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

Fiscal Year	Business Unit Number	Department
2026-27	3860	Water Resources

Hyperion Budget Request Name	Relevant Program or Subprogram
3860-150-BCP-2026-MR	3230 – Continuing Formulation of the California Water Plan

Budget Request Title
Northern Region Office Facility Relocation

Budget Request Summary
The Department of Water Resources (DWR) requests $8.6 million General Fund over five years and ongoing $1.7 million annually to secure a leased facility for the Northern Region Office (NRO) facilities located in Red Bluff, California. This request includes $2.2 million in 2026-27, $1.5 million in 2027-28, $1.6 million in 2028-29, $1.6 million in 2029-30, $1.7 million in 2030-31 and $1.7 million ongoing for future fiscal year.

Significant facility concerns necessitate an office relocation.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed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
Teresa Connor	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

Currently situated at 2440 Main Street in Red Bluff, the existing NRO building, constructed in 1966, no longer meets current building standards or codes due to age and deferred maintenance. The facility suffers from various deficiencies, including accessibility (ADA compliance), Information Technology (IT) infrastructure, and adherence to modern building codes. This facility no longer meets the business needs for NRO projects/programs it supports.

The NRO facility currently occupies a 3.14-acre parcel. The existing facility consists of a single-story concrete building with a capacity for 85 occupants, with a gross floor area of 25,163 square feet with a net usable area of 20,885 square feet. Additional structures on the premises include a shed structure (approximately 4,600 square feet) divided into six areas, seven rail car container boxes for equipment storage, and two parking areas - one for employees and the public (16,400 square feet, 40 parking spaces), and the other area for state vehicles (29,300 square feet, 55 parking spaces and a carport structure).

This request would relocate DWR staff to a leased facility in coordination with the Department of General Services (DGS), as repair to the existing facilities would require addressing major deficiencies that are more costly than relocation.

DWR NRO Facility
Request Summary
(Dollars in thousands)

Fiscal Year	26/27	27/28	28/29	29/30	30/31	Total*
Funding	$2,200	$1,500	$1,600	$1,600	$1,700	$8,600

*Ongoing request for $1.7 million annually for rent.

The major deficiencies at the NRO facility include:

1. Climate Control System – The climate control system is outdated and doesn't meet the DWR Office Environment Standards (July 2017) for indoor temperatures (between 68 – 78°F). The building's persistent climate control issues have resulted in office closures, reducing efficiency and disrupting programs, Including the closure of the office to over 70 employees and the public for over 10 days due to high temperatures (above 83°F) during 2023 and 2024. The current cooling system is not fully functional and a temporary cooling system was employed during the summer of 2023 and 2024. DGS deployed a temporary cooling system again in 2025, and 2026. The heating system is also outdated and is recommended for replacement. The Energy Management System needs replacement to allow for better control of temperatures throughout the building.

   The table below outlines the number of business days the room temperatures in the building were either above 78 degrees or below 68 degrees in April 2022 through April 2025.

Year	Days Below 68°F	Days Below 64°F	Days Above 78°F	Days Above 82°F
2022*	19	4	28	9
2023	55	16	58	22
2024	62	23	43	8
2025*	35	14	11	3

*Partial Years

2. Information Technology (IT) Infrastructure – An evaluation by DWR Division of Technology Services in July 2022 identified multiple issues, including legacy IT infrastructure, inadequate Wi-Fi network coverage, cooling and electrical problems in the Minimum Point of Entry (MPOE), the need for Uninterruptible Power Supply (UPS) and battery backup replacement, and unpredictable electrical utility reliability.

   Poor IT infrastructure results in slow internet speeds and system crashes that disrupt workflow and cause delays in work projects. Employees' ability to access digital resources and tools can be hindered, which affects their efficiency and effectiveness in completing tasks. Employees can become frustrated, which leads to a decrease in morale.

3. Interior Amenities – The interior amenities are outdated and need replacement. The ceramic floor tiles and ceramic wall tiles are original and show evidence of previous mismatched repairs and damage throughout the building, interior painting is needed in many offices, the walls have the original wood paneling, and the women's restroom isn't large enough to account for a higher number of women working in the office, the building lacks electrical outlets needed for office, IT, and other equipment. Asbestos has been detected in the walls & ceiling adhesive/mud, vinyl floor tile adhesive, and piping in the attic which causes delays in repairs in the interior amenities due to mitigation measures to be implemented.

   Deteriorating interior amenities can create a negative atmosphere that affects employee motivation and morale. The perception of the organization as outdated and unresponsive to the employees needs results in decreased job satisfaction and engagement. The ability to attract and retain top talent due to the unappealing work environment impacts long-term productivity and competitiveness.

4. Exterior Features – The exterior painted walls show fading and minor peeling. The asphalt pavement needs to be resurfaced, sealed, and restriped. The concrete cap on the retaining wall along the front of the building is severely cracked and requires extensive repair. The landscaping should be replaced with xeriscape features to reduce water use.

5. Shed structures – The shed structure is the original structure and needs replacement to improve the ventilation, lighting, heavy access doors, and leakage during rainstorms. The shed structure is undersized to meet current needs. Currently, the NRO utilizes seven rail car container boxes, which have several limitations such as poor ventilation, inadequate lighting, heavy access doors, and leakage during rainstorms. The rail car container boxes should be replaced to meet safety and operational needs.

Resource History
(Dollars in thousands)

Program Budget	FY 20/21*	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26**
Authorized Expenditures	N/A	$396,000	$452,000	$431,000	$420,000	$455,000
Actual Expenditures	N/A	$396,000	$452,000	$431,000	$420,000	$455,000
Revenues	N/A	N/A	N/A	N/A	N/A	N/A
Authorized Positions	N/A	N/A	N/A	N/A	N/A	N/A
Filled Positions	N/A	N/A	N/A	N/A	N/A	N/A
Vacancies	N/A	N/A	N/A	N/A	N/A	N/A

*FY 20/21 - DGS was transitioning to FisCal - no clear invoices were provided.
** Estimated Costs for FY 26/27

B. Justification

Constructed in 1966, the facility no longer meets current building standards or codes, posing significant challenges to operations and the well-being of employees. The facility is also one of the top ten facilities that will be impacted by changing temperatures as well as future swings in Heating Degree Days and Cooling Degree Days according to the DGS Sustainability Roadmap 2020-2021 (DGS Sustainability Roadmap).

The facility lacks compliance with the Americans with Disabilities Act (ADA), making it inaccessible to individuals with disabilities. Additionally, it does not adhere to modern building codes, jeopardizing the safety and security of employees.

IT infrastructure is outdated and unable to support the technological needs of projects and programs. This hampers departmental efficiency and ability to meet workload demands.

The building lacks all of the climate control features that are necessary for it to meet the Net Zero Energy future that is anticipated for all state assets by 2040 (per SB 1203).

The deficiencies in the building directly impact departmental ability to support NRO projects and programs. As the facility fails to meet modern standards, it hinders operational capabilities and compromises mission objectives.

A Facility Condition Assessment conducted by the Department of General Services (DGS) in 2015 highlighted the urgent need for improvements. Without significant upgrades, the facility was expected to be considered in Poor Condition as soon as 2017. In 2024, another Facilities Condition Assessment was conducted by DGS. The 2024 Report compared three scenarios (replacement/upgrade of equipment, large scale remodel, demolish/rebuild) to address the deficiencies of the current facility. The estimated cost for the three scenarios ranged from $21 million to $39 million.

The 2025 DGS Real Estate Portfolio Plan recommends that the Red Bluff Facility be removed from the DGS inventory. From page 20 of the plan, "The Real Estate Services Division RESD projects a $28-$38M loss to the state for continued ownership. As such, the recommendation is to move tenants into leased space."

This building currently does not align with DWR Office Environment Standards (July 2017), SAM manual section 1805.3 requirements, current IT standards, ADA requirements, and reflect modern water-efficient landscaping sensibilities. A sub-standard facility also poses challenges to being an employer of choice and attracting new talent to the department. Potential employees are deterred by outdated and inadequate work environments, making it harder for us to recruit top talent.

Without access that is up to current standards, the building is not a welcome and comfortable place for everyone and potentially excludes people or puts them at a disadvantage if they have health conditions or disabilities, where they experience inequity or exclusion due to the building's deficiencies. The building's deficiencies also undermine the ability for employees to meet in person. Providing a space to meet in person is an important function of the building. Meeting in person helps build relationships, break down bias, and build an inclusive equitable environment that fosters diversity.

Investing in a leased facility is essential for promoting employee well-being and productivity. A comfortable, modern work environment fosters greater job satisfaction, reduces stress, and enhances morale, ultimately contributing to higher levels of performance and engagement. A modern work environment also assists with attracting new employees to maintain the workforce at NRO. Addressing these deficiencies will not only enhance the safety and functionality of the workplace but also boost employee morale, productivity, and the ability to fulfill mission objectives.

In summary, high indoor temperatures, poor IT infrastructure, and outdated facilities can collectively contribute to decreased work performance, productivity, and morale among employees. Addressing these issues requires investment in a leased facility with better climate control systems, updated technology, and improvements to the physical workspace to create a more conducive and comfortable environment for employees to thrive.

C. Departmentwide and Statewide Considerations

Meeting DWR office environment standards (July 2017), SAM manual section 1805.3 requirements, and current IT standards is crucial for ensuring that the facility operates following regulatory requirements and best practices.

Replacing existing building facilities with a leased facility will enhance operational efficiency by addressing deficiencies that hinder productivity and effectiveness. By modernizing infrastructure and workflows, we can streamline processes and optimize resource utilization to better serve departmental goals.

NRO facility lease replacement aligns with the Governor's Sustainability Goals for State Agencies and DWR policy and guidance related to climate change mitigation and adaptation. For example, office buildings are included in DWR's Sustainability Roadmap, where NRO is listed as one of five facilities that will experience the largest increase in extreme heat events. A more efficient and clean energy system at NRO will support DWR's Climate Action Plan Phase I Greenhouse Gas Emissions Reduction Plan. And regional office facilities are specifically called out in DWR's Climate Action Plan Phase III Vulnerability Assessment, where staff safety related to extreme heat is one of DWR's four priority assets at risk from climate change. The DWR Climate Adaptation Plan addresses this vulnerability through coordination with DWR Heat Illness Prevention Plan managers and the DWR's Safety Office. Facility replacement will allow NRO's continued operations through current and future heatwaves, and support DWR's Strategic Plan goal for world class safety. This proactive approach ensures that facilities remain adaptable and resilient in the face of changing needs and demands.

By investing in a leased facility, we can enhance operational effectiveness, support mission success, and cultivate a positive and productive work environment for employees.

D. Outcomes and Accountability

The table below summarizes the Project Outcomes of the proposal to implement improvements to the facilities.

Projected Outcomes

Workload Measure	CY 25/26	BY 26/27	BY+1 27/28	BY+2 28/29	BY+3 29/30	BY+4 30/31
Secure Leased Facility	Conduct Site Visits	Secure Lease Agreement for Selected Facility	N/A	N/A	N/A	N/A
Build Out Selected Facility Based on Program Needs/Budget	Finalized Work Site Plan	Oversight of construction	N/A	N/A	N/A	N/A
Relocation of Staff/Equipment	N/A	N/A	Relocation to New Facility	N/A	N/A	N/A
On going - Payment of Rent, DGS Lease Surcharge and Portfolio Management Surcharge	N/A	N/A	Payment of Rent, DGS Lease Surcharge and Portfolio Management Surcharge	Payment of Rent, DGS Lease Surcharge and Portfolio Management Surcharge	Payment of Rent, DGS Lease Surcharge and Portfolio Management Surcharge	Payment of Rent, DGS Lease Surcharge and Portfolio Management Surcharge

E. Implementation Plan

Once funding is approved, DWR will provide funding to DGS who will begin the process of drafting the final site plan and begin negotiations with potential lessor(s). The timeline needed to implement the projects is approximately 18- 24 months (FY 26/27 – FY 27/28).

Key milestones:

1. Design of New Facilities – July 2026– Dec 2026
2. Contract for Leased Facility – Jan 2027 to Feb 2027
3. Construction of Facility Improvements – March 2027 – Oct 2027
4. Relocation of staff and equipment to new facility – Nov 2027 – Dec 2027

Supplemental Information (If Applicable) N/A

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Northern Regional Office Facility Relocation

BR Name: 3860-150-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
5324 - Facilities Operation	0	2,206	1,478	1,556	1,636	1,720
Total Operating Expenses and Equipment	**$0**	**$2,206**	**$1,478**	**$1,556**	**$1,636**	**$1,720**

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**	**$2,206**	**$1,478**	**$1,556**	**$1,636**	**$1,720**

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	2,206	1,478	1,556	1,636	1,720
Total State Operations Expenditures	**$0**	**$2,206**	**$1,478**	**$1,556**	**$1,636**	**$1,720**
Total All Funds	**$0**	**$2,206**	**$1,478**	**$1,556**	**$1,636**	**$1,720**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3230 - Continuing Formulation of the California Water Plan	0	2,206	1,478	1,556	1,636	1,720
Total All Programs	**$0**	**$2,206**	**$1,478**	**$1,556**	**$1,636**	**$1,720**