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

Fiscal Year	Business Unit Number	Department
2026-27	3560	State Lands Commission

Hyperion Budget Request Name	Relevant Program or Subprogram
3560-006-BCP-2026-GB	2560-Mineral Resources Management and 2570-Marine Environmental Protection Division

Budget Request Title
Long Beach Office Lease Renewal

Budget Request Summary
The State Lands Commission is requesting $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.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed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

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No	Department CIO	Date

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

Project No. **Approval Date:**

Project Approval Document: **Total Project Cost:**

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

Prepared By	Date	Reviewed By	Date
Colin Connor	1/8/2026	Jennifer Coronel	1/8/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Matthew Dumlao	1/8/2026	Wade Crowfoot	1/8/2026

Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Vy Nguyen	1/9/2026

A. Problem Statement

The State Lands Commission's (Commission) Long Beach Office lease expires on February 28, 2027. Continued occupancy is necessary to support the Commission's legally mandated functions. However, the Commission cannot absorb the anticipated rent increase within existing resources and therefore requests a budget augmentation. Accordingly, the Commission is requesting $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 2030-31and ongoing.

The Commission has occupied its current office space since March 1, 2019, and the lease expires on February 28, 2027. The Commission, through the Department of General Services (DGS), has initiated the lease renewal process through a Space Action Request ("Cruise" request) and is also evaluating potential alternative locations. Preliminary indications suggest that remaining in the current office space is the most cost-effective option. The landlord has also indicated an inclination towards retaining the Commission as a lessee. Accordingly, this request is based on a lease renewal, while acknowledging that the landlord will expect regular rent increases over the new lease term. The current lease contains annual rent increases of 3 percent. Accordingly, this request is also based on the same annual rent increases of 3 percent. However, the anticipated rent increases could eclipse the estimate provided in this request based on the current office leasing market and DGS's negotiations with the landlord. The Commission will update this request, as needed, when more information from DGS is available.

Rental History – Long Beach Office

Office Specifics	Rent Year Beginning March 1, 2021	Rent Year Beginning March 1, 2022	Rent Year Beginning March 1, 2023	Rent Year Beginning March 1, 2024	Rent Year Beginning March 1, 2025	Rent Year Beginning March 1, 2026
Office Area (Sq. Ft.)	21,874	21,874	21,874	21,874	21,874	21,874
Annual Rent	$891,420	$917,802	$944,976	$972,965	$1,001,794	$1,031,488
Rent Per Square Foot	$3.40	$3.50	$3.60	$3.71	$3.82	$3.93
Annual Rent Increase (%)	---	3.0%	3.0%	3.0%	3.0%	3.0%

B. Justification

The State Lands Commission is headquartered in Sacramento but has satellite offices in Long Beach, Hercules, and a field office in Huntington Beach. The Long Beach office houses most of the staff of the Marine Environmental Protection Division (MEPD) and the Mineral Resources Management Division (MRMD), as well as staff from the Division of Environmental Science, Planning, and Management (DESPM), Land Management Division (LMD), and administrative staff. The divisions occupy a total of 21,874 square feet of office space on two floors.

MEPD and DESPM staff have regulatory authority over marine oil terminals, ballast water transfers, and marine invasive species in California waters. The Ports of Long Beach and Los Angeles are the two largest ports in California and many of these divisions' regulatory responsibilities are located there. Among other responsibilities, MRMD staff oversees the leasing and management of the Commission's mineral interests, which includes offshore oil production. Importantly, the division has engineering, inspection, and oil spill prevention responsibilities associated with oil production. Most of the Commission's offshore oil leases and agreements are in the Pacific Ocean offshore Los Angeles, Orange, Ventura, and Santa Barbara Counties. The largest offshore oil and gas operator, in terms of revenue generation for the General Fund, is located in Long Beach and MRMD staff frequently meet with the operator and City of Long Beach staff on oversight and lease management issues. Staff also need to be in this area to be able to respond promptly in the event of an oil spill incident.

Relocating these programs to another area would significantly reduce operational efficiency due to the specialized nature of the work and the customized office layout and buildout tailored to

the classifications within each division. For instance, the MEPD space includes a sample room and locker room for the marine inspectors. Relocating may also necessitate a larger funding request to account for additional packing and moving costs and replicating the customized buildout at the new location to meet operating needs. For these reasons, the current Long Beach office remains the most cost-effective and centralized location to support program objectives.

C. Departmentwide and Statewide Considerations

The programs housed in the Long Beach office have important statutory mandates, including the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990, the California's Marine Invasive Species Act (MISP), as well as ensuring regulatory compliance to Marine Oil Terminal Engineering and Maintenance Standards (known as MOTEMS).

Lempert-Keene-Seastrand covers all aspects of marine oil spill prevention and response and divides responsibility between the Commission and the Office of Spill Prevention and Response, a division of the Department of Fish and Wildlife (CDFW).

The Commission's MEPD staff regulate every marine oil terminal in California, including enforcement of state building standards. There are 34 marine oil terminals in California where nearly two million barrels of oil and petroleum products are transferred overwater (between ship and shore) daily. Most marine oil terminals in California were built in the early 1900s when oil was carried by ships much smaller than the size of today's tankers, and before modern seismic safety standards and environmental requirements were established. MOTEMS, are building standards (California Building Code, Chapter 31F - Marine Oil Terminals) that apply to all marine oil terminals in California. MOTEMS establish minimum engineering, inspection, and maintenance criteria for marine oil terminals to protect public health, safety and the environment, and govern the upgrade and design of terminals to ensure better resistance to earthquakes and reduce the potential of oil spills.

MEPD and DESPM staff share responsibilities within the Commission's Marine Invasive Species Program (MISP). Ships are responsible for almost 80 percent of the non-indigenous species (NIS) introductions to North America. Commercial ships transport organisms through two mechanisms: ballast water discharge and vessel hull biofouling. Commission staff board and inspect vessels to ensure compliance with ballast water management requirements by interviewing ship's officers and reviewing paperwork, including Ballast Water and Hull Husbandry Reporting Forms, ballast water management plans, and engine room logbooks. Staff also educate vessel crews about the requirements of California's Marine Invasive Species Act and distribute educational materials directly to vessels. The MISP is also active in research and coordinates with the regulated shipping industry, other public agencies (state, federal, and international), leading scientists, and other stakeholders. Through these activities, the Commission has become a world leader in NIS management. The goal is to move the state expeditiously towards the elimination of the discharge of nonindigenous species into California water.

This request is also consistent with the mission, vision, values, and guiding principles of the Commission's 2021-25 Strategic Plan and the Strategic Focus Areas contained therein that guide the Commission's various programs and divisions.

D. Outcomes and Accountability

Approval of this request would allow the programs based in the Long Beach Office to continue their critical operations and meet mandates with minimal interruption. Failure to approve this request will leave multiple divisions without an office and unable to complete their statutorily mandated duties.

E. Implementation Plan

The Commission received notice from DGS on March 3, 2025, that the current Long Beach office lease will expire at the end of February 2027. Staff immediately contacted program leaders stationed in the Long Beach office to ascertain whether there have been any changes in their program staffing and whether there are new space planning needs. The programs all reported

back stating that the current office space meets their staffing needs and should continue to do so going forward.

Accordingly, staff submitted a Cruise request on June 9, 2025, to DGS Real Estate Services Division staff who oversee office leasing, with a request to renew the lease for the existing office space. DGS assigned a Real Estate Officer to work with Commission staff and held a kickoff meeting in November 2025 to perform a site walk of the Long Beach office, and discuss Commission leasing needs, including EV infrastructure and chargers. The Real Estate Officer is doing an analysis of the Long Beach leasing market in preparation for upcoming negotiations with the current lessor. The Commission is waiting on the timeline for the CRUISE development for key deadlines moving forward. Based on the Commission's prior experience working with DGS on office leases, it is anticipated that the process will take approximately one year to renew the lease without major changes to the space. However, that timeline could extend to 18 to 24 months if the Commission is unable to reach an agreement with the landlord to renew the lease and has to find an alternate location. Additional time would be required to identify suitable office space, negotiate lease terms, and complete buildout to meet program requirements. Consequently, relocation costs are expected to be significantly higher than the renewal request. Therefore, the Commission's intent is to secure a renewal agreement with the landlord, pursuant to compliance with DGS guidance, allowing program operations to continue without interruption past the February 28, 2027, lease expiration date.

F. Supplemental Information (If Applicable)

None.

BCP Fiscal Detail Sheet

BCP Title: Long Beach Office Lease Renewal

BR Name: 3560-006-BCP-2026-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5324 - Facilities Operation	0	31	63	96	129	237
Total Operating Expenses and Equipment	**$0**	**$31**	**$63**	**$96**	**$129**	**$237**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$31**	**$63**	**$96**	**$129**	**$237**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0001 - General Fund	0	9	18	28	37	69
State Operations - 0320 - Oil Spill Prevention and Administration Fund	0	22	45	68	92	168
Total State Operations Expenditures	**$0**	**$31**	**$63**	**$96**	**$129**	**$237**
Total All Funds	**$0**	**$31**	**$63**	**$96**	**$129**	**$237**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
2570 - Marine Environmental Protection Division	0	11	22	33	44	80
2560010 - Mineral Resources Management - State Leases	0	20	41	63	85	157
Total All Programs	**$0**	**$31**	**$63**	**$96**	**$129**	**$237**