California State Assembly

Hearing Agenda

Assembly Budget Subcommittee No. 4
on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, March 4, 2026
9:30 A.M. – State Capitol, Room 447

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Non-Presentation Items: The following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subcommittee Chair or request a presentation by the Administration at the discretion of the Subcommittee Chair. Members of the public are encouraged to provide public comment on these items at the designated time.

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Presentation Items

0540 Secretary of the Natural Resources Agency

Issue 1: Opening Remarks – Secretary Wade Crowfoot

The California Natural Resources Agency Secretary, Wade Crowfoot, will provide opening remarks on the 2026-27 proposed natural resources budget.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Across the agency, how has the State's work been impacted by the Federal Administration and the changes it's made in the resources space? Where are the largest impacts?

2. Reflecting on your eight years as Agency Secretary, which investments stand out as your proudest achievements, and what actions are necessary in the next 8 years to build on that momentum?

3. Investments in prevention within the natural resources space often yield the highest returns; however, demonstrating and communicating the value of those investments can be challenging when success is defined by the absence of harm. How can we more effectively tell the story of prevention and make the benefits of these efforts visible and compelling?

4. How has the State's relationship with California Tribes changed over the past eight years, and what have you learned about resource and land stewardship from partnerships with California Tribes?

5. One of the Agency's goals with Proposition 4 is to make grants funded by the climate bond more accessible. What have historically been the challenges for the Agency in increasing accessibility? What have you done or are planning to do to address those challenges with Prop. 4?

6. What progress has been made on the Prop. 4 requirement that at least 40 percent of total funds must go to projects that benefit vulnerable populations or disadvantaged communities?

Staff Recommendation: Informational, no action needed.

Legislative Analyst's Office

Issue 2: Overarching Comments on the 2026-27 Resources Budget – Legislative Analyst's Office

This information is excerpted from the LAO's publication - The 2026-27 Budget: Framework for Approaching the Natural Resources, Environmental Protection, And Agriculture Budget

Budget Decisions for Environment-Related Programs are Affected by State's Fiscal Challenges. Consideration of the Governor's specific natural resources, environmental protection, and agriculture proposals must take place against the backdrop of the larger budget condition and context. The Governor's January budget proposal is roughly balanced—yet it is predicated on projections that state revenues will remain on their current trend and does not incorporate the risk of a stock market downturn, which we believe is elevated. Moreover, both the administration and our office project significant and persistent structural deficits undergirding the state's budget and threatening California's fiscal stability.

Administration Clearly Used Judicious Approach in Crafting 2026-27 Environment Budget, but Even Justifiable Proposals Come with Trade-Offs. While we have concerns about the overall budget structure, the administration deserves credit for how it crafted its proposals for natural resources, environmental protection, and agriculture. Specifically, the Governor's budget contains a limited amount of new spending for these departments, and most of the proposals are primarily focused on responding to near-term risks. The Legislature may find it needs to approve some level of new expenditures—even from the General Fund—such as to address pressing health and safety concerns. However, in the context of a budget deficit, any new spending from the General Fund will essentially come at the expense of existing expenditures. While new spending proposals from special funds do not have a direct General Fund impact, in some cases the Legislature can use special funds to help address its budget problem, so we recommend using a discerning set of standards when evaluating all new spending proposals, regardless of fund source.

Recommended Framework for Approaching Environment Budget Decisions. In light of projected deficits and the need to balance new commitments against existing program obligations, we offer the following criteria the Legislature could use in reviewing the Governor's new environment-related spending proposals and in crafting its overall budget.

1. ***Apply a Very High Bar When Approving New Proposals.*** Prioritize proposals that address critical health and safety concerns or other time-sensitive objectives.

2. ***Reject Proposals That Fail to Meet This High Bar.*** Certain activities might merit consideration under different fiscal conditions, but do not address urgent needs and therefore do not meet the high bar for approval.
3. ***Consider Modifying Proposals to Reduce Pressure on the General Fund.*** Explore options for alternative funding sources and consider funding priority proposals at a lower level.

4. ***Take Steps to Address the Budget Condition.*** Evaluate whether recent augmentations and agreements still represent the state's highest priorities, begin the process of identifying potential additional budget solutions, and avoid adopting policies that will create additional out-year budget pressures.

5. ***Ensure Remaining Expenditures Focus on the Most Important Activities.*** Consider revisiting the mix of remaining funding to ensure it supports the state's highest priorities.

Panel

- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. One of the LAO's recommendations is to begin addressing the budget's structural imbalance in this budget cycle. However, as the LAO's analysis also notes, reductions in services can have immediate negative impacts on health and safety. How does the LAO recommend weighing the benefits of implementing budget solutions now against the risk of causing unnecessary harm by making reductions before a deficit has fully materialized?

2. The 2026-27 proposed budget, in total state funds, is $349 billion. The natural resources and environmental protection budgets comprise 4.2%, or a little over $15 billion, of that $349 billion. What role does the LAO think the environmental departments should play in solving our long-term budget problem, given the smaller proportional share that these budgets represent in the total state budget? How should the Legislature weigh this consideration against how cuts in other areas of the budget may impact the imminent health and safety of Californians?

3. In your publication, you apply a recommended framework for approving, rejecting, and modifying certain proposals a part of the Governor's budget. Can you walk through an example from each of these buckets to help illustrate how to use the framework throughout the hearing process?

Staff Recommendation: Informational, no action needed.

Various

Issue 3: Prop. 4 – Safe Drinking Water, Drought, Flood, and Water Resilience

Proposition 4 includes a total of $3.8 billion for water-related activities. As shown in the figure below, the Governor proposes to appropriate $792 million in 2026-27. After accounting for the $1.2 billion appropriated in 2025-26, this would leave $1.8 billion (47 percent) available for future years.

Chapter 2. Safe Drinking Water, Drought, Flood & Water Resilience

($ in Millions)

Department	Program	2025-26	2026-27 Proposed	Bond Total
State Water Resources Control Board	Water Quality & Safe Drinking Water	$183	$160	$585
	Tribal Water Infrastructure	$11	$13	$25
	Multibenefit Urban Stormwater Management Projects	$1	$39	$110
	Water Reuse & Recycling	$153	$78	$386
	Cross-Border Rivers & Coastal Waters (Tijuana & New River)	$47	$0.7	$50
Dept. of Water Resources & State Water Resources Control Board	Water Data Management & Stream Gages	$8	$1	$15
Dept. of Water Resources	Groundwater Storage/Banking/ Recharge & Instream Flow	$30	$20	$386
	Brackish Desalination & Salinity Management Projects	$0.2	$0.6	$63
	Water Conservation in Agricultural & Urban Areas	$0.3	$1	$75
	Various Flood Management Projects	$187	$232	$550
	Dam Safety & Climate Resilience	$232	$2	$480
	Integrated Regional Water Management	$0.5	$2	$100
	Riverine Stewardship Projects	$1	$5	$50
	Urban Streams Restoration Program	$1	$11	$25
	Regional Conveyance Projects & Repairs to Existing Conveyances	$3	$0	$75
Natural Resources Agency		$0	$69	

Dept. of Conservation	Multibenefit Land Repurposing Program	$32	$65	$200
California Water Commission	Water Storage Investment Program	$74	$0	$75
Los Angeles Rivers & Mountains Conservancy	Climate Resiliency & Protection of the Los Angeles River Watershed	$0.6	$11	$40
Santa Monica Mountains Conservancy		$20	$6	$40
State Coastal Conservancy	Santa Ana River Conservancy	$10	$0.2	$25
	Coyote Valley Conservation Program	$3	$14	$25
	West Coyote Hills Program	$0	$23	$25
Natural Resources Agency	Wildlife Refuges & Wetland Habitat Areas	$0.2	$0.2	$25
	Clear Lake Watershed	$2	$17	$20
	Nature, Climate Education & Research Facilities Grants	$15	$4	$20
Natural Resources Agency, Dept. of Water Resources & Dept. of Fish & Wildlife	Salton Sea Management Program	$148	$3	$160
Salton Sea Conservancy	Salton Sea Conservancy	$2	$3	$10
Wildlife Conservation Board	Lower American River Conservancy	$3	$0	$10
	Stream Flow Enhancement Program	$21	$11	$100
	Habitat Enhancement & Restoration Program	$11	$0.5	$50
	Total	**$1,199**	**$792**	**$3,800**

Descriptions of Programs for Proposed Spending

Below are brief descriptions of the programs with proposed investments in the Administration's spending plan:

- Water Quality and Safe Drinking Water - grants or loans that improve water quality or help provide clean, safe, and reliable drinking water.

- Tribal Water Infrastructure - projects that provide safe, clean, and reliable drinking water to tribal communities.

    - None of the $11 million appropriated in 2025-26 has been committed because emergency regulations have not been developed. The Water Board plans to draft emergency regulations following the preparation of this year's 2026-27 Drinking Water State Revolving Fund Intended Use Plan.

- Multi-benefit Urban Stormwater Projects - projects addressing flooding in urbanized areas and provide multiple benefits; examples include stormwater capture and reuse, planning and implementation of low-impact development, restoration of urban streams and watersheds, debris flow mitigation, and increasing permeable surfaces to help reduce flooding.

    - The Water Board has been outreaching with stakeholders and plans to post draft guidelines and draft emergency regulations in July 2026 for public review and comment. The Water Board plans to adopt guidelines and emergency regs in October 2026. Following the Office of Administrative Law's approval of emergency regulations, the Water Board will open the solicitation for these project funds.

- Water Reuse and Recycling - projects include treatment, storage, conveyance, and distribution facilities for potable and non-potable recycling projects, distribution infrastructure to serve residential, commercial, agricultural, and industrial end user retrofit projects to allow use of recycled water, and multiple-benefit recycled water projects that improve water quality.

    - The Water Board is preparing 9 new applications and revising 6 existing applications. These 15 projects will receive the $153 million of Prop. 4 appropriated in 2025-26.

- Cross-Border Rivers and Coastal Waters (Tijuana and New River) - loans or grants for projects that will address water quality problems arising in the California-Mexico cross-border rivers and coastal waters.

- Water Data Management and Stream Gages - improve water data management and to reactivate existing stream gages and deploy new gages.

    - The Water Board's Division of Water Rights is working with the Water Data Consortium on allocating these funds. The initial set of projects will focus on planning within a new watershed to expand a telemetry pilot project and preparing a technical and engineering contract for installing and administering telemetry equipment and data. Division staff are working with the Data Consortium to bring in local water users and partners, which is a slower process but key to long-term success of the project.

- Groundwater Storage/ Banking/ Recharge & Instream Flow - projects related to groundwater storage, groundwater banking, groundwater recharge, or instream flow projects that support the conjunctive use of groundwater and surface water supplies.

    - The funding proposed for 2026-27 is planned for the San Joaquin River Restoration Program's Rock Ramp Project. Most of the funding in the pot will be made available for competitively awarded local assistance grants through DWR's Sustainable Groundwater Management (SGM) Grant Program. The department's current plan is to conduct public scoping meetings in late Quarter 1 of 2026. These

meetings will solicit guidance on how to prioritize SGM Grant Program funding. Guideline and Regulation development will begin shortly after the public scoping meetings. The intent is to have the Regulations finalized/approved in 2027 and to initiate the solicitation immediately after approval.

- Brackish Desalination and Salinity Management Projects - capital investments in brackish desalination, contaminant and salt removal, and salinity management projects to improve California water and drought resilience.

- Regional Conveyance Projects and Repairs to Existing Conveyances - competitive grants for regional conveyance projects or repairs to existing conveyances with priority given to projects that improve regional or interregional water supply or water supply reliability, improve groundwater recharge or mitigation of conditions of groundwater overdraft, salinity intrusion, water quality degradation, or subsidence, adapt to impacts of hydrologic changes, improve water security from drought, natural disasters, or other events that could interrupt water supplies, or provide safe drinking water.

    - The Administration is proposing to use $45 million of the $75 million pot for repairs to the State Water Project. Proposition 4 funding would be used to address five near-term subsidence remediation projects along the State Water Project, and will restore lost capacity at five key locations along the aqueduct while a permanent long-term subsidence solution is developed.

      The remaining balance ($30 million) will be awarded as competitive grants for new conveyance projects that deliver regional or interregional benefits, such as water supply reliability, safe drinking water, increased groundwater recharge, and improvements to water security.

- Water Conservation in Agricultural and Urban Areas – program still in development; Department of Water Resources plans to use the initial year to focus on scoping a grant program in combination with the $100 million set aside for integrated regional water management projects; the department will adjust funding needs in out-years based on the scoping process.

- Various Flood Management Projects – includes the following sub-allocations:

    1. Flood Control Subventions Program – provides financial assistance to local agencies partnering with the U.S. Army Corps of Engineers (USACE) to construct federally authorized flood control projects that are not part of State Plan of Flood Control facilities. Currently, DWR is partnering with local agencies to provide funding for ten active and two future projects. This proposal requests $23.8 million in 2026-27, reflecting remaining project funding.

    2. Funding for State Plan of Flood Control Projects will be allocated across three different flood programs:

a. Small Communities Flood Risk Reduction Program ($14.4 million): Funding will be used to plan and implement projects that will address climate change impact risks, repair known deficiencies in the State Plan of Flood Control Projects flood management facilities (such as levees, weirs, and channels), and improve operation and maintenance of facilities that are vital to flood safety and the economy of more than 60,000 residents in the small communities of the Central Valley.

b. USACE Projects/Studies and the Urban Flood Risk Reduction Program ($109.1 million) to support the state cost-share of critical flood risk reduction projects. USACE leads the design and construction of these projects, which directly contribute toward 300-year flood protection required under Chapter 364, Statutes of 2007 (Senate Bill 5), and will benefit various disadvantaged communities in Lathrop/Manteca, Natomas, West Sacramento, and the Stockton area.

c. Systemwide Flood Risk Reduction Program ($24.1 million): Funding will be allocated to the Yolo Bypass levee enhancement and repair work that supports systemwide flood risk reduction.

- Dam Safety and Climate Resilience – projects to enhance dam safety and reservoir operations and protect public benefits pursuant to the existing Dam Safety and Climate Resilience Local Assistance Program.

    - The administration is not requesting new funding in 2026-27, as the first round ($228 million) of project funds from 2025-26 are expected to be committed through 2026-27.

- Integrated Regional Water Management – funding from this suballocation will be combined with funding from the Water Conservation in Agricultural and Urban Areas pot for a single grant program. The department will adjust funding needs in out-years based on the scoping process. DWR shared a Survey for Public Input on February 13th to receive public feedback and ensure the program is designed to effectively support watershed-scale solutions, local priorities, equity considerations, and climate resilience goals across California.

- Riverine Stewardship Projects – requested funding for the 2026-27 fiscal year includes $513,000 in Technical Assistance, and $3.9 million in Project funding to implement the North Fork Feather Above Almanor Fish Passage Project (NFFAA) Phase II and other cold water expansion projects that provide access to high-quality, historically available spawning habitats that are resistant to climate change and currently inaccessible or out of reach to migrating salmon.

- Urban Streams Restoration Program - for multiple-benefit urban stream and river projects under the Urban Streams Restoration Program established in Section 7048 of the Water

Code that protect and restore riparian habitats, improve climate resilience, enhance natural drainages, protect and restore watersheds, and provide public access.

- The $10.6 million requested for FY 2026-27 includes $625,000 in Technical Assistance, and $10 million in Project funding. The Urban Streams Restoration Program plans to expend all Program Delivery and Technical Assistance funding within FY 26-27. Criteria for receipt of funding from the Urban Streams Restoration Program will be determined through the Regulations or Guidelines.

- Multibenefit Land Repurposing Program - Department of Conservation's Multibenefit Land Repurposing Program for groundwater sustainability projects that reduce groundwater use, repurpose irrigated agricultural land, provide wildlife habitat, improve drought resilience or floodwater management, or support implementation of the Sustainable Groundwater Management Act.

  - The combined amount of funding from FY 2025-26 and the proposed funding requested in the budget year is expected to support 16 regional block grants at $2-4 million per grant, up to 6 implementation grants to augment existing block grantees' work at $4-6 million per grant, and $6-12 million in Tribal Resilience grants.

- Water Storage Investment Program – administered the California Water Commission; funds large-scale water storage projects in California, including surface reservoirs, groundwater storage, and conjunctive use projects.

- Climate Resiliency and Protection of the LA River Watershed - projects that improve the climate resiliency or the protection of the Los Angeles River Watershed or are consistent with the Lower Los Angeles River Revitalization Plan.

- Santa Ana Conservancy – within the State Coastal Conservancy, the Santa Ana Conservancy addresses the resource and recreational goals of the Santa Ana River region including open space, trails, wildlife habitat, agricultural land protection, water quality protection, educational use, and public access.

  - Several projects are currently in the planning stage and will be moving into implementation in the next couple of years, which will utilize the $10.2 million authorized from this suballocation in 2025-26. In Orange County, the OC River Walk will make improvements to the riverbank and Santa Ana River Trail amenities. In Riverside County, the Gateway Parks project, is a portfolio of nine parks along the Santa Ana River Trail that are currently being designed and expected to be construction ready by the beginning of 2026. The first Gateway Parks project to go to construction will be the Martha McLean Anza Narrows Parks in Riverside by April 2026. In San Bernardino County several trail segments are also under design and construction including Reach III and Reach IV-A and anticipates requesting construction funds for additional trail segments in the next couple years.

- Coyote Valley Conservation Program – to be administered by the State Coastal Conservancy to protect and restore watersheds through the Coyote Valley Conservation Program in Santa Clara County.

    - The Santa Clara Valley Open Space Authority and Coastal Conservancy plan to combine the funding appropriated in FY 2025-26 with the funding requested in 2026-27 to move a package of acquisition projects forward. The set of acquisition projects across mid-Coyote Valley that are currently under negotiation total $17.25M. There is a total of $17.25M with 2025-26 and 2026-27 funds.

- West Coyote Hills Program – to be administered by the State Coastal Conservancy to protect and restore watersheds through the West Coyote Hills Program.

    - Funding will support a new, accelerated land acquisition of both West Coyote Hills Phases 2 and 3 acquisitions. Chevron is drafting a Purchase and Sale Agreement with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for a deeply discounted sale of the entire property for a total of $95 million or less. SCC will contribute the full West Coyote Hills Program allocation requested in 2026-27 to this acquisition.

- Wildlife Refuges and Wetland Habitat Areas - projects that improve conditions on wildlife refuges and wetland habitat areas; projects may include the acquisition and delivery of water from willing sellers and water conveyance rights to achieve compliance with Central Valley Project Improvement Act, a federal law passed in 1992 that reformed the operation of California's Central Valley Project (CVP) to include environmental protections along with its traditional water supply function, and the acquisition of water and conveyance rights for the Lower Klamath National Wildlife Refuge.

- Clear Lake Watershed – to be administered by the Natural Resources Agency, to improve the climate resiliency or for the protection of the Clear Lake Watershed.

    - Funding from this section will be used for projects identified by the Blue Ribbon Committee for the Rehabilitation of Clear Lake (BRC). As there is a backlog of unfunded projects, the BRC will develop a priority list of projects to be funded by the Climate Bond in 2026-27. CNRA staff will administer the grants as they are identified by the BRC.

      Additionally, $1.5 million will be provided as a direct grant to the California Department of Food and Agriculture, available for a period of three years, to support aquatic weed eradication efforts targeting Hydrilla verticillata, an invasive aquatic weed in Clear Lake.

- Nature, Climate Education and Research Facility Grants - funding will support nature and climate education and research, to support the state's related goals as well as those pertaining to biodiversity and cultural literacy; this will be a competitive grant program with

an anticipated solicitation release in February 2026 with awards announced in February 2027. This program will combine funding from the water chapter and the outdoor access chapter.

  - Remaining funding from this section will be combined with the remainder from Chapter 8, Section 94050, to create a competitive grant program to fund capital projects at nature and climate education and research facilities, nonprofit organizations, public institutions, natural history museums, zoos, aquariums, and geologic heritage sites. The anticipated solicitation release is February 2027 with awards announced in February 2028.

- Salton Sea Management Program – funding to further the Salton Sea Management Program, which includes a myriad of restoration projects at the Salton Sea to protect public health and restore environmental habitat for native species.

  - The 2024-25 budget included ongoing state operations resources for the multi-agency Salton Sea Management Program to be funded by the Salton Sea Lithium Fund beginning in 2026-27. Given lower than anticipated revenues in the Salton Sea Lithium Fund, planned expenditures from the Fund for Salton Sea Management Program activities at the Natural Resources Agency, Department of Fish and Wildlife, and Department of Water Resources must be shifted to the Climate Bond on a temporary basis in 2026-27 and 2027-28.

- Salton Sea Conservancy and Salton Sea Authority – CNRA has conducted outreach and engagement to each of the 22 appointing entities to the Conservancy to ensure the appointing entities are familiar with the Conservancy's charge pursuant to SB 583. CNRA has also secured nominations from the majority of appointing entities to the Conservancy and continues to work with appointing entities who have asked for additional time.

  - Consistent with the SB 583 BCP approved as part of the 2025-26 budget, funds will be used for Conservancy staffing and for key contracts to establish administrative services and operations support, such as HR, accounting, meeting support, and procurement of equipment, supplies and office space.

- Lower American River Conservancy – administered by the Wildlife Conservation Board, grants to restore, enhance, interpret, protect, and improve public access to the American River Parkway's natural, recreational, educational, and cultural resources.

- Stream Flow Enhancement and Restoration Program - projects pursuant to the guidelines of the Stream Flow Enhancement Program, including the acquisition of water or water rights, acquisition of land that includes water rights or contractual rights to water, and short- or long-term water transfers and leases.

Panel

- Meghan Larson, Finance Budget Analyst, Department of Finance
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Department representatives with suballocations in this bond chapter will also be available to answer questions on specific proposed expenditures.

LAO Comments

Nearly two-thirds of this chapter of the bond is dedicated to five program areas within DWR and the State Water Resources Control Board (SWRCB): flood management, dam safety, groundwater management/instream flow, drinking water, and water recycling.

The 2026-27 proposal emphasizes three of these areas, while mostly deferring providing funding for the other two. Specifically, the Governor proposes providing $232 million for three flood programs, $173 million for drinking water, and $78 million for water recycling, but only $20 million for groundwater management/instream flow and $2 million for dam safety (state operations only).

DWR indicates that it plans to request appropriation of most groundwater project funding in 2027-28 following engagement with groundwater sustainability agencies as well as public scoping meetings in 2025-26 and development of guidelines and regulations in 2026-27. (Funding in 2026-27 would support a DWR-led fish passage project that is part of the San Joaquin River restoration.) Additionally, DWR notes that it has been developing guidelines and regulations for the Dam Safety Program and will solicit proposals in 2026-27 using funding it received in the current year.

Within flood programs, the budget proposes $60 million for maintenance of Sacramento-San Joaquin Delta levees. Additionally, separate from Proposition 4, the budget proposes $14 million one-time from the General Fund for DWR to support habitat mitigation that is required whenever Delta levee maintenance projects are undertaken. Without that support for mitigation, DWR's ability to proceed with Proposition 4-funded levee maintenance projects may be delayed.

In other water-related Proposition 4 spending categories, the budget proposes $69 million (most of the $75 million total) for regional conveyance projects and repairs. CNRA—which would administer the funding—indicates that two-thirds of the appropriation would support repairs to State Water Project infrastructure damaged by land subsidence. The budget proposes $39 million for urban stormwater management (administered by SWRCB)—the first major infusion of Proposition 4 funding for this purpose. SWRCB anticipates issuing a grant solicitation in the fall of 2026.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the Department of Water Resources provide a status update on Prop. 4 funding for the Dam Safety Program? What is the proposed $2 million for in the budget year? What are some lessons-learned from administering the $47.5 million that was provided in the 2021/2022 climate packages for this program?

2. Why did the Administration prioritize $45 million in repairs to the State Water Project instead of using those funds for a competitive grant to repair other regional conveyance infrastructure?

3. What grant outreach has occurred for the $75 million for water conservation in agricultural and urban areas? In last year's BCP, the department stated they planned to refine its out-year request based on findings from the first year's scoping process. What did you learn?

4. For departments that shared they expected a delay in implementing grant programs because of the emergency regulatory process, can you share your revised plans considering the passage of AB/SB 107 and the APA exemption for previous year and current year Prop. 4 appropriations?

5. How many years in a row has the Administration expected revenues from the Salton Sea Lithium Fund that did not materialize? What have those forecasts historically been based on and how to do you plan on adjusting them for the future?

6. Can Administration expand on how its scoping process for the Sustainable Groundwater Management Grant Program will help determine how to prioritize grant funding? In previous rounds of this grant program, how has the administration prioritized funding for projects that meet specific criteria?

Staff Recommendation: Hold Open**.**

Issue 4: Prop. 4 – Coastal Resilience

Proposition 4 includes a total of $1.2 billion for coastal resilience activities. As shown in the figure below, the Governor proposes to appropriate $107 million in 2026-27. After accounting for the $279 million appropriated in 2025-26, this would leave $804 million (67 percent) available for future years.

Chapter 4. Coastal Resilience
($ in Millions)

Department	Program	2025-26	2026-27 Proposed	Bond Total
State Coastal Conservancy	Coastal Resilience	$63	$33	$330
	San Francisco Bay Restoration Authority Act & San Francisco Bay Conservancy Program	$41	$1	$85
	Coastal & Combined Flood Management Projects & Activities for Developed Shoreline Areas	$33	$2	$350
	Dam Removal & Related Water Infrastructure	$35	$1	$75
Ocean Protection Council	Increase Ocean & Coastal Resilience to Impacts of Climate Change	$23	$15	$135
	Sea Level Rise Mitigation and Adaptation	$20	$26	$75
	Protect & Restore Island Ecosystems, Advance Climate-Ready Fisheries Management & Support the Restoration and Management of Kelp Ecosystems	$12	$0	$75
Dept. of Fish & Wildlife		$24	$10	
	Central Valley Chinook Salmon Hatcheries	$5	$20	$25
Dept. of Parks & Recreation	Sea Level Rise Adaptation Strategy	$24	$0.3	$50.0
	Total	**$279**	**$107**	**$1,200**

Descriptions of Programs for Proposed Spending

Below are brief descriptions of the programs with proposed investments in the administration spending plan:

- Coastal Resilience - administered by the Coastal Conservancy, funding would help achieve the goals and objectives in the Coastal Conservancy's Strategic Plan, which are:
    - Protect and Restore the Coast: land protection and habitat restoration projects along the coast and in coastal watersheds.

- Enjoy the Coast: public access projects, such as statewide and regional trails and lower-cost coastal accommodations.

- Climate Ready: sea level rise adaptation projects along undeveloped portions of the coast.

- San Francisco Bay Restoration Authority Act & San Francisco Bay Conservancy Program – the Conservancy received $20 million of SF Bay funds in the final 2025-26 budget in addition to the $20 million requested, for a total of $40 million. Given this additional funding (which has extended three-year encumbrance availability), the Conservancy does not anticipate needing additional funding until 2027-28.

- Coastal & Combined Flood Management Projects & Activities for Developed Shoreline Areas - funding for projects including planning and implementation of flood risk management in disadvantaged or under-resourced communities, planning and implementation of projects to help protect urban waterfronts, ports, transportation, and other public infrastructure from flooding, and projects being conducted in partnership with the US Army Corps of Engineers or FEMA/CalOES.

- Dam Removal & Related Water Infrastructure - Consistent with SB 105 (2025-26), $20 million will be made available to facilitate the Matilija Dam Removal and $5.5 million will be made available for the Potter Valley Project in Mendocino and Lake Counties. The remaining $8.5 million appropriated in 2025-26 from this section will be administered through SCC's existing, rolling grant application.

    - For Matilija, the Conservancy plans to fund planning and implementation of the discrete downstream projects that must be completed before full dam removal. These projects include property acquisitions, removing downstream infrastructure, and reconfiguring downstream infrastructure. For Potter Valley Project, the Conservancy estimates that dam removal could occur as early as 2030, and the Conservancy could support a variety of restoration projects both before, during, and after the dam removal. Additional dam removal projects will be eligible to apply for the remaining funds as well.

- Increase Ocean & Coastal Resilience to Impacts of Climate Change – administered by the Ocean Protection Council, funds will further the following priorities:

    - Marine and coastal habitat conservation, including research and monitoring, to advance 30x30, and build resilience for coastal communities.

    - Habitat restoration, including kelp forests and rocky intertidal, to support ecosystem health and coastal economies, including scientific guidance to support the creation of acreage targets.

- Reducing threats from land-based pollution, including but not limited to nutrients and plastic pollution.

- Advancing improvements in management and technology to support sustainable, climate-ready fisheries, including economically important fisheries like Dungeness crab.

- Sea Level Rise Mitigation and Adaptation – funding to implement the California Sea Level Rise Mitigation and Adaptation Act of 2021 (Ch. 236, Statutes of 2021; Senate Bill 1) and provides funding to local, regional and tribal governments to develop sea level rise adaptation plans and on-the-ground resilience projects.

  - A competitive solicitation of up to $7 million was released in January 2026 to advance sea level rise adaptation implementation projects ("Track 2") that are consistent with local sea level rise plans and planning processes. Selected projects are scheduled to be brought before the Council for approval in September 2026 with agreements executed and projects initiated by early 2027.

    The remaining $13 million will support sea level rise adaptation planning projects ("Track 1"), which are reviewed and brought to Council for approval on a rolling, quarterly basis. Given the anticipated demand of this program, it is anticipated projects will be brought to Council for approval through early 2027 with agreements executed and projects initiated in 2027.

- Sea Level Rise Adaptation Strategy – allocated to state parks to implement the Strategy; State Parks manages close to one quarter of the state's coastline with 128 coastal units.

  - Current implementation and the funding allocated in the current year is dedicated to building foundational capacity, which includes onboarding five subject matter experts and completing a coastwide vulnerability assessment by March 2026. These efforts, along with new decision-support tools launching in mid-2026, will provide the data necessary for project selection.

    Starting in late 2026, the Department will accelerate field-level projects in collaboration with coastal districts. These projects will move through planning, permitting, and design toward full implementation. Significant expenditures and project advancements are projected to continue through 2031–32, ensuring long-term resilience for California's coastal park units.

- Protect and Restore Island Ecosystems, Advance Climate-Ready Fisheries Management & Support the Restoration & Management of Kelp Ecosystems – the Administration is proposing to appropriate $9.3 million in 2026-27 to the Department of Fish and Wildlife for salmon monitoring and parental based tagging.

  - CDFW evaluated programmatic needs and determined this amount will allow for the collection and processing of tissues, scales, and associated biological data,

perform data analysis, and report results for use in tracking performance of alternative hatchery release strategies and natural origin juvenile and adult spawning, and informing forecast, abundance, and harvest models used in setting ocean and inland commercial and recreational salmon fisheries.

- Central Valley Chinook Salmon Hatcheries – the Administration is proposing to appropriate $19.8 million. Intended projects include:
    - $5.0 million to fund equipment and salmon production at Central Valley Salmon hatcheries and related administration
    - $14.8 million to fund hatchery climate resilience improvements at CDFW-owned or -operated hatcheries and related administration

Panel

- Courtney Massengale, Staff Finance Budget Analyst, Department of Finance
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Department representatives with suballocations in this bond chapter will also be available to answer questions on specific proposed expenditures.

LAO Comments

Four programs administered by SCC account for 70 percent of total authorized coastal-related funding. For these programs, the 2026-27 proposal largely consists of program delivery/state operations funding, with the exception of $33 million for coastal resilience projects, reflecting SCC's plan to allocate about $30 million annually over the coming years through this program.

Notably, relative to other bond chapters, the administration has proposed allocating a smaller share of total funding from the coastal resilience chapter of the bond across the first two years of Proposition 4 implementation—32 percent ($387 million). In contrast, when added to the 2025-26 amounts, the administration's proposals for 2026-27 would appropriate an average of about 59 percent of total authorized funding for other chapters of the bond. This distinction is due in part to SCC experiencing unanticipated delays in the emergency rulemaking process and staffing capacity constraints to administer bond funding. Because the conservancy is still working on administering current-year appropriations, the budget proposes relatively modest funding in 2026-27 along with five new positions to support implementation.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the Coastal Conservancy share how the passage of AB 107 and the APA exemption for current year Prop. 4 appropriations will impact its rollout timeline?

2. How has federal involvement in the Potter Valley Dam Removal affected the pace at which the funds appropriated from Prop. 4 will be spent? If federal involvement hasn't yet affected the pace at which this funding will flow, do you expect it to in the future? If yes, how so?

3. Can the Ocean Protection Council and the Wildlife Conservation Board provide an update on the $5 million appropriated in the current year for island restoration within PRC 90250?

4. Has the coastwide vulnerability assessment at State Parks been completed? If yes, what has Parks learned and how do you expect that to inform project selection for the Sea Level Rise Adaptation Strategy?

Staff Recommendation: Hold open.

Issue 5: Prop. 4 – Outdoor Access

Proposition 4 includes a total of $700 million for activities related to supporting park creation and outdoor access activities. As shown in the figure below, the Governor proposes to appropriate $35 million in 2026-27. After accounting for the $466 million appropriated in 2025-26, this would leave $194 million (28 percent) available for future years.

Chapter 8. Outdoor Access
($ in Millions)

Department	Program	2025-26	2026-27 Proposed	Bond Total
Dept. of Parks & Recreation	Statewide Park Program	$190	$2	$200
	Deferred Maintenance	$84	$0	$175
	Reduction of Climate Impacts on Disadvantaged Communities & Expansion of Outdoor Recreation	$107	$6	$200
Dept. of Fish & Wildlife		$10	$20	
Santa Monica Mountains Conservancy		$2	$0	
State Coastal Conservancy	Enhancement of Natural Resource Value of State Park System & Expanded Trail Access	$51	$0.7	$100
Wildlife Conservation Board		$5	$0	
Natural Resources Agency	Nature, Climate Education & Research Facilities Grants	$17	$6	$25
	Total	**$466**	**$35**	**$700**

Descriptions of Programs for Proposed Spending

Below are brief descriptions of the programs with proposed investments in the administration spending plan:

- Statewide Park Program – long-standing grant program within State Parks that funds the creation of new parks and new recreation opportunities in underserved communities across California.

- Deferred Maintenance – funding to address necessary repairs, upkeep, infrastructure, equipment and facilities upgrades across the State Park system.

- Reduction of Climate Impacts on Disadvantaged Communities & Expansion of Outdoor Recreation – per section 94020 of Prop. 4, this section of the bond provides $200 million for a broad category of uses, which could also be appropriated to any departments under the Natural Resources Agency.

- The $5 million proposed in 2026-27 for the Department of Parks and Recreation is intended to support a three-year stewardship program for the Sonoma Development Center open space lands and the initiation of a comprehensive General Plan. Building upon the 2023 jurisdictional transfer from the Department of General Services to State Parks, this project aims to enhance the trail network and natural resources and sensitive habitats within the vital wildlife corridor connecting the Marin Coast and Blue Ridge.

- The proposed $20 million for CDFW is intended for the completion of projects that will improve visitor access abilities and promote the resilience and adaptation of natural resource conservation on state owned open-space lands by ensuring that visitors have safe and appropriate amenities (restrooms, trails, designated parking areas) to access these spaces.

- Enhancement of Natural Resource Values & Expanded Recreational Opportunities – funding may be used for the protection, restoration, and enhancement of the natural resource values of the state park system and for projects to expand recreational opportunities and public access to state and public park non-motorized trails.

- Nature, Climate Education & Research Facilities Grants – the administration is proposing $6 million in the parks chapter of the bond be combined with remaining funding from Chapter 2, Section 91045, in the water chapter to create a competitive grant program to fund capital projects at nature and climate education and research facilities, non-profit organizations, public institutions, natural history museums, zoos, aquariums, and geologic heritage sites. The anticipated solicitation release is February 2027 with awards announced in February 2028.

Panel

- Courtney Massengale, Staff Finance Budget Analyst, Department of Finance
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Brian Metzker, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Department representatives with suballocations in this bond chapter will also be available to answer questions on specific proposed expenditures.

LAO Comments

Proposition 4 includes a total of $700 million for a variety of activities related to supporting park creation and outdoor access activities. The Governor's budget proposes to appropriate $35 million—5 percent—of this total in 2026-27. This total and proportion are notably lower compared to most other bond chapters, in large part because a relatively large share of funding was provided in 2025-26. The largest category of funding in 2026-27 is $26 million for projects largely implemented by CDFW (with some funding for Parks) that expand outdoor recreation and reduce

climate impacts on disadvantaged communities. The other notable category of funding is $6 million for nature, climate education, and research facilities administered by CNRA.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. What has the administration learned thus far from the California Trails survey results?

2. Can the Department of Fish and Wildlife share more about how it has or plans to use the $10 million appropriated in the current year for improving visitor access on state-owned open space lands? How will the proposed $20 million build off of that funding?

3. Can State Parks share more about its plans for the Sonoma Development Center and what the department envisions for the future of this acquired open space? How much has the state invested in managing this land since it was acquired?

Staff Recommendation: Hold Open.

3860 Department of Water Resources (DWR)

Issue 6: River Forecast and Snow Survey Resources

The Governor's budget requests $9.5 million General Fund ongoing and 15 permanent positions so the Department of Water Resources (DWR) can continue to provide 24-hour flood emergency response, issue river forecasts, and collect snow course measurements that are critical for water supply forecasting. This funding is intended to backfill federal staffing reductions at the Natural Weather Service, US Forest Service, National Park Service, and the National Resources Conservation Service.

With the sudden reduction in federal resources and services, California is now vulnerable to gaps in flood emergency forecasts and warnings vital to public safety and critical snow survey data that is the backbone to water supply forecasting. DWR is requesting staff resources to build, operate, and maintain a statewide real-time 24-hour weather, river, and reservoir inflow forecasting system that would no longer rely on federal resources and forecasting data.

Background:

Existing law requires DWR to issue real-time river and reservoir inflow forecasts and ensure statewide collection of manual snow course data. DWR historically relied on federal partnerships to perform these duties, including the National Weather Service's suite of meteorology and hydrology models to produce real-time forecasts, and for federal partners to measure nearly half of the snow courses in the state.

In early 2025, federal staffing cuts at the National Weather Service greatly reduced the capability of issuing accurate and timely statewide real-time river and reservoir inflow forecasts vital to public safety and effective water and reservoir management. Additional federal cuts to the US Forest Service, the National Park Service, and the National Resources Conservation Service have further reduced the collection and distribution of manual snow course data critical for accurate runoff forecasts and for management of droughts, floods, and wildfires.

Federal agencies measure 47 percent of the nearly 260 snow courses in California. Snow courses are permanent locations manually measured for snow depth and the amount of water released when snow melts on a regular basis. Federal agencies measure all the snow courses on 9 of 20 watersheds. Without backfilling this loss in resources caused by federal reductions, significant data gaps will occur in snow data collection throughout California. Potentially no snow course data will be collected in the Lake Shasta, Klamath, Scott, Trinity, Tuolumne, Merced, Kaweah, Susan, Truckee, and Lake Tahoe watersheds. It will also create gaps in vital state climate records necessary to track change and develop a climate resilient water management capacity in California.

	Forecasting and Emergency Response Capabilities		
	River and Meteorology Forecasting Capabilities prior to 2025	River and Meteorology Capacities with Federal Reductions	Proposed DWR State Operated River Forecasting Capabilities (this proposal)
River and Reservoir Inflow Forecasts Per Day	4	1	4
Climate and Meteorological Forecasts Per Day	4	1	4
24-Hour River Forecasting Monitoring	Yes	No	Yes
River and Reservoir Forecast Modeling System Configuration	National Weather Service Controlled Model / Informed by National Weather Service and DWR Experts	Centralized National Model / Less Control by National Weather Service and Diluted Local Expertise	State Developed and Operated / Guided by DWR Expertise
Climate and Meteorological Forecast Modeling System Configuration	National Weather Service Controlled Model / Informed by National Weather Service and DWR Experts	Centralized National Model / Less Control by National Weather Service and Diluted Local Expertise	State Developed and Operated / Informed by California Specific Climate and Weather Models
River and Reservoir Forecast Historical Data Archive	Ongoing	Discontinued	Ongoing
Climate and Meteorological Historic Date Archive	Ongoing	Discontinued	Ongoing
Hydrologic and Meteorologic Support of Related Programs (i.e. FIRO, Water Supply Forecasting, Research)	Yes	Limited capacities with big impacts to Forecast Informed Reservoir Operations programs, impaired advancements in Meteorological Forecast Programs, and general disengagement in research	Yes

Outreach to local emergency management agencies	**Yes - 24 Hours**	**Limited Hours with less capacity to participate in flood or drought emergency coordination**	**Yes - 24 Hours**

Request:

Item	Amount	New Position Authority
Statewide Real-time River Forecasting and Flood Warning Program	$6 million	14
River Forecasting Model, Database, and Dissemination System	$1 million	0
Statewide Manual Snow Surveys Program	$2.5 million	1
Total	$9.5 million	15

This funding request is solely focused on filling in the vital forecasting and data collection gaps that are a result of federal reductions.

Panel

- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Laura Hollender, Deputy Director, Flood Management and Dam Safety, Department of Water Resources
- Kasey Schimke, Deputy Director, Legislative Affairs, Department of Water Resources
- Meghan Larson, Finance Budget Analyst, Department of Finance
- Andrew Hull, Principal Program Budget Analyst, Department of Finance

LAO Comments

Under the LAO's recommended framework for approaching environment budget decisions, analysts found that this proposal addresses critical health and safety concerns, and merits consideration of budget-year funding based on their assessment of the proposal.

- ***DWR: River Forecasting and Snow Survey Resources.*** *The* budget proposes $9.5 million ongoing from the General Fund and 15 positions to replace critical river forecasting and snow survey activities that previously were conducted by the federal government. Reductions in federal staffing and capacity are leading to gaps in vital information that the state and local entities use to forecast water supply and floods, provide 24-hour flood-emergency response, and manage reservoirs.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Why is the department opting to build a permanent program instead of a pilot or temporary program?

2. Has the department been in contact with federal staff that were laid off as a result of reduced support for federal programs? Are these individuals potential candidates for the state program?

3. Can the department share the impacts to the Forecast Informed Reservoir Operations program resulting from federal funding reductions? How could having a state run system complement this program?

4. Does the state know how the federal government is currently making water management decisions without data from some major watersheds, particularly Shasta? If approved in the budget, would the state share data from this new program with the federal government? Would it make sense to require cost sharing if that happens?

Staff Recommendation: Hold Open.

3340 California Conservation Corps (CCC)

Issue 7: Wildfire Readiness Seven-Day per Week Schedule – CCC Hand Crews

The Governor's budget requests an augmentation of $11.66 million General Fund in fiscal year 2026-27 and $10.786 million General Fund ongoing to fund 49.0 positions and 47.0 full-time equivalent Corpsmember and Special Corpsmember positions to implement a year-round, seven-day per week schedule for the CCC's Fire Program. This would provide adequate relief and support positions to allow CCC to align with the California Department of Forestry and Fire Protection's (CAL FIRE) Fire Fighter Hand Crew Program schedule.

Background:

The CCC, established in 1976 under Public Resources Code section 14000(d), partners with CAL FIRE to staff 33 fire fighter hand crews, combining fire suppression with workforce development. Since 2009, the program has grown from two CCC firefighter hand crews to 33 today.

The CCC has faced persistent challenges in maintaining operational crew staffing due to the absence of a dedicated relief staffing factor within crews themselves. To meet CAL FIRE operational standards, each crew must include at least one Conservationist I (C-I, Crew Supervisor) and 12 Corpsmembers. Without a relief factor built into staffing allocations, even a single vacancy—whether caused by illness, injury, vacation, medical leave, training, turnover, or promotion—results in a crew being decommissioned. Almost 20 percent of CCC crews have been non-operational (i.e., unavailable) on average for the last five years due to absences of relief staffing.

The requested resources immediately address these staffing shortfalls.

CCC hand crews play an important role in fire suppression and achieving CAL FIRE's goal of containing 95% of wildfires at 10 acres or less. As the fire season extends beyond typical base and peak staffing seasons, CAL FIRE has started transitioning to year-round staffing of fire fighter hand crews. With this request, the CCC plans to align its staffing capacity with CAL FIRE's year-round staffing model.

Panel

- Brian Metzker, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Julianne Rolf, Staff Finance Budget Analyst, Department of Finance
- Vy Nguyen, Principal Program Budget Analyst, Department of Finance
- JP Patton, Director, California Conservation Corps
- Ray Garcia, Statewide Programs, Deputy Director, California Conservation Corps
- Matthew Sully, Deputy Director, Cooperative Fire Protection, CAL FIRE

LAO Comments

Within the LAO's recommended framework for approaching environment budget decisions publication, this proposal is cited as an example where the proposal may be scaled up or down.

Consider Funding Priority Proposals at a Lower Level. Several of the Governor's proposals involve activities that can be scaled up or down, with the level of funding determining the scope of work that can be undertaken. Providing less funding in 2026-27 would still allow the Legislature to make progress toward its intended objectives, albeit at a lower level and slower pace. Clearly, such a choice would involve trade-offs, including lower levels of service, fewer public health and safety improvements, and less risk mitigation.

California Conservation Corps (CCC): Hand Crew Resources. CCC proposes $11.7 million General Fund and 49 positions in 2026-27 (as well as a similar amount ongoing) for its hand crews to operate on a daily, year-round schedule consistent with CalFire's hand crew requirements.

This augmentation would help offset a declining number of hand crews staffed by incarcerated individuals and help provide relief to existing CCC hand crews, allowing them to maintain their current capacity even when some members are temporarily unavailable due to injury or illness.

However, the Legislature could consider downsizing the proposal by prioritizing funding for positions that provide staffing relief to existing hand crews to reduce their attrition and burnout. Providing less funding and fewer positions would mean sustaining the existing, more limited hand crew availability during five months of the calendar year. (The Legislature also might consider whether some portion of crew operations could qualify for federal or other reimbursement, such as from work on fuels reduction projects.)

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the department share what it would cost and how many positions it would need to fully staff the current CCC crews for a 5-day work week, instead of a 7-day work week?

2. Can the CCC an CAL FIRE explain some of the key differences between a CCC hand crew compared to a CAL FIRE hand crew? How do those differences currently impact the CCC's ability to fully staff hand crews?

3. Per the LAO's recommendations, can CCC crew operations quality for federal reimbursement or other reimbursement on fuel reduction projects?

Staff Recommendation: Hold Open.

3790 Department of Parks and Recreation

Issue 8: California State Parks Library Pass Program

The Governor's budget requests an ongoing transfer of $6,750,000 from the General Fund to the State Park Recreation Fund for the Library Pass program. The California Outdoors for All Initiative increases equitable access for Californians to visit state parks free of charge. This proposal will continue providing 33,000 State Library Parks Passes to more than 1,100 library branch locations throughout the state.

Background:

The California State Parks Library Pass program started as a 3-year pilot program in 2021-22. Since the launch of the program the number of passes provided across the library system has grown from 5,000 passes to 33,000. These are distributed to more than 1,100 library branch locations across the state.

A larger proportion of the 33,000 passes have been provided to library branch locations in areas with a high poverty index percentage and high population density. Survey data provided by users has shown that between 40 percent and 60 percent of users who have checked out the pass earn under $60,000 per year, with over 60 percent of users indicating cost of day-use fees as being the primary reason for not previously visiting state parks.

The Department has also expanded the program to provide passes to tribal libraries which are not part of the public library system. These passes can now be used by tribal members to access ancestral lands free of charge.

Other Programs:

State Parks runs other programs that allow Californians to visit state parks for free or at discount. These include:

- The California State Park Adventure Pass Program – gives fourth graders and their families who live in the state a free pass to access 54 selected state parks for a full year.

- Golden Bear Pass – provides individuals who receive supplemental security income, and income-eligible Californians over the age of 62 a free annual, vehicle day-use pass valid at 200+ state parks.

- Distinguished Veterans Pass – provides free vehicle day use, family camping and boat use at over 100 California State Parks-operated units to Honorably discharged veterans who have California residency that meet specified criteria.

- Disabled Discount – for persons with permanent disabilities, this $3.50 pass entitles the bearer to a 50% discount for vehicle day use, family camping, and boat use fees at California State Park operated units.

- Senior Citizen Discounts and Passes – for persons 62 years of age or older; permits year-round $1.00 discount for vehicle day use and a $2.00 discount for family camping in most California State Park operated units regardless of income status without the need to purchase any pass.

Panel

- Brian Metzker, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Daniel Ross-Jones, Staff Finance Budget Analyst, Department of Finance
- Lizzie Urie, Principal Program Budget Analyst, Department of Finance
- Liz McGuirk, Chief Deputy Director, California State Parks
- Crystal Flores, Deputy Director, Administrative Services, California State Parks

LAO Comments

Within the LAO's recommended framework for approaching environment budget decisions publication, the LAO recommends rejecting this proposal.

Reject Proposals That Fail to Meet a High Bar

The Governor's budget includes a few proposals that do not address critical health and safety issues or pressing near-term problems. Under different fiscal conditions, these activities might merit consideration because they advance various policy objectives, such as expanding public access to state parks or reducing greenhouse gas emissions. However, based on our assessment, these proposals do not address urgent needs or mitigate near-term risks. Given the state's current budget condition and the limited capacity for supporting new commitments, we recommend that the Legislature reject the following proposals.

- ***Parks: Library Pass Program.*** The budget proposes $6.8 million General Fund on an ongoing basis for the Library Pass Program, which distributes 33,000 park passes to more than 1,100 library branches statewide. While the program does facilitate Californians' access to parks, it does not meet a pressing health and safety need. Moreover, the state already funds a number of other free state parks pass programs, including for lower-income residents who may face more barriers to access.

Staff Comment

The Subcommittee members may wish to ask the following questions:

1. Why does this proposal merit consideration and approval under current fiscal conditions?

2. Given the other programs to increase equitable access to state parks, what unique role does this program fill?

3. Are there alternative funding sources, other than General Fund, that could support this program? If yes, what are they? If yes, can the Administration explain why they opted to use General Fund?

Staff Recommendation: Hold Open.

Non-Presentation Items

0540 California Natural Resources Agency Secretary

Issue 1: Lake Tahoe Clarity Management Tools

The Governor's budget includes $700,000 one-time in 2026-27 from the Lake Tahoe Science and Lake Improvement Account to support the Tahoe Science Advisory Council's work to understand and improve Lake Tahoe's clarity in the face of changing climate conditions.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3860 Department of Water Resources

Issue 2: California Dam Safety Program Funding

The Governor's budget requests $1.4 million in ongoing funding from the Dam Safety Fund to address new and increased operating expenses and equipment costs associated with the Department of Water Resources' Division of Safety of Dams' Dam Safety Program. This funding will support DSOD's enforcement efforts ($850,000), existing/increased travel costs ($470,000), and increased/new IT costs ($100,000).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 3: Modernization of the California Water Plan (SB 72)

The Governor's budget request $5.8 million General Fund in fiscal year 2026–27 and annually for the first five years, and $2.4 million General Fund in 2031-32 and ongoing to fulfill the requirements of Chapter 210, Statutes of 2025 (SB 72). SB 72 requires DWR to develop an actionable plan by 2033 that identifies watershed-scale actions necessary to achieve long-term water supply targets by 2040. SB 72 also requires the 2028 and 2033 updates to the California Water Plan to include planning targets for additional water, water conservation, and water storage capacity to be achieved by 2040 and 2050 respectively.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

Issue 4: San Joaquin River Restoration Settlement State Obligations – Eastside Bypass Control Structure Fish Passage Rock Ramp Project

The Governor's budget request $5.8 million General Fund in fiscal year 2026–27 and annually for the first five years, and $2.4 million General Fund in 2031-32 and ongoing to fulfill the requirements of Chapter 210, Statutes of 2025 (SB 72). SB 72 requires DWR to develop an actionable plan by 2033 that identifies watershed-scale actions necessary to achieve long-term water supply targets by 2040. SB 72 also requires the 2028 and 2033 updates to the California Water Plan to include planning targets for additional water, water conservation, and water storage capacity to be achieved by 2040 and 2050 respectively.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

Issue 5: Delta Levees Program Mitigation

The Governor's budget request $14 million one-time General Fund to support the compensatory mitigation needs of the Delta Levees Program, which includes the Delta Levees Special Flood Control Projects and Delta Levee Maintenance Subventions Programs in the Sacramento-San Joaquin Delta. Mitigation is a requirement for implementing levee safety projects in the Delta and an ineligible use of proposition funding.

LAO Comments:

Under the LAO's recommended framework for approaching environment budget decisions, analysts offered that this proposal could be scaled up or down, with the level of funding determining the scope of work that could be undertaken.

- **DWR: Delta Levees Program Mitigation**. The budget proposes $14 million one-time from the General Fund for required habitat mitigation projects associated with Sacramento-San Joaquin Delta levee projects. State law requires mitigation when a project disturbs or destroys habitat. Without mitigation funding, DWR's ability to proceed with levee maintenance projects may be delayed, putting Delta communities—and vital state water supply infrastructure—at risk of flooding from levee failure. However, up to $3 million of the proposed amount is to buy mitigation credits, yet the administration indicates that credits currently are not available for purchase. Therefore, we recommend the Legislature reduce the proposal to $11 million since $3 million may not be urgently needed or used.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

Issue 6: Urban Flood Risk Reduction

The Governor's budget request $12.5 million ($8.7 million General Fund and $3.8 million Proposition 4) to support and manage the United States Army Corps of Engineers (USACE) and Urban Flood Risk Reduction (UFRR) projects during fiscal year 2026-27.

LAO Comments:

Under the LAO's framework for approaching environment budget decisions, analysts recommend approving this proposal, as it addresses issues where additional resources might be needed to avoid higher future costs and/or serious harm.

- ***DWR: Urban Flood Risk Reduction.*** The budget proposes $12.5 million ($8.7 million General Fund and $3.8 million Proposition 4) on a one-time basis to support state operations associated with high-priority flood management projects conducted in collaboration with the U.S. Army Corps of Engineers. Absent this funding, the state would be unable to complete required project support activities (such as planning, monitoring, inspection, and close-out), placing significant federal flood funding at risk. Because Proposition 4 funding is limited to state operations associated with bond-funded flood projects, General Fund support is needed to cover the remaining costs.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

3340 California Conservation Corps

Issue 7: Deferred Maintenance

The Governor's budget requests one-time expenditure authority of $5.0 million Collins-Dugan Reimbursement Account in fiscal year 2026-27 to address high priority deferred maintenance needs.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 8: Vehicle Replacement

The Governor's budget requests $8.7 million one-time Collins-Dugan Reimbursement Account in fiscal year 2026-27 to replace 84 vehicles in its aging fleet.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 9: Greenwood Residential Center

The Governor's budget requests $12,292,000 ($6,761,000 General Fund and $5,531,000 Collins-Dugan Reimbursement Account) in fiscal year 2026-27 and $9,442,000 ($5,193,000 General Fund and $4,249,000 Collins-Dugan Reimbursement Account) in 2027-28 and ongoing to fund 24.0 positions, 100.0 Corpsmembers, and 6.0 Special Corpsmembers to fully staff the new Greenwood Residential Center, scheduled for occupancy in July 2026.

LAO Comments:

Under the LAO's recommended framework for approaching environment budget decisions, analysts offered that this proposal could be scaled up or down, with the level of funding determining the scope of work that could be undertaken.

- ***CCC: Greenwood Residential Center Staffing.*** The budget proposes $12.3 million ($6.8 million General Fund and $5.5 million in reimbursements) and 24 positions in 2026-27 (and a similar amount ongoing) to open the Greenwood Residential Center in El Dorado County.

  Since 2018-19, the Legislature has approved a total of over $73.5 million to plan and construct this new facility. CCC would use the proposed funds to hire (1) 100 new Corpsmembers dedicated to conservation work, including fire prevention and suppression activities (but not hand crews); (2) 19 on-site personnel to support daily operations at the residential center; and (3) 5 headquarters staff to help manage increased administrative workload.

  The Legislature has a couple of ways it could consider downsizing the scope and cost of this proposal. One option would be to fund and hire some amount lower than the proposed 100 new Corpsmembers. For example, CCC could allow some existing Corpsmembers to transfer to the Greenwood Residential Center instead of expanding the overall statewide corps through hiring so many new Corpsmembers. Alternatively, for greater savings the Legislature could postpone opening the residential center for a set amount of time in recognition of the budget condition. However, delaying opening and staffing the new center would mean that comparatively less conservation—including wildfire prevention—work would be undertaken.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

3790 Department of Parks and Recreation

Issue 10: Angel Island State Park: Low-Cost Accommodations

The Governor's budget requests $450,000 in reimbursement authority in fiscal year 2026-27 to the State Parks and Recreation Fund (SPRF) for the preliminary plans phase of the Angel Island State Park (SP): Low-Cost Accommodations project.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 11: Emma Wood State Beach: Low-Cost Accommodations

The Governor's budget requests $600,000 in fiscal year 2026-27 from the State Parks Contingent Fund for the preliminary plans phase of the Emma Woods State Beach (SB): Low-Cost Accommodations project.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 12: California Indian Heritage Center—Access and Community

The Governor's budget requests $842,000 General Fund in 2026-27, $805,000 General Fund in 2027-28 and ongoing, and three permanent positions, to support the California Indian Heritage Center (CIHC). These resources will develop recreational and interpretive infrastructures such as parking lots, interpretive shelters, and restrooms to enhance public access and improve visitor recreation experience at the site.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

Issue 13: Off-Highway Vehicle Trust Fund Local Assistance Grants

The Governor's Budget requests one-time funding of $29 million in 2026-27 from the Off-Highway Vehicle (OHV) Trust Fund for local assistance grants. The OHV Trust Fund provides state funds to local and state agencies and other organizations for grants that support various off-highway motorized vehicle projects and programs.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 14: Hollister Hills SVRA: Entrance Kiosk

The Governor's Budget requests $133,000 in fiscal year (FY) 2026-27 from the Off-Highway Vehicle Trust Fund (OHVTF) for the working drawings phase of the Hollister Hills State Vehicular Recreation Area (SVRA) Entrance Kiosk project in San Benito County.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 15: Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging

The Governor's Budget requests $1,000,000 in fiscal year (FY) 2026-27 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) for the construction phase of the Pfeiffer Big Sur State Park (SP): Low-Cost Alternative Coastal Lodging project in Monterey County. This continuing project includes construction of up to 15 new, lower-cost alternative lodging cabins along the coast to enhance visitor experience and increase visitors by non-traditional users within Pfeiffer Big Sur SP.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 16: Silver Strand State Beach: Low-Cost Accommodations

The Governor's Budget requests $750,000 in reimbursement authority to the State Parks and Recreation Fund (SPRF) for the working drawings phase of the Silver Strand State Beach (SB): Low-Cost Accommodations project. This continuing project will allow for the planning and initial development of low-cost accommodations at Silver Strand SB.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 17: Statewide: OHV Opportunity Purchases

The Governor's Budget requests $5,000,000 in fiscal year 2026-27 from the Off-Highway Vehicle Trust Fund (OHVTF) for the acquisition of opportunity purchases. This project will provide for the purchase of real property benefitting and supported by the Off-Highway Motor Vehicle Recreation Division (Division) throughout the state.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 18: California Indian Heritage Center

The Governor's Budget requests transfer of $2,100,000 in fiscal year 2026-27 from the General Fund to the Natural Resources and Parks Preservation Fund (NRPPF) for the construction phase of the California Indian Heritage Center (CIHC) project in Yolo County.

The Department is in the process of bidding the first construction phase of the Immediate Public Use (IPU) project. This request does not reflect a net increase to the state's share of the $200 million total; instead; it provides funding in the NRPPF to augment the project now, shifting $2.1 million from a later phase of construction to provide additional enhancements in the IPU portion of construction.

Staff Recommendation: Staff recommends holding this item open, without prejudice, as it requests General Fund.

Issue 19: Fort Ord Dunes State Park: New Campground and Beach Access

The Governor's Budget requests a supplemental appropriation of $1,000,000 in fiscal year (FY) 2026-27 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) for the construction phase of the Fort Ord Dunes State Park (SP): New Campground and Beach Access project in Monterey County. This project will result in the construction of up to 110 new campsites. Half of these will be incorporated with full utility hook-ups for recreational vehicles. This project includes other pertinent improvements, operations facilities, and a beach access trail with restrooms and paved parking.

The original design for this project included four bathroom/shower facilities, but the final design was reduced to three due to insufficient funding. This additional funding will cover the addition of the fourth bathroom/shower facility.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3125 Tahoe Conservancy

Issue 20: Conceptual Feasibility Study

The Governor's budget requests $300,000 from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund (Proposition 4) for conceptual feasibility planning for improving watershed and wildlife habitat and increasing recreational access for disadvantaged communities.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 21: Dennis T. Machida Memorial Greenway Shared Use Trail – Phase III

The Governor's budget requests $600,000 Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund (Proposition 4) for the preliminary plans phase for Phase III of the Dennis T. Machida Memorial Greenway Shared Use Trail (Project).

The Conservancy will complete plans to construct up to two miles of paved, class 1 shared-use trail, primarily on Conservancy-owned land, extending from Ski Run Boulevard to Van Sickle Bi-State Park in the City of South Lake Tahoe. This segment will add nearly two miles to the Dennis T. Machida Memorial Greenway Shared-Use Trail (Greenway), completing a significant portion of the trail that serves as the backbone of South Lake Tahoe's alternative transportation network.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 22: Minor Capital Outlay

The Governor's budget requests $500,000 ($100,000 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access Fund (Proposition 68) and $400,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84)) 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.

Additionally, the Conservancy requests the reversion of the following items:

1. 3125-301-6051, ENY 2022 (Conceptual Feasibility Planning)
2. 3125-301-6051, ENY 2024 (Conceptual Feasibility Planning)

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 23: Opportunity Acquisitions

The Governor's budget requests $6 million for the acquisition of lands in environmentally sensitive or significant resource areas. The requested funding is comprised of:

1. $1.5 million of Safe Drinking Water, Wildfire Prevention, and Drought Preparedness (Proposition 4)
2. $4.5 million of reimbursement authority to the Environmental License Plate Fund

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 24: Reappropriation of Sunset Stables Reach 6, Upper Truckee River Restoration Project

The Governor's budget requests the reappropriation of an existing $500,000 Habitat Conservation Fund capital outlay appropriation for the working drawings phase. This will allow the Conservancy to develop working drawings for the multiple- benefit Upper Truckee River, Reach 6 Project without delay.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 25: Van Sickle Bi-State Park Safety and Equitable Access Improvements

The Governor's budget requests $1 million Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund (Proposition 4) for the working drawings phase for the Van Sickle Bi-State Park (Park) Safety and Equitable Access Improvements Project (Project).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 26: Lake Tahoe and Tahoe Conservancy Funding Realignment

The Governor's budget requests a reduction of $320,000 of ongoing funding from the Lake Tahoe Conservancy Account and a reduction of $108,000 in ongoing funding from the Tahoe Conservancy Fund. The requested adjustments help to create stability in the respective fund's fiscal health.

The Lake Tahoe Conservancy Account receives its revenue from sales of a specialty license plate. Over the last ten years, sales have declined due to the popularity of other specialty plates. Due to this, the Conservancy has monitored the fiscal health of the fund recognizing that revenues have decreased while baseline funding has remained the same. The reduction of $320,000 will help to better reflect the revenues and ensure the fiscal health of the fund.

The Tahoe Conservancy Fund receives its revenue through fee transactions conducted by the Conservancy. While the revenue from lease and land bank transactions has remained steady, the projection of the fund in the out-years shows a declining balance. Due to this, The Conservancy is looking to reduce ongoing funding by $108,000 to help maintain the fiscal health of the fund.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3560 State Lands Commission

Issue 27: Regulatory Operations and Enforcement to Support Increased Import Demands

The Governor's budget requests 6.0 positions and $2,085,000 from the Oil Spill Prevention and Administration Fund in fiscal year 2026-27 and $2,040,000 ongoing to support the six new Senior Engineers, Petroleum Structures (Specialist) positions in the Marine Environmental Protection Division to meet the growing demands of the Marine Oil Terminal industry and regulatory mandates.

Because of the physical and operational complexity of the structures, components, and systems at these regulated facilities, the Marine Oil Terminal Engineering and Maintenance Standards and Article 5.5 standards are more comprehensive and specialized than traditional building standards. The requested positions will require technical expertise and understanding of structural, mechanical, electrical and pipeline engineering. To meet the growing demands of the Marine Oil Terminal industry and regulatory mandates, the Governor's budget requests to hire six (6.0) new Senior Engineer, Petroleum Structures (Specialist) positions to effectively implement the Marine Oil Terminal Engineering and Maintenance Standards and Article 5.5 regulations and adapt to the continuously evolving Marine Oil Terminal industry.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 28: Ongoing Inspections, Remediations, and Repairs of Previous Closures of Abandoned Mine Features on State-owned School Lands

The Governor's budget requests $102,000 School Land Bank Fund in fiscal year 2026-27 and ongoing to conduct the required safety inspections of abandoned mine features on school lands, use updated equipment to improve the safety of staff involved in these inspections, perform mine closures that present a safety risk to the public, and remediate features that require repair or have been breached therefore removing the safety risk to the public.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 29: Long Beach Office Lease Renewal

The Governor's budget requests $31,000 ($9,000 General Fund and $22,000 Oil Spill Prevention and Administration Fund (OSPAF)) in fiscal year 2026-27, $63,000 ($18,000 General Fund and $45,000 OSPAF) in 2027-28, $96,000 ($28,000 General Fund and $68,000 OSPAF) in 2028-29, $129,000 ($37,000 General Fund and $92,000 OSPAF) in 2029-30, and $237,000 ($69,000 General Fund and $168,000 OSPAF) in 2030-31 and ongoing to pay for the increasing difference in the projected new rent for its Long Beach Office over its existing rent after lease renewal. The lease is currently set to expire on February 28, 2027.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

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