

Senator Benjamin Allen, Chair
Senator Catherine Blakespear
Senator Steven Choi
Senator Jerry McNerney



Wednesday, May 21, 2025
8:00 a.m.
1021 O Street - Room 2200

Consultants: Eunice Roh and Joanne Roy

AGENDA

Overview of the May Revision (2025)

I. Presentations by:

Department of Finance

- Stephen Benson, Assistant Program Budget Manager
- Andrew March, Assistant Program Budget Manager
- Eamon Nalband, Assistant Program Budget Manager

Legislative Analyst's Office

- Rachel Ehlers, Deputy Legislative Analyst

II. Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

DISCUSSION

Governor’s May Revision. Among the various May Revision proposals, the Governor proposes to do the following:

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
0650 LAND USE AND CLIMATE INNOVATION
0690 OFFICE OF EMERGENCY SERVICES
3125 CALIFORNIA TAHOE CONSERVANCY
3340 CALIFORNIA CONSERVATION CORPS
3360 CALIFORNIA ENERGY COMMISSION
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)
3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3760 STATE COASTAL CONSERVANCY (SCC)
3790 DEPARTMENT OF PARKS AND RECREATION (Parks)
3810 SANTA MONICA MOUNTAINS CONSERVANCY (SMMC)
3815 SALTON SEA CONSERVANCY
3825 SAN GABRIEL AND LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY (RMC)
3845 SAN DIEGO RIVER CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY (SNC)
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY
8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Climate Bond (Proposition 4) Implementation. In January, The Administration proposed appropriation of \$2.7 billion in Climate Bond funds in the 2025-26 Governor’s Budget. The May Revision proposal includes requests for:

- Adjustments to the Governor’s Budget Expenditure Plan, including technical changes to reflect wildfire and forest resilience funding appropriated in AB 100 (Gabriel), Chapter 2, Statutes of 2025;
- 79.5 permanent positions across 12 departments to implement the Climate Bond; and,
- \$2 million in 2025-26 for statewide bond activities across various departments.

This proposal includes adjustments to the Governor’s Budget Expenditure Plan to reflect immediate program needs in 2025-26; subsequent modifications to the roll-out may be requested in future budget proposals. This proposal allocates the 0.75 percent (\$75 million) reserved for statewide bond costs to Parks, DWR, CNRA, and the Department of Finance’s Office of State Audits and Evaluations (OSAE).

Adjustments to the Governor's Budget Multi-Year Expenditure Plan. The May Revision proposes several adjustments to the multi-year expenditure plan proposed in the 2025-26 Governor's Budget:

- *Land Use and Climate Innovation (LCI).* Acceleration of \$500,000 in 2025-26 for technical assistance for the Transformative Climate Communities Program. This funding is intended to allow LCI to hire technical assistance providers for guideline development, application development and application technical assistance to prospective applicants.
- *Salton Sea Conservancy.* Appropriation of \$1.6 million in 2025-26, \$3.2 million in 2026- 27, \$3.9 million in 2027-28, and \$1.2 million in 2028-29 to establish the Salton Sea Conservancy.
- *California Conservation Corps.* Inclusion of budget bill language to specify that funds shall be available to certified community conservation corps.
- *Sacramento-San Joaquin Delta Conservancy.* Acceleration of \$4 million in 2025-26 to fund projects that reduce the risks of climate change impacts on natural resources, including a time-sensitive land acquisition. Without this augmentation, some projects could be disrupted and may not continue if funding is unavailable in 2025-26.
- *Department of Parks and Recreation.* Inclusion of budget bill language for the Stewardship of State-Owned Lands Program to exempt Parks from competitive bidding for the procurement of or contracting with vendors for forest health, fire prevention, fuels reduction, vegetation management, or environmental review, consistent with prior practice. This language is intended to allow consistency with other funding that supports similar activities and minimize disruptions resulting from the transition of program funding from the General Fund to the Climate Bond.
- *Department of Water Resources: Stream Gages.* Acceleration of \$7.9 million in 2025- 26 to continue existing efforts related to stream gages. Expediting the implementation of a grant program for the installation and maintenance of stream gages through June 2030 (a five-year initiative).
- *Department of Water Resources: Tribal Funding for Groundwater Storage/Banking/Recharge & Instream Flow.* Acceleration of \$10 million in 2025-26 for groundwater programs to reflect the anticipated need for tribal groundwater programs in response to tribal consultations seeking additional tribal funding due to limited available federal funding.
- *Department of Community Services and Development.* Acceleration of \$230,000 in state operations funding in 2025-26 and \$9.2 million in local assistance funding in 2026- 27 for the Low-Income Weatherization Program Farmworker Housing Component. Updated projections from the Department of Community Services and Development show an increased rate of production related to current resources and demonstrate the need to accelerate the Program's procurement timeline to 2025-26 to limit gaps in service delivery for farmworker households.
- *California Energy Commission: Clean Energy Reliability Investment Plan Program.* Net-zero technical change compared to the Governor's Budget to provide \$50 million in Climate Bond funding for the Distributed Electricity Backup Assets as part of the Clean Energy Reliability Investment Plan Program instead of the Demand Side Grid Support Program.

- *California Energy Commission: Offshore Wind Program.* Addition of technical budget bill language to facilitate the use of Climate Bond funding to support awards made through CEC's Offshore Wind Waterfront Facility Improvement Program.
- *Acceleration of Wildfire & Forest Resilience Funding.* Adjustment of \$181.1 million to reflect the acceleration of various allocations appropriated in early action, AB 100 (Gabriel), Chapter 2, Statutes of 2025. AB 100 appropriated \$171.1 million to the Sierra Nevada Conservancy, California Tahoe Conservancy, Santa Monica Mountains Conservancy, State Coastal Conservancy, San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, and San Diego River Conservancy for watershed improvement and wildfire resilience activities consistent with Section 91520 of the Climate Bond. AB 100 also appropriated \$10 million to CalFire to fund training center infrastructure for a fire resiliency center for the Karuk Tribe consistent with Section 91520(e) of the Climate Bond.

Climate Bond Implementation Positions. According to the Administration, as part of its evaluation of positions needed to effectively implement the Climate Bond, the Administration considered existing positions that departments will redirect or partially fund with Climate Bond funding over the lifetime of the bond. The Climate Bond will drive additional workload for programmatic and administrative support staff across departments, though much of this workload will be supported by existing positions. Although many of the allocations in the Climate Bond will fund existing programs, these programs have been funded on a onetime/limited-term basis in recent years, and departments have generally not received permanent positions for them. Similarly, while Climate Bond funding is temporary in nature, these programs are anticipated to be implemented over several years and require permanent position authority for effective implementation. The Administration will not request General Fund to support these positions once Climate Bond funding is exhausted; departments may transition permanent positions to other fund sources or abolish positions once bond activities have ceased. With these considerations in mind, the Administration requests 79.5 new, permanent positions across the following departments to implement the Climate Bond:

BU	Department	New Positions
0540	Natural Resources Agency	6
0650	Land Use & Climate Innovation	4
0690	Office of Emergency Services	4
3125	California Tahoe Conservancy	1
3340	California Conservation Corps	1
3360	California Energy Commission	11.5
3480	Department of Conservation	13
3600	Department of Fish and Wildlife	12
3640	Wildlife Conservation Board	5
3790	Department of Parks & Recreation	10
3860	Department of Water Resources	3
8570	Department of Food & Agriculture	9
Total Positions		79.5

NATURAL RESOURCES

VARIOUS DEPARTMENTS

Natural Resources Agency Bond and Technical Proposals. The May Revision proposes various bond and technical adjustments such as reappropriations and extensions of liquidation.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

3480 DEPARTMENT OF CONSERVATION (DOC)

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Gregory Bateson Building Rent Increase. The May Revision proposes an increase of \$3.28 million in 2025-26, \$3.39 million in 2026-27, and \$3.78 million annually beginning in 2027-28 across various fund sources to support increased rental costs at the newly renovated Gregory Bateson Building.

In 2021, CNRA and eleven of its entities consolidated space from multiple locations throughout the Sacramento area to two locations in conjunction with CNRA's downtown campus development. This includes the new Resources Building at 715 P Street, as well as a renovated Gregory Bateson Building at 1600 9th Street. In total, the move includes the relocation of approximately 600 staff.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

California Indian Heritage Center Support Organization (TBL). The May Revision proposes TBL related to the creation of the California Indian Heritage Center in West Sacramento.

3125 CALIFORNIA TAHOE CONSERVANCY

Department of General Services (DGS) Updated Pro Rata Structure. The May Revision proposes to appropriate \$400,000 California Environmental License Plate Fund (ELPF) one-time and add budget bill language (BBL) to specify this funding is for project management, construction management, inspection, and overhead costs associated with bond and grant funded project activities by DGS.

Lake Tahoe Blvd Demolition and Site Stabilization. The May Revision proposes a supplemental appropriation of \$591,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund (Proposition 68) to cover increased costs reflected in an updated working drawings estimate of the Lake Tahoe Blvd Demolition and Site Stabilization Project. Total project costs are now estimated at \$3.45 million. In 2024-25, the Conservancy received authorization to use \$2.86 million (\$2 million Proposition 68, \$756,000 Tahoe Conservancy Fund, and \$100,000 Habitat Conservation Fund) for the project.

Minor Capital Outlay. The May Revision proposes an appropriation of \$479,000 Proposition 68 and \$271,000 from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (Proposition 50) for various minor capital outlay projects on Conservancy land. These projects involve demolishing existing structures, stabilizing and improving previously acquired property, installing public safety features, and completing upgrades on developed facilities.

Opportunity Acquisitions. The May Revision requests \$5.6 million for the acquisition of lands in environmentally sensitive or significant resource areas. The requested funding is comprised of: (1) \$1.3 million Proposition 68, (2) \$4.3 million of reimbursement authority to the California Environmental License Plate Fund, and (3) Reversion of \$1.3 million Proposition 68 local assistance from the 2019 Budget. This funding is intended to go towards the acquisition of environmentally sensitive or resource significant property to promote biodiversity, protect critical habitats, and promote climate resilience, and provide equitable access.

Upper Truckee Marsh South Project. The May Revision requests \$500,000 Proposition 68 to study restoration and recreation needs and complete environmental review for the Upper Truckee Marsh South Project.

Van Sickle Bi-State Park Safety and Equitable Access Improvements. The May Revision requests \$200,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund (Proposition 84) for the Van Sickle Bi-State Park Safety and Equitable Access Improvements Project (Project). The Project is a coordinated effort with the State of Nevada to ensure public safety and accessibility, improve visitor experience, enhance water quality, protect the environment, and allow for year-round operations. The Project includes a paved Americans with Disabilities Act (ADA) compliant multi-use trail connecting the Park entrance, California and Nevada day-use areas, and new state line monument and plaza. In addition, the Project includes stormwater and snow storage improvements at the California day-use area to allow year-round Van Sickle Bi-State Park operations and water quality protection. Funding will be used to complete the Preliminary Planning phase of the Project.

3340 CALIFORNIA CONSERVATION CORPS

Auberry, New Residential Center: Demolition. The May Revision proposes an appropriation of \$4.08 million Collins-Dugan California Corps Reimbursement Account one-time for the preliminary plans, working drawings, and construction phase of the Auberry, New Residential Center: Demolition project. The demolition of these deteriorating and unusable buildings is necessary to allow for the construction of a new residential center at this site, and to reduce the risk of vandalism and unlawful entry of the existing buildings.

3480 DEPARTMENT OF CONSERVATION

Oil and Gas Environmental Remediation Account. The May Revision proposes an annual ongoing appropriation of \$1 million Oil and Gas Environmental Remediation (OGER) Account, an increase of \$950,000 to the existing \$50,000 annual appropriation, to remediate wells that pose a danger to life, health, water quality, wildlife or natural resources. Additionally, DOC requests budget bill language (BBL) that would authorize the Department of Finance to augment the appropriation if it concurs with a finding by the DOC and CalGEM that expenditures above that amount are necessary to prevent or respond to a danger to life, health, water quality, wildlife, or natural resources. This language would also include notice to the Joint Legislative Budget Committee 10 days prior to authorization of any augmentations.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)

Baker Forest Fire Station: Replace Facility. The May Revision proposes a supplemental appropriation of \$8.83 million Public Building Construction Fund for the construction phase of the Baker Forest Fire Station: Replace Facility project, located in Tehama County. This is a continuing project. The total estimated project costs are \$19.76 million. Additional funding is requested as the original construction appropriation was approved in 2019 and has not been updated to reflect increasing costs.

Exclusive Use Aircraft Contract Increase. The May Revision proposes to amend the amount included within existing provisional language in Item 3540-006-0001, which waives specified state contracting requirements to enable CalFire to contract for Exclusive Use aircraft to quickly address emergency fire conditions and support fire suppression operations. CalFire requests that the current threshold of \$27.5 million, which was originally approved in the 2021 Budget Act, be increased to \$65 million in 2025-26 and 2026-27 based on a historical average methodology.

Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facilities. The May Revision proposes a supplemental appropriation of \$3.56 million General Fund for the preliminary plans phase of the Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facilities project, located in San Benito County. Total estimated project cost is \$204.45 million. This supplemental appropriation is for the relocation of the flame retardant pits and helipad as there is insufficient room to accommodate the larger modern aircraft as intended in the original proposal.

Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facility. The May Revision proposes a supplemental appropriation of \$2.23 million General Fund for the working drawings phase of the Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facility project, located in Shasta County. This is a continuing project. This supplemental appropriation is intended to address an increase in the facility size by more than 50 percent from the previous estimate. The increase is due to a combination of acquiring a larger than anticipated site for the project and a near doubling of staffing at the Shasta Trinity Unit Headquarters/Northern Operations facility since the project was first proposed.

Statewide: Construct Communication Facilities, Phase III. The May Revision proposes requests a supplemental appropriation of \$307,000 General Fund for the construction phase of the Statewide: Construct Communication Facilities, Phase III project, located in various counties. This is a continuing project. The total estimated project costs are \$21.01 million. The supplemental appropriation is intended to pay the last outstanding invoices for the project and to complete architectural certification for the remaining towers.

Various Capital Outlay Reappropriations and Reversions. The May Revision proposes requests 35 reappropriations and 27 reversions to align existing appropriations with current capital outlay project schedules. The projects included in this proposal have experienced unanticipated delays and have been identified for reappropriation if the schedule indicates funding is needed in 2025-26 or reversion if the schedule indicates funding is not needed until 2026-27 or later. It is anticipated that any reversions included in this proposal will result in future proposals to re-establish funding when the project has reached the appropriate milestone.

The reversions included in this proposal total \$120.33 million (\$84.68 million General Fund and \$35.66 million Public Buildings Construction Fund), including \$31.52 million General Fund for acquisition of property for a new training center. CalFire is exploring more cost-effective alternatives that will meet the same training capacity goals as the additional training center project through a combination of expanding and upgrading existing training facilities and utilizing newly identified long-term lease opportunities to minimize delays in training output. These options will provide sufficient training capacity increases to meet the demands associated with increases in staffing in recent years, including the transition to a 66-hour work week.

Columbia Air Attack/Helitack Base: Replace Facility. The May Revision proposes to increase item 3540-301-0001 by \$200,000 one-time in fiscal year 2025-26 in study phase of the Columbia Air Attack/Helitack Base project. The study phase of the project will address the major construction challenges, adequate clearances, and the airport's future taxiway expansion.

Kneeland Helitack Base: Relocate Facility. The May Revision proposes to increase Item 3540-401-0001 by \$1.2 million one-time for the acquisition phase of the project. The Kneeland Helitack Base is expected to receive a repurposed Firehawk Helicopter in the Spring of this year, but the current Helitack base is not suitable to store and maintain the helicopter.

Rincon Fire Station: Replace Facility. The May Revision proposes to increase Item 3540-301-0660 be increased by \$5.04 million one-time in the construction phase of the project. Additional project funding is requested to avoid implementing several deductive alternates including removing the vehicle wash building and eliminating all site fencing.

Penon Blanco & Deadwood Peak Lookout: Repair Facilities. The May Revision proposes to increase Item 3540-301-0001 by \$587,000 one-time for the preliminary plans phase of the project. The scope of the project includes repairing structural elements of the towers to provide safe functioning operational platform for use in support of communications and early fire detection.

CalFire Operation Costs. The May Revision proposes to shift \$1.54 billion ongoing from the General Fund to the Greenhouse Gas Reduction Fund for purposes supporting CalFire's fire prevention, fire control, and resource management activities. The proposal includes a General Fund backstop to protect CalFire operations if Cap-and-Trade auction proceeds fall below projected revenues. This proposal will be considered as part of the GGRF discussions.

3560 STATE LANDS COMMISSION

South Ellwood Project – Platform Holly Plug & Abandonment Reappropriation. The May Revision proposes that Item 3560-490 be added to extend the period to liquidate encumbrances of \$1.06 million remaining in Item 3560-001-0001, Budget Act of 2022, until June 30, 2027, to develop an Environmental Impact Report (EIR) for the decommissioning of the Platform Holly oil platform, offshore of Santa Barbara County. Due to difficulties with plugging wells in an active natural seep field, full plug and abandonment took longer than expected and was completed in October 2024. Accordingly, work on the EIR started later than originally expected and current encumbered funds vital for that work will expire June 30, 2025. Development of the EIR is necessary for ExxonMobil to undertake its contractual obligation to decommission the oil platform.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

Various Technical Adjustments. The May Revision requests an adjustment to a Fish and Game Preservation Fund (FGPF) dedicated account, Federal Trust Fund (FTF) authority, and Special Deposit Fund authority resulting in an increase of \$15.2 million in fiscal year 2025-26 and \$15.3 million in 2026-27 and ongoing. Additionally, CDFW requests an extension of the liquidation period to continue work on the Yuba River Watershed. This request is intended to establish adequate authority for CDFW to receive and expend mitigation agreement and federal grant funds vital to the department's operation. The reduction to the FGPF dedicated account will align the account's expenditure authority with revenues and help CDFW maintain stability, structural balance, and workload for the fund.

3720 CALIFORNIA COASTAL COMMISSION

Amendment to Budget Bill Item 3720-001-0890, Support, California Coastal Commission. The May Revision requests that Item 3720-001-0890 be increased by \$470,000 one-time to reflect various federal grants awarded to the California Coastal Commission from the National Oceanic and Atmospheric Administration that will be implemented in fiscal year 2025-26.

3760 STATE COASTAL CONSERVANCY

Coastal Resource Enhancement and Public Access Projects. The May Revision proposes an appropriation of \$10.73 million Violation Remediation Account, a subaccount of the State Coastal Conservancy Fund (Fund 0565), and \$12 million in reimbursements from Fund 0565 to fund coastal resource enhancement and public access projects statewide. Funds are requested to be available for encumbrance or expenditure through June 30, 2027, given the multi-year nature of projects.

LA 2028 Olympics Streamlining Trailer Bill Language. The Administration proposes three trailer bills to "streamline" projects related to the LA 2028 Olympics. It proposes to exempt activities associated with Olympics and Paralympic Games from the California Environmental Quality Act (CEQA) as well as the Coastal Act.

3780 NATIVE AMERICAN HERITAGE COMMISSION (NAHC)

Amendment to Budget Bill Item 3780-001-0001, Support, Native American Heritage Commission. The May Revision proposes to decrease Item 3780-001-0001 by \$430,000 one-time to remove resources included in the Governor's Budget for Department of Justice litigation costs. The litigation driving costs for NAHC has concluded and the commission no longer requires additional resources in 2025-26.

3790 DEPARTMENT OF PARKS AND RECREATION (Parks)

Harbors and Watercraft Revolving Fund Sustainability. The May Revision proposes Division of Boating and Waterways (DBW), proposes various adjustments to the Harbors and Watercraft Revolving Fund (HWRF). Adjustments include aligning revenues and expenditures by temporarily decreasing Boating Safety and Enforcement Aid (BSEFA) Grants to baseline funding of \$8.1 million set in 1996-97, removing \$1.75 million annual baseline funding for the Abandoned Watercraft Abatement Fund (AWAF), reducing support allocations by a total of \$1.5 million, reducing baseline funding for Quagga Zebra Mussel Infestation Prevention Grants by \$1 million, and transfers of \$3.9 million from the AWAF and \$6.3 million from the Public Beach Restoration Fund (PBRF) back to the HWRF.

Mount Diablo State Park: Visitor Center. The May Revision proposes \$1.92 million in reimbursement authority in 2025-26 to the State Parks and Recreation Fund (SPRF) for the construction phase of the Mount Diablo State Park (SP): Visitor Center. This continuing project includes replacing a small existing visitor center trailer with a larger visitor center, remodeling the existing restroom and site to meet accessibility standards, and constructing an outdoor interpretive structure. The Mount Diablo Interpretive Association (MDIA) will provide funding to Parks for design review, project management, and construction. In addition to the MDIA funds, the department has secured grant funding to cover the increased costs of construction.

Silver Strand State Beach (SB): Low-Cost Accommodations. The May Revision proposes requests \$750,000 in reimbursement authority in 2025-26 to the State Parks and Recreation Fund (SPRF) for the preliminary plans phase of the Silver Strand SB: Low-Cost Accommodations project. This continuing project will allow for the planning and initial development of low-cost accommodations at Silver Strand SB. The funds for this request and all other phases of the project will come from a grant from the California Coastal Conservancy.

Various Capital Outlay Reappropriations and Extension of Liquidation. The May Revision proposes reappropriation and extension of liquidation of existing capital outlay appropriations to allow completion of current projects without delay.

Parks Federal Background Checks (TBL). The May Revision proposes trailer bill language to authorize Parks to require employees, volunteers, and contractors to undergo a fingerprint-based state and national criminal history background check. The proposal requires Parks to submit to the Department of Justice fingerprint images and related information for these individuals who are subject to a state and national criminal history background check, as specified.

Leasing Authority (TBL). *The May Revision proposes trailer bill language that was not available for review at the time this agenda was written.*

3815 SALTON SEA CONSERVANCY

Chaptered Legislation: Salton Sea Conservancy (SB 583). The May Revision proposes a total of 15 permanent positions, \$9.93 million Proposition 4 for the establishment and operation of the Salton Sea Conservancy. Specifically, this proposal includes \$1.64 million and four permanent positions in 2025-26, \$3.22 million and six permanent positions in 2026-27, \$3.85 million and four permanent positions in 2027-28, and \$1.21 million and one permanent position in 2028-29. Beginning in 2027-28 this funding will shift to the Salton Sea Lithium Fund. This proposal is intended to fund the initial start-up costs over the first four fiscal years of the new Conservancy to meet its legislative mandates starting in 2025-26. Once established, the Conservancy will need to complete updated workforce planning and budgeting to assess the need for additional organizational capacity and funding to meet future workload demands as the Salton Sea Management Plan.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC)

Regulatory Management System. The May Revision proposes an appropriation of \$500,000 Bay Fill Clean-up and Abatement Fund in 2025-26 and \$55,000 ongoing to procure and establish a modern, comprehensive digital regulatory management system to manage and track permits and permit applications, as well as receive permits and permit fees online. The database will allow BCDC's permitting, enforcement, and planning programs to be more effective and efficient. BCDC also requests statutory changes to the Bay Fill Clean-up and Abatement Fund to include technology services, programs, and personnel that directly support the existing authorized uses of the Fund.

Bay Fill Clean-Up and Abatement Fund (TBL). The May Revision proposes trailer bill language to clarify that moneys from the Bay Fill Cleanup and Abatement Fund may be expended on technology services, programs, and personnel that directly support the existing authorized uses of this fund.

3830 SAN JOAQUIN RIVER CONSERVANCY

San Joaquin River Conservancy Fund Increase for Operations and Maintenance Services. The May Revision proposes an additional \$260,000 in 2025-26, and ongoing, from the San Joaquin River Conservancy Fund (SJRCF). The 2022 Budget Act allocated three permanent positions to the Conservancy as part of the San Joaquin River Conservancy Workload Support proposal to carry out the increased workload as the Conservancy is opening lands for recreational use. The Conservancy now owns 20 properties (nearly 3,000 acres). Staff dedicated to operations and maintenance are needed to fulfill legislative directives and the Administration's priorities of Access for All.

3855 SIERRA NEVADA CONSERVANCY (SNC)

SNC Fund Ongoing Local Assistance Reimbursement Authority. The May Revision proposes ongoing reimbursement authority of \$1 million for local assistance under the SNC Fund (Fund 8120).

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Cache Creek Channel and Levee Rehabilitation Project. The May Revision proposes to revert and utilize \$4 million Proposition 68 for Acquisition and Working Drawing phases for the Cache Creek Channel and Levee Rehabilitation Project that was part of an appropriation in 2024. The 2024 Budget Act appropriated \$15 million Proposition 68 Capital Outlay funds for Cache Creek Channel and Levee Rehabilitation Project, which was appropriated only for the construction phase of the project.

High Priority Project Funding for Salton Sea Restoration Projects. The May Revision proposes, for the DWR Salton Sea Restoration Office (SSRO), a total of \$178 million of Federal Trust Fund Authority for 2025-2029 from the Department of Interior's funding in the Inflation Reduction Act, Public Law 117-169. Specifically, the request consists of \$100 million in 2025-26, \$60 million in 2026-27, \$12 million in 2027-28, and \$6 million in 2028-29. This money will support the construction and administration of up to 6,000 acres of aquatic and wetland habitat projects as required under the State Water Resources Control Board (SWRCB) Stipulated Order 2017-0134 (Water Board Order).

SSRO also requests a total of \$11 million of State Reimbursement Authority for 2025-26. This includes \$8 million for a Proposition 68 state reimbursable agreement with CNRA and \$3 million for a Proposition 84 state reimbursable agreement with CDFW. Both reimbursable agreements fund the planning and construction of habitat and dust suppression projects and associated infrastructure needed to comply with the SWRCB Order.

Regional Flood Management Plan Program. The May Revision proposes the reversion and new appropriation of \$209,000 in Local Assistance Proposition 68 funds to support the six regions that constitute the Regional Flood Management Program.

Urban Flood Risk Reduction. The May Revision proposes proposes \$12.5 million General Fund for state operations to support and manage United States Army Corps of Engineers (USACE) and Urban Flood Risk Reduction projects during 2025-26.

Yolo Bypass Comprehensive Study Cost Share. The May Revision proposes \$4 million (\$2 million/year in 2025-26 and 2026-27) General Fund for the state contribution to the USACE Yolo Bypass Comprehensive Study to help secure hundreds of millions in federal funding for public safety and environmental restoration within the Yolo Bypass and greater Sacramento region.

Water Resources Revolving Fund Language. The May Revision proposes to add provisional language to Items 3860-001-6093, 3860-002-6093, 3860-003-6093, 3860-004-6093, 3860-005-6093, and 3860-102-6093 allowing for transfers into the Water Resources Revolving Fund for direct expenditure for operational needs. This is a technical provision which allows for the use of a revolving fund for state operations expenditures.

General Fund Solution: Reduce Groundwater Bulletin Frequency (Finance Letter and TBL). The May Revision proposes that Item 3860-001-0001 be decreased by \$750,000 in 2025-26, and ongoing, to reduce funding for the issuance of California Groundwater (Bulletin 118). It is also requested that statutory changes be included to reduce the frequency of the issuance of Bulletin 118.

**DEPARTMENT OF WATER RESOURCES (DWR)
STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

Delta Conveyance Project (DCP) (TBL). The May Revision proposes trailer bill language that, among other things, is intended to do the following: streamline permitting for DCP by eliminating certain deadlines from existing State Water Project (SWP) water right permits; specify that DWR has authority to issue bonds for the cost of DCP, which are to be repaid by participating water agencies; streamline judicial review of litigation; and, streamline authorization to acquire land that supports construction of DCP. The intended purposes of these statutory changes are to prevent delays and reduce costs.

Staff Comments. On May 15, 2025, the Legislative Delta Caucus submitted a letter officially opposing this DCP trailer bill language proposal. The Caucus states that it “continues to be deeply concerned about proposals that expedite the controversial and divisive Delta Tunnel project.” The Caucus further states, “The trailer bill proposal in the May Revision, unrelated to state budgeting policy and inappropriately suggested for inclusion in a state spending plan, would actually change several separate parts of state law to benefit only a portion of California, to the detriment of Californians north of the Delta.”

Among other concerns, the proposed trailer bill language raises the following issues:

Déjà Vu Expedited Judicial Review. In May 2023, as part of the Governor’s infrastructure package, the Administration unveiled a proposal that would have expanded the Environmental Leadership Development Project (ELDP) program’s 270 judicial streamlining process to include the DCP. The Legislature was adamant in its rejection of that part of the infrastructure package. The current, proposed TBL includes a similar expedited judicial review process, but is more expansive by applying to *all* DCP litigation, not just DCP CEQA actions. Additionally, the TBL’s injunction language does not contain language that would allow a court to stay or enjoin a project to protect native American artifacts or historical resources.

Exempts DCP from certain eminent domain “guidance” related to determining just compensation. Government Code Section 7267.1(b) requires real property to be appraised before initiation of negotiations and that the owner be given the opportunity to be present during the appraisal. Government Code 7267.2 requires public entities, before adopting a specific resolution and initiating negotiations, to establish an amount that it believes to be just compensation and to make an offer to the property owners and when making the offer to provide the property owner with certain information relating to how the amount was established. The homeowner is allowed to review a copy of the appraisal. The Administration’s proposal would exempt DCP from these “guidance” requirements. While the more general Eminent Domain Law provisions (Title 7 (commencing with Section 1230.010) of the Code of Civil Procedure) would apply if the DCP is exempt from these “guidance” requirements, it is unclear what, if any, requirements would be imposed, and protections available, for landowners in place of these specific provisions and what opportunities landowners are not given if these exemptions are applied.

Exempts Real Property acquired by DWR from Approval by DGS. If the proposal is supposed to be about DCP, this exemption casts a much wider net and would apply to any real property located anywhere in the state acquired by DWR for the State Water Project.

Alters SWRCB's Permitting Process, Impacting a Person's Ability to "Protest" an Application to Appropriate Water. Existing law allows any interested person to file a written protest against the approval of an application to appropriate water (Water Code Section 1330). The SWRCB may cancel the protest if certain information is not provided. This TBL (proposed amendment to Water Code Section 1335) would require the SWRCB to cancel the protest if the protest does not meet certain requirements (i.e., name and address of protestant, signed by protestant, objections to application approval and bases for objections, other appropriate information provided in the rules and regulations of the board, protest be served on the applicant). Automatic cancellation of a protest seems like an extreme response for a protestant's failure to meet what can be minor matters. Why prohibit a protestant an opportunity to cure?

The Administration proposes a similarly draconian measure amending Water Code Section 1703.6, which would require, rather than authorize, SWRCB to cancel a protest that applies to a change to an application, permit, or license. An extreme response to a matter that seems minor.

Legislative Policy Process? Normally, a proposal with such extensive, controversial, and important statutory changes is deliberated through a legislative policy bill. DCP planning and conceptual design is funded by 18 of the 29 local public water agencies (PWAs) that fund the State Water Project; and participating PWAs would be responsible for paying construction costs. DWR notes that the state's General Fund is not responsible for any of these DCP costs. A question arises as to whether this policy proposal — with no state budget implications — for such a divisive project deserves more thoughtful and transparent deliberation that the legislative policy process can provide.

ENVIRONMENTAL PROTECTION

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

3900 CALIFORNIA AIR RESOURCES BOARD

3940 STATE WATER RESOURCES CONTROL BOARD

Legal Resources to Respond to Federal Actions. The May Revision proposes a total of \$2.99 million from various special funds and 12 permanent positions in 2025-26 and ongoing to defend California's environmental laws and programs that advance the state's climate, water, public health and overall environmental priorities in response to increased federal legal challenges.

VARIOUS DEPARTMENTS

California Environmental Protection Agency Bond and Technical Proposals: The May Revision includes various bond and technical adjustments such as reappropriations and extensions of liquidation.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) Program Augmentation (BCP and TBL). The May Revision proposes to appropriate \$23 million one-time from the Petroleum Underground Storage Tank Financing Account to provide sufficient expenditure authority to meet current funding demand for the removal or replacement of petroleum underground storage tanks.

SWRCB requests TBL to allow tank owners to begin projects while waiting for a final funding agreement to be executed for purposes of administrative efficiencies.

Monterey County Primacy Delegation Agreement Termination. The May Revision proposes \$2.72 million ongoing and 12 permanent positions from the Safe Drinking Water Account to carry out the public small water system (SWS) regulatory program for Monterey County (County). The County's local primacy agency delegation will be terminated and regulation of SWSs will be returned to the state in September 2025. Oversight of 284 water systems is anticipated to be transferred from the County to the Water Board in August 2025, and the state is legally mandated to administer this regulatory program.

Replacing, Removing or Upgrading Underground Storage Tanks (RUST) Program Augmentation (BCP and TBL). The May Revision proposes \$23 million one-time from the Petroleum Underground Storage Tank Financing Account (PUSTFA) to provide sufficient expenditure authority to meet current funding demand for the removal or replacement of petroleum underground storage tanks.

SWRCB also requests statutory changes to enable administrative efficiencies that allow tank owners to begin projects while waiting for a final funding agreement to be executed.

Bay-Delta Plan CEQA Recirculation (TBL). The May Revision proposes TBL to exempt an action of SWRCB or a Regional Water Quality Control Board relating to regional water quality control plans (RWQCPs) from California Environmental Quality Act (CEQA) provided that the action does not involve relaxation of existing water quality objectives.

Staff Comments. CEQA Statutory or Categorical Exemption. This proposal essentially provides a straight statutory exemption from CEQA in the guise of a categorical exemption. Categorical exemptions apply to specific classes of projects. For categorical exemptions, there are exceptions to when they may apply. If an exception is applicable to a project, such as the project may result in cumulative impacts or have significant impacts due to unusual circumstances, then the categorical exemption is void — Exceptions bounce the project back into the environmental review process. The proposal includes “notwithstanding” language that would eliminate those standard exceptions for RWQCPs. Without these exceptions, the proposal pragmatically is a statutory exemption.

Water Quality Control Plan. SWRCB is responsible for regulating water quality in the Bay-Delta through the Bay-Delta Water Quality Control Plan (Bay-Delta Plan). A water quality control plan is a management document that contains three main sections:

- **Beneficial Uses:** Defines and establishes beneficial uses — or the resources, services, and qualities — of the aquatic system that are to be protected by the Plan. Typical beneficial uses are municipal and domestic water supply, agricultural supply, and fish and wildlife habitat.
- **Water Quality Objectives:** Lists numeric or narrative water quality standards that, when met, will ensure reasonable protection of defined beneficial uses and prevent nuisance.
- **Program of Implementation:** Describes the nature of the actions that are necessary to achieve the objectives, including recommendations for action by SWRCB and any other relevant entities, a time schedule for the actions and a description of the monitoring needed to determine compliance with objectives.

Bay-Delta Plan. On the Department of Finance website, the pdf for this proposal is titled, “TrailerBill_Bay_Delta Plan CEQA Recirculation,” which is narrower in scope — just one specific plan — than the language provided.

The Bay-Delta Plan governs water management in the Sacramento-San Joaquin Delta and is an important document for protecting fish and wildlife while ensuring adequate water supplies to agriculture, municipalities, and industries. The Bay-Delta estuary is the largest on the West Coast of North America, providing habitat to more than 750 animal and plant species, including more than 40 aquatic species. The Bay-Delta contains more than 700 miles of sloughs, channels, and rivers that, coupled with a large statewide water infrastructure system, funnel water from Northern California to the San Joaquin Valley, the San Francisco Bay Area, Southern California, and parts of the Central Coast.

According to SWRCB, the Bay-Delta Plan is being updated and implemented through separate processes. In December 2018, SWRCB adopted Bay-Delta amendments focused on flows in the Lower San Joaquin River and its three major tributaries (the Stanislaus, Tuolumne, and Merced Rivers) for the protection of fish and wildlife. In addition, the 2018 Bay-Delta amendments included a new salinity objective for the reasonable protection of agricultural uses in the southern Delta.

Separately, SWRCB is considering possible updates for the Bay-Delta Plan that would be needed for a proposed voluntary agreement for the Tuolumne River.

SWRCB is also considering updates to the Bay-Delta Plan focused on the Sacramento River and its tributaries, Delta Eastside tributaries (including the Calaveras, Cosumnes, and Mokelumne Rivers), interior Delta flows, and Delta outflows, including consideration of proposed voluntary agreements.

In the context of the Bay-Delta Plan, local communities are highly dependent on the ecological environment and its sustainability — With this proposed CEQA exemption TBL, how will we know what the ecological impacts of the water quality control plan are and how it will affect the environment and neighboring communities?

Changes to the Bay-Delta Plan must be approved by the SWRCB and the Office of Administrative Law before becoming effective.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

Exide: Repurpose Facility Closure and Cleanup Funding. The May Revision proposes to revert \$75 million remaining of the \$132 million General Fund appropriated in the 2021 Budget Act for cleanup activities at the Exide Facility and appropriate \$35 million Lead-Acid Battery Cleanup Fund and \$40 million General Fund to loan to the Toxic Substances Control Account (TSCA) to fund continued cleanup activities. This proposal also includes provisional language to allow flexibility to spend those funds on residential cleanup or facility remediation related to the Exide Facility cleanup. Additionally, DTSC requests to reappropriate \$1.2 million General Fund and \$1 million Lead-Acid Battery Cleanup Fund to pay for ongoing storage of physical evidence related to the ongoing Exide cost recovery litigation.

Santa Susana Field Laboratory (SSFL) Litigation Contracts Costs. The May Revision requests expenditure authority of \$2 million Hazardous Waste Control Account (HWCA) in 2025-26 with a two-year encumbrance period in order to fund legal services contracts for SSFL litigation. The legal services costs will be billed through cost recovery from the three responsible parties for SSFL—the United States Department of Energy, the National Aeronautics and Space Administration, and the Boeing Company.

Implementation of Generation and Handling Fee Regulations. The May Revision requests \$837,000 HWCA in 2025-26 and ongoing, and \$1.72 million TSCA in 2025-26, and \$1,619,000 in 2026-27 and annually thereafter and nine permanent positions to support implementation of the exemption review and reporting penalty assessment processes required by newly adopted regulations, as authorized by SB 156 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2024.

Imperial County Certified Unified Program Agency Costs. The May Revision proposes an increase of \$475,000 in expenditure authority for the State Certified Program Agency (SCUPA) Account beginning in 2025-26 and ongoing. DTSC also requests to eliminate \$150,000 in reimbursement authority as it is not utilized. The SCUPA Account has a fund balance of approximately \$2.3 million to cover these costs for the next couple of years without requiring a fee increase (which last occurred in 2019).

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CalRecycle)

CalRecycle Integrated Information System. The May Revision proposes to appropriate \$45 million from various funds one-time to implement the CalRecycle Integrated Information System (CRIIS) project. CRIIS is a comprehensive initiative to modernize and migrate 30 program applications across multiple business processes into a single enterprise-wide system.

Responsible Textile Recovery Act of 2024 – Implementation of SB 707. The May Revision proposes that Item 3970-001-0133 be decreased by \$1.63 million and 18 positions ongoing, Item 3970-001-3065 be decreased by \$1.63 million ongoing, and Item 3970-001-3450 be added in the amount of \$3,26 million and 18 positions ongoing, as a technical correction to the Governor’s Budget proposal to reflect expenditures from the newly created Textile Stewardship Recovery Fund. It is further requested that Items 3970-012-0133 and 3970-014-3065 be added to authorize loans from the California Beverage Container Recycling Fund and the Electronic Waste Recovery and Recycling Account, Integrated Waste Management Fund, to the Textile Stewardship Recovery Fund for implementation costs until reimbursement is received.

ENERGY, AIR QUALITY & UTILITIES

VARIOUS DEPARTMENTS

“Cap-and-Invest”. The May Revision proposes to extend the Cap-and-Trade program and rename the program to the “Cap-and-Invest” program. Specifically, it includes the following components:

- **Trailer Bill Language.** The proposed language does the following:
 - Reauthorizes the nearly identical program until 2045. This notably maintains the following as-is (per section 4) until 2045:
 - CARB’s existing price ceiling authority ((c)(2)(A)),
 - Offset credit limit of 6%, half with direct environmental benefits to the state (DEBS) ((c)(2)(E)),
 - The 100% industry assistance factors for free allowances ((c)(2)(G)),
 - The requirement that the revenues from all additional tons sold at the price ceiling are used by California Air Resources Board (CARB) to achieve emissions reductions via offset-like projects ((c)(2)(A)(ii)(II)), and
 - Requirements for all emission reductions to demonstrate additionality ((d)(2)).
 - Contains (as does existing law from 2031 onwards) a pared-down version continuing from 2046 into the future that lacks most of the specifics described above.
 - Under current law emission reductions would still be required to be additional after 2030; under the trailer bill language, emission reductions would not need to be additional after 2045.
 - This allows the program to continue crediting emission reductions into a time where the state is required by law (AB 1279) to be carbon neutral or –negative.
 - Cleans up language to reflect the fact that where we once had a single emissions cap (AB 32) we now have multiple (SB 32 & AB 1279 as well).
- **California Climate Credit.** The May Revision proposal continues the California Climate Credit as is, with no reforms to the program.
- **High-Speed Rail.** The Administration requests at least \$1 billion annually for the High-Speed Rail Project. However, this is not reflected in the proposed trailer bill language nor is it included in the proposed budget bill language.

- **Department of Forestry and Fire Protection (CalFire) Operations Costs.** The May Revision includes a shift of \$1.5 billion from the General Fund to the Greenhouse Gas Reduction Fund to support CalFire’s fire prevention, fire control, and resource management activities on an ongoing basis. This proposal also includes a General Fund backstop to protect CalFire’s operations in the event “Cap-and-Invest” auction proceeds fall below projected revenues.
- **Motor Vehicle Account (MVA) Transfer.** The May Revision maintains the \$81 million transfer from the Greenhouse Gas Reduction Fund to the MVA, previously proposed in the Governor’s Budget.
- **Discretionary Expenditures.** The May Revision cuts the following discretionary expenditures from the Greenhouse Gas Reduction Fund in the budget year:
 - \$188 million for the Formula Transit and Intercity Rail Capital Program at California State Transportation Agency (CalSTA)
 - \$180 million for the Competitive Transit and Intercity Rail Capital Program at CalSTA
 - \$9.4 million for the California Climate Corps at the Governor’s Office of Service and Community Engagement
 - \$25 million for the Highways to Boulevards program at the California Department of Transportation
 - \$200 million for the Distributed Electricity Backup Assets Program at the California Energy Commission (CEC)
 - \$98 million for the Demand Side Grid Support Program at CEC
 - \$140 million for Fueling Infrastructure Grants at CEC
 - \$60 million for Equitable At-Home Charging at CEC
 - \$50 million for Drayage Trucks & Infrastructure at CEC
 - \$89 million for Clean Trucks, Buses and Off-Road Equipment at CEC
 - \$46 million for Emerging Opportunities at CEC
 - \$26 million for the Long Duration Energy Storage program at CEC
 - \$34 million for Hydrogen Grants at the CEC
 - \$10 million for the Tribal Wildfire and Forest Resilience program at the Department of Forestry and Fire Protection (CalFire)
 - \$15 million for the Watershed Climate Resilience program at the Wildlife Conservation Board

- \$3 million for Salton Sea at the Department of Fish and Wildlife and the Department of Water Resources (DWR)
- \$30 million for the Oroville Pump Storage project at DWR
- \$20 million for Charter Boats Compliance at the California Air Resources Board (CARB)
- \$48 million for Drayage Trucks & Infrastructure at CARB
- \$100 million for Community-Based Plans, Projects and Support / Sustainable Community Strategies at CARB
- \$47 million for Emerging Opportunities at CARB
- \$195 million for AB 617 – Community Air Protection program at CARB
- \$50 million for AB 617 – Local Air District Implementation at CARB
- \$5 million for AB 617 – Technical Assistance Grants at CARB
- \$30 million for Drinking Water/Wastewater at the State Water Resources Control Board (SWRCB)
- \$15 million for Water Recycling/Groundwater Clean Up at SWRCB
- \$7 million for the Livestock Methane Reduction program at California Department of Food and Agriculture (CDFA)
- \$25 million for Community Renewable Energy (Community Solar) at the California Public Utilities Commission (CPUC)
- \$10 million for Diablo Canyon Land Conservation and Economic Development (SB 846)

In addition, all discretionary spending previously committed to in prior year budgets are eliminated. This includes all outyear funding. All of the following items are proposed to be cut in the May Revision (except the MVA Offset):

Discretionary Cap and Trade Funding at 2025-26 Governor's Budget
(Dollars in Millions)

Department	Program	2025-26	2026-27	2027-28	2028-29
Air Resources Board	AB 617 - Community Air Protection	\$195	\$195	\$195	\$195
	AB 617 - Local Air District Implementation	\$50	\$50	\$50	\$50
	AB 617 - Technical Assistance Grants	\$5	\$5	\$5	\$5
	ZEV Programs (preexisting agreement)	\$215	\$301	\$213	
Secretary of Transportation	Zero Emission Transit Capital Program		\$230	\$460	
	Transit Inter-City Rail Capital Program and Other Transportation (Formula and Competitive (Fund Shift)	\$368	\$20		
Department of Transportation	Highways to Boulevards (Fund Shift)	\$25	\$50		
Energy Resources Conservation and Development Commission	ZEV Programs (preexisting agreement)	\$385	\$299	\$387	
	ZEV Fueling Infrastructure Grants (Fund Shift)			\$99	
	Equitable Building Decarbonization (Fund Shift)			\$93	
	Distributed Electricity Backup Assets (Fund Shift)	\$200	\$180		
	Hydrogen Grants (Fund Shift)	\$34			
	Demand Side Grid Support (Fund Shift)	\$75			
	Long Duration Energy Storage	\$26			
	Clean Energy Reliable Investment Plan (Fund Shift)	\$18	\$150	\$50	\$650
Public Utilities Commission	Community Renewable Energy (Community Solar)	\$25			\$25
Department of Forestry and Fire Protection	Fire Prevention Grants (Fund Shift)			\$42	
	Unit Fire Prevention Projects (Fund Shift)			\$26	
	Tribal Wildfire and Forest Resilience (Fund Shift)	\$10			
Department of Food and Agriculture	Livestock Methane Reduction (Fund Shift)	\$7			
	State Water Efficiency and Enhancement Program (Fund Shift)		\$21		
	Ocean Protection/SB 1 Implementation (Fund Shift)		\$37		
Department of Conservation	Regional Forest & Fire Capacity (Fund Shift)			\$20	
	Oil Well Plug and Abandonment (Fund Shift)		\$50		
Department of Water Resources	Oroville Pump Storage (Fund Shift)	\$30	\$100	\$100	
Wildlife Conservation Board	Watershed Climate Resilience	\$15			
Cal EPA	Environmental Justice Action Grants (Fund Shift)		\$5		
Department of Toxic Substances Control	Vulnerable Community Toxic Clean-Up (Fund Shift)		\$42		
State Water Resources Control Board	Drinking Water/Wastewater (Fund Shift)	\$30			
	Water Recycling/Groundwater Clean Up	\$15			
Office of Planning and Research	California Climate Action Corps (Fund Shift)	\$9	\$9	\$9	\$0
Various	Salton Sea (Fund Shift)	\$3			
Various	Diablo Canyon Land Conservation and Economic Development (SB 846) (Fund Shift)	\$10	\$50	\$50	
Air Resources Board	Motor Vehicle Account Offset	\$81			
Total		\$1,831.7	\$1,794.3	\$1,799.4	\$925.0

- **Control Section 15.14 Amendments.** The May Revision proposes to eliminate the reporting requirements focused on climate change adaptation and resiliency, environmental quality, and public health for various appropriations, as these appropriations are eliminated under the May Revision.

3360 CALIFORNIA ENERGY COMMISSION

Offshore Wind. The May Revision cuts \$42.8 million General Fund in 2025-26 for the development of offshore wind at the CEC. The administration requests to backfill the like amount from Proposition 4 Climate Bond funds. This was originally a part of a \$45 million appropriation for offshore wind infrastructure investments in the 2022 Budget.

Clean Transportation Program Block Grant Trailer Bill Language. The May Revision includes trailer bill language that revises eligibility requirements for the Clean Transportation Program by eliminating the restriction that block grants or incentive programs be administered by public entities or not-for-profit technology entities and by expanding the category to authorize this funding for block grants or incentive programs for zero-emission vehicle infrastructure.

Emergency Reliability, Load Flexibility and Demand Reduction Trailer Bill Language. The May Revision includes trailer bill language that requires any funds allocated to the School Energy Efficiency Stimulus Program (CalSHAPE) that are unencumbered as of July 1, 2025, be reverted and returned to the electrical corporation or gas corporation and used to reduce ratepayer charges that support the Emergency Load Reduction Program, or any other existing utility emergency grid reliability, load flexibility, or demand reduction program.

Alternative Fee Structure for the Power Plant Licensing and Compliance Programs Trailer Bill Language. The May Revision includes trailer bill language that would change the existing certification process for power plants, energy storage systems, and related facilities at the CEC. Specifically, it requires a person submitting an application for certification to submit with the application a nonrefundable deposit of \$750,000 and would require the applicant to pay all costs incurred by the Energy Commission in processing the application; require the Energy Commission to provide invoices for additional fees, at least annually, for the actual costs incurred by the Energy Commission in excess of the deposit; increase the annual fee to \$70,000 for each year the facility retains its certification; and specify that the petition fee is nonrefundable.

Electric Program Investment Charge (EPIC) Program Follow-on Funding Extension Trailer Bill Language. The May Revision includes trailer bill language extends the CEC's follow-on funding authority for the EPIC program January 1, 2031. The EPIC program is a ratepayer-funded program, intended to fund scientific and technological research to accelerate innovation in the electricity sector to meet the state's energy and climate goals.

Expediting Clean Energy Development. The May Revision includes \$1.9 million Energy Facility Licensing and Compliance Fund and 9 positions through 2028-29 to support the California Energy Commission's Opt-in clean energy and advanced manufacturing permitting program. Additionally, the May Revision includes statutory changes to the program's project application fee structure to align it with current program needs.

3900 CALIFORNIA AIR RESOURCES BOARD

California Climate Investments Administration. The May Revision includes \$666,000 from the Greenhouse Gas Reduction Fund ongoing to convert three limited-term positions to permanent to provide technical assistance to agencies administering the California Climate Investments programs for quantification, reporting, and policy guidance to maximize greenhouse gas (GHG) reductions and ensure benefits to disadvantaged communities and low-income communities and households.

Legal Resources to Respond to Federal Actions. The May Revision includes \$1.9 million from the Air Pollution Control Fund for eight positions for its Legal Office to support the significant workload attributable to the current federal administration in the form of affirmative and defensive litigation, as well as associated e-discovery, records management, and administrative support.

Revised Regulatory Fee Authority Trailer Bill Language. The May Revision includes a revised version of the Regulatory Fee Authority trailer bill language that was originally a part of the Governor's Budget. This proposal narrows the regulatory fee authority to the Transport Refrigeration Unit and Commercial Harbor Craft regulations.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION

Community Renewable Energy and Storage. The May Revision cuts \$33 million General Fund for programs funding community renewable energy projects at the CPUC. This is a part of the Clean Energy Reliability Investment Plan (CERIP), a \$1 billion commitment to clean energy programs as part of the Diablo Canyon Power Plant extension agreement.

California Lifeline – State Operations and Local Assistance. The May Revision includes \$528 million in 2025-26 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund (0471) for the Universal LifeLine Telephone Service Program to provide low-income California households with basic, high-quality wireless and wireline services at affordable rates in accordance with the Public Utilities Code section 871 et seq.

Safe Battery Energy Storage Systems. The May Revision includes \$3.7 million Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2025-26 and 2026-27, and \$2.9 million ongoing PUCURA and 12 positions in 2027-28 to support compliance and enforcement of safety standards for large-scale, electric grid connected battery energy storage systems at the CPUC.

Staff Recommendation: Hold open all items in this agenda.