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

Fiscal Year	Business Unit Number	Department
2026-2027	3860, 0540	Water Resources, Natural Resources Agency

Hyperion Budget Request Name	Relevant Program or Subprogram
3860-163-COBCP-2026-MR 0540-130-BCP-2026-MR	Continuing Formulation of the California Water Plan - 3230; Administration of Natural Resources - 0320

Budget Request Title
Salton Sea Habitat Restoration

Budget Request Summary
The Department of Water Resources (DWR) Salton Sea Restoration Office (SSRO) requests the reversion of $16.8 million Proposition 68, Section 80111(a), and a new appropriation of $16.2 million capital outlay to DWR and $600 thousand to the California Natural Resources Agency (CNRA) for an agreement with the Salton Sea Authority (SSA) for the North Lake Pilot Demonstration Project. This project will become a component of the adjacent North Lake Wetlands Project and will protect public health by suppressing dust from exposed lakebed and restore habitat for fish and birds. This project is also needed to comply with the state's restoration requirements under the State Water Resources Control Board (SWRCB) Stipulated Order 2017-0134 (Water Board Order).

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	Click or tap here to enter text.

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	Click or tap here to enter text.	Click or tap to enter a 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. Click or tap here to enter text.

Approval Date: Click or tap to enter a date.

Project Approval Document: Click or tap here to enter text.

Total Project Cost: Click or tap here to enter text.

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Evon Willhoff	5/14/2026	Brian Fuller	5/14/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Cindy Messer	5/14/2026	Amanda Martin for Sec. Crowfoot	5/14/2026

Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Andrew Hull	5/14/2026

A. Problem Statement

The SWRCB Water Board Order requires the state's Salton Sea Management Program (SSMP) to construct 29,800 acres of habitat and dust suppression projects on exposed lakebed at the Salton Sea by 2028. In addition, the state signed onto the 2022 Colorado River Commitments Agreement (Commitments Agreement) and has committed to expediting project implementation in conjunction with a new set of conservation measures that have been adopted by California water agencies that utilize Colorado River water. The Salton Sea, California's largest lake, is receding primarily due to water conservation actions in the Imperial Valley that have reduced inflows to the Salton Sea. Less inflow into the Sea results in declining lake levels and increased lakebed exposure. As the Sea shrinks, critical habitat is lost, and the remaining habitat is compromised as the saline lake becomes saltier, creating an inhospitable environment for fish and birds. As more areas of lakebed become exposed, it increases the potential for harmful dust emissions that threaten the health of surrounding disadvantaged communities. In addition to the habitat benefits, SSMP projects address a major environmental justice issue by constructing projects that will reduce harmful air quality impacts from the windblown dust originating from exposed lakebed.

The SSMP, a joint program of CNRA, DWR, and the California Department of Fish and Wildlife, is required to implement restoration projects at the Salton Sea to suppress dust and create wildlife habitat under the Water Board Order. DWR, on behalf of the SSMP, is responsible for entering into contracts that allow the SSMP to plan, permit, and construct projects using the department's various contracting authorities that are unique to DWR and DWR's SSRO. DWR also contracts work necessary to complete reports and presentations, including an annual requirement to produce a report and presentation to SWRCB and the public on the status of compliance with project acreage targets. This annual reporting requirement is defined in the SWRCB Water Board Order.

The North Lake Pilot Demonstration Project (Pilot Project) is located in the community of North Shore. North Shore is also a severely disadvantaged community. $19.25 million of Prop 68 funding for the Pilot Project was originally approved in the 2020 Budget Act for the planning and construction of a 156-acre lake to provide habitat for fish and birds. In 2021, the Prop 68 funds were encumbered into a local assistance funding agreement with the Salton Sea Authority (SSA) to plan and construct the Pilot Project. SSA encountered delays in project planning due to complications that arose related to the COVID-19 global pandemic, delayed site access approvals, additional site investigations, and the need to identify an alternative water supply. These delays and unplanned work resulted in unanticipated costs. Based on the new site assessments and feasibility studies, the project design has been updated. However, remaining funds are not sufficient to complete the design and construct the project. SSA's funding agreement with DWR terminated on December 31, 2025. To resolve these challenges, DWR seeks to revert the remaining $16.8 million of Prop 68 Pilot Project funding and appropriate it between DWR and CNRA. The Pilot Project will then be combined with the adjacent, larger 1,315-acre North Lake Wetlands Project. Combining the projects into one bigger project will save time, money, and resources to finalize the project design together and bid and construct the work under one contract. A portion of the funding ($600 thousand) is proposed for CNRA to execute an agreement with SSA that will facilitate the SSA's continued involvement in project delivery, given SSA's role as a Joint Powers Authority comprised of regional and tribal leaders whose input is essential for ensuring project success.

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY-1	PY	CY
Authorized Expenditures	$29,250	$40,000	10,000	96,593**	$121,1544	$147,600
Actual Expenditures	$61,222	$43,582*	$34,397	$67,090	$45,084	$35,355
Revenues	0	0	0	0	0	0
Authorized Positions	14	14	14	17	17	22
Filled Positions	8	10	13	14	14	17
Vacancies	6	4	1	3	3	5

***Actual expenditures are higher than authorized FY expenditures due to previous appropriations with extended encumbrance periods.**
**** Table has been updated to reflect $70M in Federal Trust Fund Authority and the associated expenditures for the Species Conservation Habitat Project.**

SSMP Combined Workload History

Workload Measure	PY – 4 (20/21)	PY – 3 (21/22)	PY – 2 (22/23)	PY – 1 (23/24)	PY (24/25)	CY (25/26)
Acres in Planning and Permitting	1,709	3,842	8,942	7,208	10,388	4,706
Acres in Construction	4,100	5,809	5,504	4,960	3,116	8,058
Acres in Operations and Monitoring	0	22	327	871	3,626	3,732*

*Current year acres in O&M are a projection of expected acres completed by December 31, 2025.

B. Justification

As described in the 2020-2021 BCP, the Pilot Project was planned to be a stand-alone project that would be linked to an adjacent, larger North Lake Project as funding became available. As of 2025-2026, Climate Bond (Proposition 4) funding became available for the larger, adjacent North Lake Wetlands Project. With schedule delays and inadequate funding for the Pilot Project, this proposal seeks to revert $16.8 million and newly appropriate $16.2 million Prop 68 for of capital outlay to DWR and $600 thousand Prop 68 to CNRA for an agreement with the Salton Sea Authority for the Northlake Wetlands Project . The consolidation of the two efforts into one will save time and money while protecting the delivery of project acres with similar habitat, dust reduction, and recreational benefits. This action is consistent with the original intent of the Pilot Project that foreshadowed the incorporation of the two projects. The action will leverage two funding sources to maximize the state's investment and improve the timeline to deliver a project that will benefit the communities at the northern end of the Sea.

C. Departmentwide and Statewide Considerations

The SSMP's work falls under Goal 2) Protect and Enhance Natural Ecosystems of the California Water Resilience Portfolio. Additionally, this work is called out in action 17 of the portfolio:

17. Minimize air pollution and restore habitat at the Salton Sea.

17.1 Support achievement of milestones within the 10-year Salton Sea Management Plan to minimize air pollution and preserve fish and wildlife habitat.

17.2 Develop criteria and a monitoring plan to evaluate Salton Sea improvements to local air quality and environmental habitat.

17.3 Building upon previous work, complete an independent feasibility analysis of water importation options for the Salton Sea.

Additionally, the implementation of dust suppression and fish and wildlife habitat projects would be supported by signatories of the recently signed "Commitment to Support Salton Sea Management Related to Water Conservation in the Lower Colorado River Basin" (Commitments Agreement) found here: https://www.usbr.gov/lc/region/saltnsea/pdf_files/Salton_Sea_Agreement_signed_12.9.22.pdf. Under this Commitments Agreement, the California Natural Resources Agency commits to accelerating project delivery and to continue pursuing additional funding for projects to build on State funding already committed to Salton Sea Management Program implementation.

In 2019, Governor Newsom formally apologized to California Native American Tribes for the state's legacy of violence and neglect and recommitted to the Tribal consultation requirements set forth in Governor Jerry Brown's Executive Order B-10-11.

The SSMP strives to support Statement of Administration Policy on Native American Ancestral Lands and Executive Order N-15-19 by conducting early, often, and meaningful tribal consultation with the tribes with current lands and ancestral ties to the Salton Sea.

The SSMP advances the Executive Order on Equity **(**Executive Order N-16-22) by incorporating equity and community engagement into planning and program implementation, particularly as the SSMP works with disadvantaged communities in the Eastern Coachella and Imperial Valleys.

Finally, the SSMP advances the State's goal to protect 30 percent of lands and waters by 2030 (30x30 Executive Order N-82-20) by restoring nearly 30,000 acres of habitat around the Salton Sea.

D. Outcomes and Accountability

The proposed reversion and new appropriation of Prop 68 funding will combine the Pilot Project's 156-acre planning area and remaining Prop 68 funding with the North Lake Wetlands Project's 1,315-acre planning area and Prop 4 funds will consolidate the planning, design, contracting, and construction into one effort. Planning is well underway with encroachment permits secured and surveys (biological, archeological, and environmental) and environmental documents either completed or underway for both projects. Contracting is expected to be completed by the end of 2026 with construction beginning in 2027.

Projected Outcomes

Workload Measure	CY (FY25-26)	BY (FY26-27)	BY+1	BY+2	BY+3	BY+4
Acres in Planning and Permitting	156	156*	0	0	0	0
Acres in Construction	0	0	156	156	156	0
Acres in Operations and Monitoring	0	0	0	0	0	156

*In FY 26-27, the 156 acres would shift to DWR and will be included in the planning and permitting of the North Lake Wetlands Project by expanding the project to incorporate the 156 acres in addition to the project's 1,315 acres. With the approval of this BCP, new total project acres for the North Lake Wetlands Project will be 1,471 acres. This projected is planned to have a three-year Progress Design Build design & construction schedule.

E. Implementation Plan

SSMP projects take multiple years to plan, construct, and begin operations and maintenance. Project areas are identified, land access and environmental permitting initiated and construction contracts developed. Environmental surveys, which can be season specific, permitting, and public outreach all inform the schedule. The Projects that are in planning and permitting will be in construction in either 2027-28 or 2028-29. Depending on the size and complexity of the project, construction can take several years, but those projects will move into acres in operation and maintenance when construction is complete. The North Lake Wetlands Project is in planning; a Progressive Design Build Contract is scheduled to be awarded in 2026 with this construction beginning in 2027.

In addition, the SSMP Annual Report describes the previous year's actions and accomplishments at the Salton Sea. Outcomes are measured within this detailed report, which reports on items such as progress of restoration projects, associated completed acres of said projects, departures from acreage requirements and plans to catch up to these requirements, organizational capacity building, budget, and outreach and engagement. The Annual report is released online annually in March, and the State Water Board holds a Salton Sea hearing or workshop every spring to detail progress and maintain accountability. The SSMP project tracker on the State's SSMP website reports acreage targets and benefits to surrounding populations by way of dust suppression and habitat creation. This website is updated twice a year. Finally, outcomes are communicated regularly by the SSMP. The program convenes meetings in impacted communities as well as virtually to communicate the program's progress and information is shared in a monthly e-newsletter.

F. Supplemental Information (If Applicable)

CNRA requests funding be available for encumbrance or expenditure until June 30, 2027, and liquidation until June 30, 2031, to align with DWR's project implementation timeframe.

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Critical Project Funding for Salton Sea Habitat Restoration

BR Name: 0540-130-BCP-2026-MR

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
54XX - Special Items of Expense	0	600	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$600**	**$0**	**$0**	**$0**	**$0**

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**	**$600**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Local Assistance - 6088 - California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund	0	600	0	0	0	0
Total Local Assistance Expenditures	**$0**	**$600**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$600**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
0320 - Administration of Natural Resources Agency	0	600	0	0	0	0
Total All Programs	**$0**	**$600**	**$0**	**$0**	**$0**	**$0**

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Salton Sea Habitat Restoration

BR Name: 3860-163-COBCP-2026-MR

Budget Request Summary

Capital Outlay

Capital Outlay	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5360000 – Overall Capital Outlay	0	16,228	0	0	0	0
Total Capital Outlay	**$0**	**$16,228**	**$0**	**$0**	**$0**	**$0**

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**	**$16,228**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Capital Outlay - 6088 - California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund	0	16,228	0	0	0	0
Total Capital Outlay Expenditures	**$0**	**$16,228**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$16,228**	**$0**	**$0**	**$0**	**$0**

Projects Summary

Project Funding

Project Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
00006461 – Salton Sea North Lake Project	0	16,228	0	0	0	0
Total All Projects	**$0**	**$16,228**	**$0**	**$0**	**$0**	**$0**