parks’s programs derive a need for infrastructure investment, Parks has a capital outlay program to support this need. The following figure shows Parks’s three-year expenditures and positions plan:

#### 3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3230	Continuing Formulation of the California Water Plan	480.1	489.1	493.1	\$2,075,156	\$991,088	\$661,585
3240	Implementation of the State Water Resources Development System	2,238.1	2,256.1	2,256.1	2,843,942	3,300,609	1,755,123
3245	Public Safety and Prevention of Damage	587.0	587.0	587.0	556,212	427,022	589,589
3250	Central Valley Flood Protection Board	54.3	54.3	54.3	23,426	24,642	23,344
3255	Services	13.7	13.7	13.7	8,651	8,673	8,675
3260	California Energy Bond Office	28.0	28.0	28.0	911,400	911,389	911,392
3265	Loan Repayment Program	-	-	-	-1,405	-1,405	-1,405
9900100	Administration	553.5	553.5	553.5	158,974	110,423	110,423
9900200	Administration - Distributed	-	-	-	-158,974	-110,423	-110,423
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>3,954.7</b>	<b>3,981.7</b>	<b>3,985.7</b>	<b>\$6,417,382</b>	<b>\$5,662,018</b>	<b>\$3,948,303</b>

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds. Fiscal year 2023-24 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2023-24 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance

**Proposition 4: Climate Bond.** The figure below shows the Governor’s budget proposal for various components of Proposition 4 to be implemented by Parks.

Purpose	Code Section	Bond Total	2025-26 Proposed	
			Amount	Percentage of Bond Total
Statewide Park Program	94010(a)	\$200	\$190	96%
Deferred Maintenance	94040	175	84	49
Implementing Sea Level Rise Adaptation Strategy	92040	50	24	48
Forest health and watershed projects	91520(f)	200	33	17

Source: LAO

In addition, the Governor’s budget proposes backfilling two Parks related previous General Fund commitments in the Climate-Energy Package with Proposition 4 funding, as shown below:

**Governor Proposes Shifting Some Prior Spending Commitments to Proposition 4**  
*Shifts from General Fund Unless Otherwise Noted (In Millions)*

Purpose	Implementing Department	Amount
<b>Safe Drinking Water, Drought, Flood, and Water Resilience</b>		
Water recycling	SWRCB	\$51
Dam safety	DWR	47
Systemwide flood risk reduction	DWR	15
<b>Wildfire and Forest Resilience</b>		
Stewardship of state-owned land	Parks	\$68
Home hardening	CalOES	13
<b>Extreme Heat Mitigation</b>		
Community Resilience and Heat Program	LCI	\$15
<b>Biodiversity and Nature-Based Climate Solutions</b>		
Watershed climate resilience	WCB	\$32
<b>Park Creation and Outdoor Access</b>		
Deferred maintenance	Parks	\$14
<b>Clean Energy</b>		
Demand-Side Grid Support Program	CEC	\$50 <sup>a</sup>
<b>Total</b>		<b>\$305</b>

Source: LAO

**LAO Background. Last Year’s Budget.** According to the LAO, the 2024-25 budget included roughly \$878 million from various funds for the Department of Parks and Recreation (Parks), including \$272 million from the General Fund. This represents a net decrease of \$1.1 billion, or 56 percent, from the estimated 2023-24 expenditure level. This decrease primarily is due to the expiration of one-time augmentations that were available to Parks in 2023-24, including large carryovers from prior years.

**Pass Programs.** The budget provides funding to extend two pilot programs that provide free passes to state parks including:

- **Library Pass Program.** The budget provides \$7 million on a one-time basis in 2024-25 from the General Fund to extend the Library Park Pass Program pilot for one year. This program allows library patrons to check out passes that provide free access to certain state parks.
- **Adventure Pass Program.** The budget provides \$2 million ongoing from Proposition 98 General Fund to the California Department of Education to administer the Adventure Pass Program operated by Parks. This program provides 4<sup>th</sup> graders and their families free access to certain state parks. The budget package also includes trailer legislation authorizing Parks to operate the program on an ongoing basis.

**Repairing Storm Damage at State Parks.** The budget includes \$5 million in 2024-25 from the Natural Resources and Parks Preservation Fund and \$51 million in reimbursement authority phased in over the next two years (\$5 million in 2024-25 and \$46 million in 2025-26) to repair damage from 2023 and 2024 winter storms. These amounts are in addition to funding and reimbursement authority increases provided as part of the 2023-24 budget for similar purposes.

**Deferred Maintenance.** The spending plan provides \$15 million from Proposition 40 (2002) for Parks deferred maintenance projects. This augmentation partially offsets a reduction of \$30 million from the General Fund for deferred maintenance, resulting in a \$15 million net reduction as shown in the “Other Recent Augmentations” section of this post.

**Malakoff Diggins State Historic Park.** The budget provides \$6 million General Fund in 2024-25 and \$2 million General Fund annually in 2025-26 and 2026-27 to continue to clean up contamination from historical mining activities at Malakoff Diggins State Historic Park.

**Next Generation (NextGen) Recreation Sales and Reservation Management System.** The budget includes authority for 5 positions in 2024-25, rising to 17 positions in 2026-27 and ongoing, to support the implementation of a new reservation system at Parks known as NextGen. These positions are anticipated to be funded for the first three years (2024-25 through 2026-27) by redirecting \$9 million of General Fund monies that were originally appropriated for deferred maintenance projects at the department. After the initial three years, the department anticipates that new revenues generated from the system’s implementation will become available to support the positions.

**Supports Various Capital Outlay Projects at State Parks.** The budget includes a total of \$12 million in 2024-25 (mostly from bond funds and the Natural Resources and Parks Preservation Fund) for various capital outlay projects at state parks. Of this funding, \$3 million from Proposition 40 bond funds will support additional planning costs associated with the Indian Heritage Museum and \$4 million from the Natural Resources and Parks Preservation Fund will replace expired grant funding needed to complete improvements at the entrance to El Capitan State Beach.