

San Francisco Bay Conservation and Development Commission

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MINUTES

TO: All Commissioners and Alternates

FROM: Lawrence J. Goldzband, Executive Director (415-352-3653; larry.goldzband@bcdc.ca.gov)
Sierra Peterson, Executive & Commissioner Liaison (415-352-3608; sierra.peterson@bcdc.ca.gov)

SUBJECT: Approved Minutes from November 20, 2025 Hybrid Commission Meeting

1. Call to Order. The hybrid meeting was called to order by Chair Wasserman at 1:03 p.m. The meeting was held with a principal physical location of 375 Beale Street, San Francisco, California, and online via Zoom and teleconference.

Chair Wasserman stated: Good afternoon, all, and welcome to today's once again hybrid BCDC commission meeting. My name is Zack Wasserman, and I am Chair of the Commission. I want to thank the Commissioners who are here as well as those who are participating virtually.

Chair Wasserman asked Ms. Peterson to proceed with Agenda Item 2, Roll Call.

2. Roll Call. Present were: Chair Wasserman, Vice Chair Eisen, Commissioners Addiego, Dorsey, Eckerle (represented by Alternate Kimball), Eklund, Gauthier, Gioia, Gonzalez, Gunther, Hasz, Hermosillo, Kato (represented by Alternate Pemberton), Lee (represented by Alternate Kishimoto), Moulton-Peters (represented by Alternate Cox), Ramos, Randolph, Showalter (represented by Alternate Lefkovits), Tam (represented by Alternate Gilmore) and VACANT (represented by Alternate Nelson). Catherine Stefani, appointee of the Speaker of the Assembly (represented by Alternate Falzon) was also present.

Ms. Peterson announced that a quorum was present.

Not present were Commissioners: Association of Bay Area Governments (Taylor), Speaker of the Assembly (Ahn), USACE (Beach), Department of Finance (Benson), U.S. Environmental Protection Agency (Blake), Business, Transportation & Housing (VACANT), Solano County (Mashburn)

3. Public Comment Period. Chair Wasserman called for public comment on subjects that were not on the agenda.

(No members of the public addressed the Commission.)

Chair Wasserman continued to the Report of the Chair.

4. Report of the Chair. Chair Wasserman reported on the following:

A. Commission Meeting Schedule: We are going to give you another gift of time; on December 4 we will not have a meeting. However, sorry, we should hold the possibility of holding a meeting on December 18 because there are two issues that may arise that would require us to meet and act on that day. I use the words “may arise” because staff does not truly expect that either will occur, but they may, so keep it on your calendars. Sierra will send out quorum notices for the 18th and please respond quickly to her. We shall let you know as soon as we know if we are canceling the meeting or not. And unless any of you wish to celebrate New Year’s Day here, we are not having a meeting on New Year’s Day.

We will have a meeting on January 15, and we expect that we will also hold a meeting on February 5.

B. Rising Sea Level Working Group: Despite the fact that the Commission will not hold a meeting on December 4, we will hold an important Rising Sea Level Working Group meeting that morning. At that meeting we are going to begin talking formally about our Rising Sea Level Governance Initiative, which the Working Group Members have requested us to develop. The purpose of this initiative is to discover the best ways that BCDC can lead the Bay Area’s wide variety of interests, governments, and other stakeholders to manage our Bay and shoreline successfully in a region as the Bay rises.

As I noted, this is at a very preliminary stage. It follows many discussions that we have had. And to some extent, I certainly have advocated in the past that we are not ready to take on the governance issue head on because we need more information, we need to see what the results of SB 72 and the individual Adaptation to Rising Sea Level Plans will be. However, given that change takes a long time, we think it is appropriate that we now start talking about it. We certainly have not predetermined what the changes can be or should be. We will discuss a wide variety of these changes. They will obviously include increased cooperative arrangements, perhaps better use of the authority we have, as well as exploring much more specifically what additional authority we may need.

C. Environmental Justice Working Group: The Commission’s Environmental Justice Working Group held a very informative discussion this morning with representatives of Caltrans, MTC, and their contractors on the framework to determine how to gauge the environmental justice implications of the Richmond-San Rafael Bridge Pilot Project that this Commission approved a few months ago. The Commission is requiring, as you have heard before, that Caltrans and MTC come back to the Commission in the spring to receive

approval for its framework; and this was the first public discussion with representatives of the Commission, although staff have certainly been in discussions regarding that draft framework.

I would like Commissioner Gioia, who attended the meeting and who cares very deeply about this issue, to give us a recap on the discussion this morning.

Commissioner Gioia reported the following: Thank you. There was, I thought, a very productive meeting of the Environmental Justice Working Group of the Commission. A couple of us who are not actual members of the Working Group as Commissioners did participate, however. It was the first discussion about the methodology and how to proceed with what I think will be a very important EJ analysis about the Bridge.

We received a presentation from the UC Berkeley Transportation Sustainability Research Institute. Caltrans, Bay Area Toll Authority were there. The update was really on the draft methodology being prepared for the EJ analysis that is required by our permit.

In addition, there was discussion about who the stakeholders should be. Very good input from the EJ Advisors, the public and Commissioners on that issue, and feedback about the methodology. I will not go into what the specifics of that were.

But the direction that was provided today will come back to the next EJ Working Group in January. So if any of you wish to participate in that you will hear any changes to the methodology and stakeholder group and process at the January EJ Working Group. So, again, important and appreciate everybody's participation.

In addition, there was also a brief update on the Toxic Tours presentation by BCDC EJ Advisor Anthony Khalil. That was actually a Toxic Tour that occurred along the Richmond shoreline. And there were, I believe, 20 to 30 BCDC staff at that Toxic Tour including two Commissioners, Commissioner Ahn and I. So, we are looking forward to other Toxic Tours.

The next one is planned in the first half of next year in South San Francisco, so it will be convenient for those San Francisco West Bay folks to attend. And maybe you folks here can give input into other toxic tours that can occur around the Bay Area and really appreciate the leadership of community and EJ Advisors on that.

So those were the two items, productive, and look forward to the next meeting. Thank you.

D. Melting Glaciers: Chair Wasserman continued: I want to talk briefly about melting glaciers. There have been a few recent articles, not per se on recent events, but on some events that have not been noted particularly well. One actually goes back to 2022 when the

Hektor Glacier, I am sure you are all familiar with it, in Antarctica, melted approximately 50 percent in the space of two months. Not 100 percent sure why. It is a relatively small glacier, 147 miles or so, but it demonstrates that while we are working as diligently as we can on how to adapt, the glaciers continue to melt.

And a bit more recently than that, this past August there was a glacier that melted in the Himalayas. The *New York Times* headline was, the death of a glacier is a problem. The dying of a glacier is a real threat. That glacier flooded a small town, Thame, in the Himalayas.

That kind of melting is happening all the time as we speak, as we work, as we wait. And one of the reasons I think this is important for us to keep in mind is that as we work on the governance issues to address the gaps and fissures in what we are doing, which takes a lot of time - if you want to talk to Larry about it, he can tell you. I am frequently impatient and I do need to be reined in and recognize that our government processes and our public processes necessarily take time. The glaciers ain't waiting for us. So, I will continue the reporting from the colder parts of the world, which are unfortunately getting ever warmer.

E. Ex Parte Disclosures: And that brings us to the ex parte disclosures. If any Commissioner wishes to make an ex parte disclosure on an adjudicatory matter that they have not already made a written report, reminding you that you need to make a written report. Now is the time to do so, doing it briefly. Are there any ex parte disclosures? I see none.

F. Next Meeting: Again, we will not have a meeting on December 4. We may have a meeting on December 18, keep reserving it.

That brings us to the Report of the Executive Director.

5. Report of the Executive Director. Executive Director Goldzband reported: Thank you, Chair Wasserman.

Perhaps you are watching Ken Burns' marvelous History of the American Revolution on PBS this week, as I am. I assume that the final installment will cover the First Treaty of Paris, which was signed in 1783 and signaled the end of the American Revolutionary War. That the American rebels won the war initiated a huge shift in world geopolitics whose ramifications we feel today.

And on this date 32 years later, November 20, 1815, a second major shift occurred. On that day several major European powers signed the Second Treaty of Paris. This treaty officially marked their victory over France in the Napoleonic Wars and laid the groundwork

for a new geopolitical framework for Europe that lasted more or less until the First World War.

However, like the American Revolutionary War, Britain's and her allies' victory over France was hardly predictable. Indeed, a triumph by Napoleon in his return from exile on the Island of Elba would have created a vastly different future; and it almost happened. As the Duke of Wellington was fond of saying about the result of the final decisive confrontation, the Battle of Waterloo "was a near-run thing."

Today you will hear a brief description of BCDC's budget position later this afternoon, and for the first time it is just about all good news.

That being said, we do have one new hiring success to note. Alyssa Plese has accepted our offer to serve in a new position as BCDC's Public Affairs Specialist starting on January 5. Alyssa will report to Rylan Gervase, our Director of Legislative and External Affairs, and will give BCDC more capacity for public outreach, media relations, and science communication. Alyssa is now a Shoreline Development Analyst in BCDC's Regulatory Division, where she worked on waterfront projects around the Bay and has supported efforts to enhance public access and climate resilience. She brings a strong background in community engagement and public communications to the position and we are excited to have her help strengthen collaboration between the Commission and Bay Area communities.

Dredging season continues apace, and our Sediment Management Group in our Permitting Unit has issued almost 40-episode approvals so far and more are coming. In addition, the staff acted swiftly to amend the Corps of Engineers' Dredging Plan when asked, and we quickly issued approvals to allow for urgent dredging to remove high spots at the Richmond Outer Harbor near Chevron Long Wharf and the Oakland entrance and inner harbors that were impeding safe navigation. Fortunately, we were able to do so without the need for emergency action and the Corps is continuing its Dredging Program. I should note that you will hear much more about the Corps' upcoming Dredging Program in January.

Next Monday I will have the opportunity to be with senior CNRA staff members and others on a site visit to Highway 37. We will be concentrating on how the combination of CNRA, California Fish and Wildlife, BCDC, the Regional Water Board, Caltrans, and MTC have worked together to put together a near-term solution to make Highway 37 work much better. Caltrans has started working with our Bay Resources Permitting Group on the portion of the Highway 37 fix including the Tolay Creek Bridge. We expect that you will hold a public hearing to discuss and vote on the Caltrans application in March.

We are a bit short-handed in the office this week because our Regional Shoreline Adaptation Plan Team is visiting the cities of Alameda and San Mateo and the county of Solano this week to begin their respective shoreline resilience consultation processes. We think that it is important that as many of these consultation meetings occur in-person, which is why BCDC staff will be driving around the Bay Area to meet on-site with city and county representatives to help them begin their SB 272 and RSAP required planning programs.

And this is happening less than a year after the Commission approved the RSAP process. When we get a bit further down the planning and consultation road we will notify Commissioners and keep you abreast of their progress.

Finally, in early 2026 Sierra plans to roll out a new Commissioner Calendar and improve the logistics surrounding all of BCDC's public meetings. You will be privy to an exclusive Commission Calendar with all of the information you will need in a one-stop shop, and you will receive specific Outlook invitations and calendar holds for the various public meetings. More information to come on that. We certainly hope that you will provide us with your feedback as this new program rolls out so that we can continually improve it.

Thank you very much, Chair Wasserman, I am happy to answer any questions.

Chair Wasserman asked: Are there any questions for the Executive Director?

Seeing none, I am going to backtrack just a little and recognize Commissioner Gunther to talk about the Sediment Working Group meeting, which was a couple weeks ago.

Commissioner Gunther spoke: Thank you, Mr. Chairman. Before I do that, I just want to note for everybody an extraordinary event that is currently underway, which is that Chinook salmon have migrated up the Alameda Creek Flood Control Channel, through Niles Canyon, and into the Sunol Valley for the first time in probably 75 years. This is a product of over 30 years of work removing barriers to migration, and it is just a wonderful example of what we can accomplish when we keep at it.

With regards to the Working Group on Sediment and Beneficial Reuse, I have noted in the past that I think our efforts have much in common with those who built the foundations of the great cathedrals in Europe. The architects and builders of the cathedrals had a vision of what they wanted to create. They knew they would not live to see it, but they were confident that their great public works would provide meaning, protection and joy for future generations. We have a multi-generational vision as well, which is trying to construct a living edge for the Bay that will protect future Bay Area residents from rising seas, while also providing recreational opportunities, enhancing wildlife habitat and improving water quality.

The Working Group has been engaged with a committed group of over 30 stakeholders, as the staff has implemented the Sediment for Wetlands Adaptation Plan or Program or SWAP for short. The first phase of the SWAP was to develop and present our scientific understanding of sediment in the estuarine ecosystem, both the natural accumulation and erosion of sediments, and also how we have altered these dynamics through our past and present activities.

This has been accomplished, and this summary is available on the SWAP website as a three-page document entitled *Sediment 101*, and I encourage you all to take a look at it.

Among other findings is that the Bay's wetlands provide many benefits to our region, and these can be enhanced through the beneficial reuse of sediment.

Our Working Group met on November 3 to begin the second phase of the project in which we will explore if amendments to the Bay Plan could facilitate increased beneficial reuse of dredge sediment and excavated upland soils for wetlands restoration and sea level rise adaptation in our region.

At this past meeting the staff presented draft policy concepts and the Working Group Commissioners, the stakeholders who were participating, and other members of the public gave feedback and insights. The staff is now working to refine these concepts and begin drafting potential amendment language.

The staff is going to continue outreach this fall and winter, and the Working Group will hold meetings in early 2026 to review the amendment proposals, with a goal to formally initiate a Bay Plan Amendment in the spring of 2026. If members of the Commission or the public are interested in participating in this early phase of policy development please reach out to Rachel Cohen of the Commission staff.

As we all know, sea level rise in the Bay Area is now unstoppable through the 22nd century. The only question being now how fast this rise occurs. Every time I hear reports like the Chairman just gave us of quickly melting glaciers it means that this rise could happen faster than we thought.

Given this legacy, I hope that we are all going to continue to invest our time and resources to alter our policies and our commercial practices to enhance the beneficial reuse of sediment excavated soil. If we do so, we can add vital shoreline resilience to our legacy of rising seas. Thank you, Mr. Chairman. Let me know if you have any questions.

Chair Wasserman asked: Are there any questions? Seeing none we will move on to Item 6, the Consent Calendar.

6. Consent Calendar

a) Approval of Minutes for the October 16, 2025 Meeting

Chair Wasserman reviewed the items on the Consent Calendar and called for public comment.

(No members of the public addressed the Commission.)

Chair Wasserman asked for a motion and a second to adopt the Consent Calendar.

MOTION: Commissioner Eklund moved approval of the Consent Calendar, seconded by Commissioner Cox.

VOTE: The motion carried with a vote of 20-0-0 with Commissioners Addiego, Cox, Dorsey, Eklund, Gauthier, Gioia, Gilmore, Gonzalez, Gunther, Hasz, Hermosillo, Kimball, Kishimoto, Lefkovitz, Nelson, Pemberton, Ramos, Randolph, Vice Chair Eisen and Chair Wasserman voting, “YES”, no “NO” votes, and no “ABSTAIN” votes.

7. Consideration of Administrative Matters. Chair Wasserman continued: That brings us to Item 7, Listing of Administrative Matters. We are going to hear from Harriet Ross because she has a correction to the Administrative List.

Regulatory Director Harriet Ross stated: I just wanted to note that the Administrative Listing for the Alameda County Flood Control and Water Conservation District has been withdrawn by staff. Staff does anticipate relisting the project and issuing the permit when the application is filed complete, sometime next year.

Chair Wasserman asked: With that are there any comments on the Administrative Listing?

(No members of the public addressed the Commission.)

(No questions were posed to Ms. Ross.)

8. Public Hearing on Proposed Amendments to Permitting Regulations. Chair Wasserman announced: That brings us to Item 8, a public hearing on proposed amendments to BCDC’s permitting regulations.

The Commission was briefed about these proposed amendments in May and again in September. We are closing in on the end of the public comment period for the amendments and this hearing is an opportunity for the public to provide input. We do not plan to vote on this package today. Staff will evaluate the information provided during the entire public comment period and provide the Commission with the recommendation package early next year.

Assistant Regulatory Director for Climate Adaptation Ethan Lavine will give an

introduction.

Assistant Regulatory Director for Climate Adaptation Lavine addressed attendees: Thank you, Chair Wasserman, and good afternoon, Commissioners. I am Ethan Lavine. We also have Mark Zeppetello, BCDC's former general counsel, now retired, who is working on this package as a retired annuitant, with us today.

We are here today to receive public comments on a proposed rulemaking action to amend certain sections of the Commission's permitting rules, which are found in the California Code of Regulations. Since we are working through the state's process for rulemaking, this public comment operates a little differently than the normal public comment section you are used to seeing along with any other item on your agenda. So before we get started I just want to give some background for what we are accomplishing today.

I will just start by reminding you what this effort is all about and where we are in the process.

We last briefed the Commission on the proposed amendments on September 4. In the time since, from September 27 through today, those amendments have been up on our website for the public to review and to comment upon - more than 45 days as required by the state's process.

I will not go into the proposed rules in depth since the point of today's hearing is to hear from members of from members of the public. But to summarize the package, they cover three main categories, which are streamlining and improving the regionwide Permit Program, reducing burdens for straightforward and routine activities, and making other targeted updates to clarify and improve permitting rules.

We are continuing to accept comments through tomorrow afternoon, November 21 at 5:00 p.m. In addition to accepting written comments, we have elected to hold today's hearing to allow for members of the public who wish to comment on the proposal in-person or online to do so today.

If the Commission has questions for us, the staff, we are happy to answer those. However, I want to clarify for Commissioners that the point of today is not for the Commission or staff to respond to comments from the public. Rather, under the state's procedures for rulemaking, staff are going to take all of those comments received at this hearing, along with any and all written comments that we received during the comment period, and consider and prepare responses to those comments in writing. The response to

all comments will then be made available to the public and the Commission, and will help to inform the Commission's decision making when it considers whether to adopt the rulemaking package.

For members of the public, if there's any in person today, if you brought written comments to submit during the hearing please give those to me. And if you are only commenting here in person or online by voice that's fine too. This hearing is being recorded so we will capture all your comments. The transcript of the hearing will be made part of the rulemaking file.

So with that I am going to hand it back to you, Chair Wasserman, to get us started.

Chair Wasserman continued: With that I will open the public hearing. Do Commissioners have any clarifying questions?

Seeing none, we will now open the agenda for public comment.

Katie Haldeman commented: Hi, everyone. Katie Haldeman, I am a Project Director on the Accelerating Restoration Program at the nonprofit organization Sustainable Conservation, and we appreciate the opportunity to comment today on the proposed amendments to your permitting regulations. We also thank staff for their substantial effort to clarify and streamline the regulations and for all the work that has gone into the effort to date.

So just a little background on our organization. We have been working in California for more than 20 years to increase the pace and scale of habitat restoration and related climate resilience projects. A significant focus of our work has been creating separate, more efficient, permitting pathways for restoration projects to expedite regulatory processes without compromising environmental protections. And to date, significant progress has been made by other state and federal agencies to create those separate pathways, and that also include large scale and multiple benefit restoration projects that support climate resilience.

Although we have several recommendations for staff and the Commission to consider, the details of which can be found in the public comment letter we submitted, our highest priority recommendation is that the Commission and staff reconsider the inclusion of the previous staff proposal to cover restoration projects up to 1,000 acres in size with administrative permits. And if that recommendation is accepted, that any potentially conflicting language might be removed from the section that clarifies what types of projects qualify for administrative permit if needed, just so it is extra clear.

And then we are happy to provide more information on other efficient restoration

permitting work for the Commission anytime, just let us know. Thanks again.

Rigel Robinson commented: Good afternoon, Chair Wasserman, Members of the Commission and staff. Thank you for the opportunity to comment today and for your tremendous work on this permitting reform effort. This is Rigel Robinson here on behalf of the Bay Area Council and our more than 370 member companies.

We want to express our strong appreciation for the direction of this rulemaking and challenge the process to go even further. Permitting reform is having a bit of a moment right now, and we are very glad to see BCDC leading the way. These reforms closely align with the recommendations of the Assembly Select Committee on Permitting Reform reports, which we were proud to help develop.

With billions of dollars in adaptation needs and tens of thousands of residents, jobs and critical infrastructure at risk, every minute of permitting delay makes our adaptation habitat, housing and economic goals more expensive and in some cases less achievable. So, you have our strong support for efforts to increase clarity, predictability and speed in the permitting system.

At the same time, we hope this process will be as ambitious as the moment demands, so we want to highlight two themes that are especially important to our members.

First, we believe there was a major missed opportunity in removing the proposal that would have allowed habitat restoration projects up to 1,000 acres to qualify as minor improvements, as you just heard from another speaker. This change alone could have significantly accelerated the large scale marsh and habitat restoration projects that every scientific and regional plan is calling for. We urge the Commission to revisit this concept in future rulemaking and potentially consider even higher acreage thresholds and broader eligibility to include shoreline adaptation and flood protection projects as well.

And secondly, we are strongly supportive of the proposed de minimis activities categories that would not require a permit. Building on that logic, we encourage the Commission to explore similar streamlining for publicly beneficial projects that involve very minor amounts of fill. Small scale improvements that require tiny quantities of fill should not trigger lengthy permitting.

We believe that by establishing objective, extremely small fill thresholds, or more narrowly defining fill for low-impact, public-benefit projects, we can maintain environmental protections while freeing staff time to focus on complex projects that truly warrant review. And if doing so requires legislative action rather than administrative rulemaking, we would

welcome the opportunity to work together on devising a thoughtful path forward.

We have more technical questions as well around views and shifting jurisdiction that we will elaborate on in our written communication. You will see that in a letter from our team when the comment period closes.

Your staff have been incredibly helpful in clarifying the intent behind various language changes, and we look forward to continuing to engage in the conversation.

This rulemaking is a really big step. We applaud the work behind it and also hope that it marks the beginning of a broader modernization that empowers the region to build the climate resilience, habitat restoration, housing and public amenities our communities need. Thank you.

Chair Wasserman acknowledged: Thank you very much.

Do Commissioners have any questions for staff?

Commissioner Nelson chimed in: Just two questions about some of the comments we just heard about de minimis activities and the 1,000-acre threshold. I have commented at least once in the past about that 1,000-acre threshold and I am not going to argue against it in the abstract because there might be some circumstances under which a 1,000-acre threshold is completely appropriate.

But there are other activities that would affect far less than 1,000 acres that clearly should require a permit. I just invite the staff to talk both about the de minimis comment we just heard and about the 1,000-acre threshold and about whether there might be a way to refine that 1,000-acre threshold and clarify whether there may be some circumstances where that threshold is appropriate and others where it is not.

Mr. Lavine responded: Thank you for the question, Commissioner Nelson. In terms of the several comments about a proposal to allow more habitat projects, principally habitat restoration, enhancement creation projects up to 1,000 acres being handled through our administrative processes, administrative permits.

So just for to remind folks, that is a concept that we proposed to the Commission or introduced to the Commission in, I believe, May or June of this year. It was presented alongside the other pieces that are now presented in the package that is up for public comment. We received a number of comments, which helped us to come to a conclusion that we needed to take a closer look at the design of that package.

We at the staff level are still very much supportive of this general concept of increasing the number of habitat projects that do benefit from an administrative process, so

we have been taking the time to continue to shop around this proposal to other stakeholders, principally environmental groups and those involved in doing restoration projects to make sure that we are designing a rule that that gets as close as possible to what folks think will work and help advance the goal of streamlining these projects. So that is my response to that.

In terms of the question about de minimis or, sorry, very small scale amounts of fill, I think that is what you were referring to from the second measure. That is something that I believe that we would like to look at the comment when we receive it and spend a little time analyzing that and respond along with the rest of the comments. I am not sure that we are prepared to really go much further today.

Commissioner Eklund was recognized: I am kind of curious about the process as this goes forward. Once the public comment period is ended and then they present or they develop a list of all the comments with the proposed changes. Are we going to have an opportunity to look at that before the hearing?

Mr. Lavine answered: Yes, that is great question. From here the staff is going to review the public comments and those public comments may lead us to consider revisions to what we presented. There is a very good chance of that. Depending on how far those reversions go is going to impact the timing.

So, if they are not substantial or, I do not remember the exact term of art, substantial or substantive, they do not really change the meaning of what we put forward, then we will simply respond to the comments and bring the package back to the Commission to vote. If they are more substantive we may need to continue the public comment period. It will be for a shorter amount of time; it is 15 days. But we might reissue these and have another public comment period on them.

After that we will bring it back to the Commission with a full staff report and analysis to vote on. If the Commission adopt it we will send it to the State's Office of Administrative Law where they will do a review to make sure that it conforms with the state's rules under the Administrative Procedures Act. Once that is approved then it would get published in the in the Register.

Commissioner Eklund acknowledged: I appreciate that explanation.

Executive Director Goldzband interjected: If I can interrupt. When the staff brings back the final package for your review it will have included in it, in the record, the public comments and the responses to the public comments so that will be part of what you will

get, yes.

Commissioner Eklund continued: My curiosity, though, is that is there an opportunity for us to be engaged a little bit earlier before the “final package.” Because if there are some substantive comments that may urge us to look just a little bit more to try to streamline some of the permitting aspect of it. There are some issues that we might want to say, yes, we need to advance that. So I would like us to have an opportunity to look at those public comments and provide some feedback to staff as to whether or not we might want to go further, even though staff may not be comfortable with it as much.

When I was at EPA and we did a lot of regulatory changes to the regulations nationally as well as locally, there was a lot of discussion that we had before the final package was brought back. I was kind of hoping that we might get an earlier bite at the apple. Is that possible?

Mr. Lavine replied: I think we should consider that comment and how to respond. I do not want to promise something that we cannot deliver because we are working within a very --

Commissioner Eklund interjected: Short time frame.

Mr. Lavine continued: -- well, a short time frame, but also a very structured environment that the state has created around rulemaking. It may be possible that we could release or share with Commissioners the public comments we receive without having first put forward our responses to them. That would allow us to get them out in front of you much earlier. I think that is something we could very easily do when the public comment period ends tomorrow. Maybe put them in your package for the next hearing or share them with you some other way. We will look into how to do that.

I do want to be very clear, though. If some of those comments do lead the staff to propose more substantial changes we will end up doing another comment period on it and we will also be telling you about that. So, those might be two answers that would be somewhat satisfactory.

Commissioner Eklund replied: I appreciate the opportunity for us to actually have a look at them. Because who knows, maybe there are some ideas that we might want to suggest. Thank you.

Mr. Zeppetello chimed in: Could I comment?

Chair Wasserman responded: Of course.

Mr. Zeppetello added: Just in response to that question, just a couple of thoughts.

Certainly, if any Commissioners have comments or questions on specific text or after you have an opportunity to look at the comments, you could reach out to Ethan or me and we could certainly clarify or respond to questions. Also, it is possible if the Chair and the Executive Director would like to have another agenda item where we present the response to comments before the Commission considers voting.

But two limitations are, the changes have to be within the scope of the Notice of Proposed Rulemaking. For example, at this point it is too late in this package to revisit the habitat restoration issue because that is not within the scope. We can do fine tuning and editing to what is before you. But if we do recirculate it in response to comments and make changes and we bring it back for a vote, you of course, can ask for changes at that time. But if changes are made at that hearing we would have to recirculate it again and bring it back a subsequent time.

So, I guess I would just urge that if there are areas where Commissioners have questions or comments then now or in the next weeks while we are preparing a response to comment would be a good time to engage or to bring it back for another hearing for Commissioner comments. Thank you.

Chair Wasserman added: I would add that for better or worse, and not to distress staff too much, this is an ongoing process. As we know, these have been in process for a significant amount of time and I think we certainly want to get the ones that do have broad support and are clearly needed moving forward. It does not mean we cannot do more later.

In addition, we are going to have the 1,000-acre issue come back to us, because indeed it was deemed by staff and by the Commission that that did need more study. So it is an ongoing process, this is not a one bite at the apple.

I would entertain a motion to close the public hearing.

MOTION: Commissioner Cox moved to close the public hearing, seconded by Commissioner Gonzalez. The motion carried by affirmation with no abstentions or opposition.

Chair Wasserman continued: Thank you, Ethan, for that presentation. We will obviously hear more about this the next time this comes before us.

9. Briefing BCDC Budget. Chair Wasserman announced: That brings us to Item 9, the ever-exciting presentation on the BCDC budgets.

Budget Officer Williamson addressed the Commission: Hi, my name is Sean Williamson. I am the Budget Officer for BCDC.

The financial situation with the state, as we know, has been very challenging in the past year and remains so this year. BCDC has, unfortunately, not been immune to those challenges.

We are going to go over last year's budget, an overview of this year's budget. We are going to speak about some of the changes in the Budget Act language, and an overall view of the external funders that BCDC receives from the state and the feds.

This was BCDC's budget last year. There were two different drills that reduced our amount of funding last year. These numbers already reflect those reductions.

Structurally, it is not substantially different from what you might have seen in past years. General Fund obviously makes up the core of our budget and Greenhouse Gas Reduction Funds, and external funders of the Reimbursements that are also significant contributors. And then we also have access to the Bay Fill Cleanup and Abatement Fund that BCDC administers. In particular, I want to flag the General Fund at \$8.6 million and the Bay Fill fund at \$400,000. Those will change dramatically in the following year.

In '24-25 we had multiple things happening. There were two drills at the outset of the fiscal year, one of which was a Vacancy Sweep that happened statewide, the other of which was what is called a Government Efficiency Reduction Drill.

In the Vacancy Sweep we lost three positions, an Environmental Scientist, an Associate Governmental Program Analyst and a Coastal Program Analyst I. In particular, the Environmental Scientist was part of the first year of the SB 272 rollout. We had three positions that we received from SB 272, a Senior Environmental Scientist, an Attorney, and then this ES at the time that this drill was done, which would have been in August, was still vacant at the time, so unfortunately it got caught up in that drill.

The further Government Efficiency Reduction reduced mostly General Fund but also small amounts of the Greenhouse Gas Reduction Fund and the Bay Fill Cleanup and Abatement Fund.

These reductions are what is considered baseline reductions, meaning that it did not just impact last budget cycle but every future budget cycle afterwards. So, these cuts that happened in 2024 also carry forward into the baseline budget amounts in 2025.

So, BCDC's response to these cuts. In total they amount to \$979,000, nearly a million dollars. We suspended hiring, travel and training for about six months to accrue the required savings. Our target was about a million dollars.

Unfortunately, these things are easier to shut down than they are to start up.

Specifically, hiring takes a long time to ramp up. As a result, by the time we got to the end of the fiscal year not only had we saved the required \$979,000, but we also had a \$1 million surplus that we were looking at what to do with, right? So, we will come back to that a bit later.

Additionally, we were receiving a lot of external funding, specifically from state agreements but also some federal funds that were contributing to our overall budget. In particular, there was an Ocean Protection Council grant that ended last year where the final payout was roughly \$600,000. While our budgeted amount of reimbursement authority was \$2,073,000, as you can see on row four, we actually wound up recovering considerably more than that.

However, just because we recovered it did not mean that we could spend it because we did not have authority from the legislature to spend that. So, between the drills and these extra cost recoveries from our grants, we had roughly \$1.6 million at the end of the year that we did not have access to. So, I will address that in a little bit.

Executive Director Goldzband interjected: Sean, can I break in for a second because I want to give just one more bit of context.

The governor proposes the budget in January. The legislature starts looking at the budget when it wants to, which is usually around February/March. Negotiations that are real do not really begin until June. All we knew was that at some point during those first six months we were going to get cut under the governor's budget by about 8 percent in real dollars, and we were going to lose some number of positions.

Now usually you would have heard what Sean just told you last October after the end of the fiscal year a year ago. Not last October, a year ago. It did not happen. And that is because nothing was settled until the end of the fiscal year that ended last June. You see, because the way the system worked is that Sean did not get the actual numbers to actually cut until, and tell me if I am wrong, Sean, in June, if not actually a little afterward, because of all the negotiations.

So, we have spent about a little over X number of months trying to reconcile everything, which is why the whole \$1.6 million comment that Sean just made is such a wacky thing, right? So, we are trying to recover from that. And so what you will end up seeing over the next year or two is surpluses that BCDC will be able to carry over and that we are using, but it is because of the wackiness of the previous fiscal year. Sean, did I get that right?

Mr. Williamson agreed: In general, yes.

Executive Director Goldzband acknowledged: Good. There you go.

Mr. Williamson continued: So, the Jan 10 budget I would have known what the targeted reductions were, but there were many discussions still happening in April and May and June about what would actually make it or not make it into the final governor's budget. We had an idea of what target we were hitting for our savings, but it was not confirmed until June, six months later.

In 2025 what I want to highlight for you here is again the General Fund and Bay Fill. The Federal Trust Fund, Reimbursements and Greenhouse Gas Reduction Fund are basically stable from where they were the last year. But you can see General Fund at 10.7 million is substantially higher than where it was last year, at 8.6 million. And likewise, Bay Fill at 903,000 is more than double where it was the previous year at 403,000. The reasons for that are the second year of the SB 272 rollout included seven new positions and funding to go with it. So that is the source of this addition in the General Fund.

For Bay Fill, as BCDC is the only administrator and user of the Fund, this additional request of authority was tied to the regulatory permitting database that is in development currently. So, \$500,000 of that is one-time funding for the database. We still intend to use the remaining \$400,000 for staff time, as we would in any other fiscal year.

So, that is the source of this sudden jump in our funding in '25. These are only '25 appropriations. Only part of the new appropriations for this year. None of this is reflected in the surplus that we talked about for '24.

In response to the challenges that we faced in '24, BCDC asked for and was approved for a reappropriation of the General Fund '24 budget surplus, so that was \$1 million. Because the \$600,000 that was from external funders was part of our reimbursement authority and usually has a matching amount of expenditure authority to go with it, so we are okay to collect more than the reimbursement authority, but we still need approval from the legislature if we want to spend it all. So, there is a budget revision that we processed at the beginning of this year through Finance that allowed us to spend that additional \$600,000. So, that \$1.6 million that might have otherwise been lost at the end of last year, we can now spend this year in addition to all the funding that we just saw in '25.

There is one other small change in that BCDC had language already in the Budget Act that allowed for cash loans of up to \$600,000. The amount is just coincidental, it does not have anything to do with this. Finance raised that ceiling to \$1.5 million. Generally, that

cash loan is for emergencies, but it was discussed that the \$600,000 threshold was just not enough for the amounts of external funding that BCDC was receiving and 1.5 million was more suitable to the amount of money that we received.

So, as Year 2 of the SB 272 rollout continues, we got seven new positions. That brings the total amount of the permanent positions to 58 after the vacancy sweep from the previous year.

We also anticipate that in Year 3 starting in July of '26, there will be five additional permanent positions as a result of SB 272, and that would complete the position rollout for that legislative item.

To date, federal funding coming to BCDC through the Coastal Commission have not been received but they are in progress, I guess. Nothing has been canceled.

The Coastal Commission has signed an agreement with NOAA for the receipt of those funds, and they are drafting an interagency agreement between the Coastal Commission and BCDC to pass through \$390,000. We anticipate that even though it is starting four or five months later, we can still bill quite a bit of staff time to that award. And NOAA has said that unlike previous agreements where we had 12 to 18 months to spend the money, they are looking at 24 months for this particular year because of the delay.

However, none of BCDC's staff are contingent on the NOAA funds, nor are any of its mission goals. Basically, meaning that if the federal funds were suspended immediately somehow, BCDC could continue with its current staffing level, with its current goals, and there would be no cuts of any sort. Obviously, if we had another \$390,000 it is more that we could achieve, but there would be no reductions for BCDC if we did not have those federal funds.

Finally, as a result of multiple labor agreements, most bargaining units received a 3 percent salary increase. But the state offset the cost of that increase by taking five hours of unpaid personal leave per month from staff. This results in a somewhat reduced capacity for BCDC, but an increase for time off for BCDC employees.

Executive Director Goldzband added: Let me jump in now like I did before and just provide a little bit more context.

The cash loan situation. For a number of years, BCDC ran on very much a shoestring. Heck, we still run on a shoestring as far as I am concerned. And because a significant percentage of the dollars that BCDC uses come from grants or contracts, those dollars are always in arrears. It does not matter what you do, you never get the money back the same

day you actually charge. The way the system works is you end up paying the people who are charging, whomever, out of General Fund, and then you reimburse the General Fund out of the dollars you get back from the contracts and the grants.

Well, that then puts you in month 9 through 12 in a somewhat precarious position, hoping that you are getting back the dollars to replenish the General Fund. And the last thing you want to do, of course, is go into a deficiency mode. So, therefore you have what is essentially a line of credit with the Department of Finance proving to them that somebody owes you those dollars. The contracts have been approved. It could be a state agency like the Coastal Conservancy, although they are great now in terms of paying, or OPC, they have been great. Or maybe it is a local government or a regional government or whatever. And so that is where the need for a cash loan can come from. We are a little bit beyond that, and Finance has changed the way it is working.

Second, we have zeroed out expected NOAA funding for this fiscal year, and we ain't putting it back in until I am convinced that there will be NOAA funding. So, if we do get the dollars that we expect to get this time, that is sort of found money.

Even if we were not to get it, we would still fulfill our obligation to NOAA on the Assessment Strategy. We will continue to be fully accredited NOAA partners because the state of California, unlike a number of states and territories, provides funding for their coastal zone management agencies. There are states in which the states use only federal dollars for their coastal zone management purposes, and those states are going to be in a world of hurt if indeed the NOAA base operations funding does not actually happen again. Go ahead, Sean.

Mr. Williamson continued: So, that is the high-level picture. Now we are going to drill down a little bit into some of the individual funds. So here I have got the General Fund broken out by staff time, Labor Expenses and Operating Costs, over two years. You can see the increase, which has been marginal. It has not been skyrocketing from one year to the next, about 14 percent over two years. Operating Expenses have been considerably higher.

Mostly the reason why these two numbers diverge is because a lot of the SB 272 funding that went into the General Fund displaced funds that we would use for other things, basically. We reduced the amount of General Fund we were using for staff so that we could use it in other places. We anticipate that this trend will continue through '26 as we have an additional five positions staffing, plus contracting dollars and operating expenses that are built into that too that that should increase over time.

For the Greenhouse Gas Reduction Fund, it has been relatively stable. We did have the Government Efficiency reduction cut of about \$116,000, but for the most part it is unchanged from year to year. You have got minor adjustments each fall that slightly adjust these. Sometimes they go down, sometimes they go up, but for the most part funding has been stable.

Executive Director Goldzband chimed in: Let me talk about Greenhouse Gas Reduction Fund for just a second. Those of you who read the newspapers, and you all do, will know that now is Cap and Invest. Not Cap and Trade anymore, Cap and Invest.

So, you are wondering, why the heck does BCDC get any Cap and Invest because we do not have projects? Well, until 2019, BCDC received no funding from the state for its planning program. Zero. It was entirely done through grants and contracts.

We were able to change that in 2019 with work with the Department of Finance. It only took a few years to get it, but we got it. And they basically said, we will give you \$1.9 million or \$1.8 million out of GGRF. And Steve Goldbeck and I looked at them and said, are you crazy? What are we going to do? We do not do greenhouse gasses. And they said, do not worry about it. So, we do not worry about it.

But what we do is we use the money specifically on issues regarding rising sea level and on the planning side, which is a lot of what they do, of course. And on the regulatory side, every permit analyst has to deal with rising sea level, so we also apportion those dollars to the regulatory side as well. The state totally agrees with how this is done. But I just wanted to, in case there were eyes raised because you know enough about Cap and Invest, this is how we use our Cap and Invest GGRF dollars.

Mr. Williamson continued: And on a monthly basis we report our expenditures to the California Air Resources Board, who administers this fund, under the programs that they have laid out for us. So, they are aware of how and when we are spending the funds and reporting on that to the state.

For Bay Fill, this one looks a little bit different from the other funds in that since we are the fund administrator it is showing the balance of the Fund. We also have actual Revenues and Expenditures for '23 and for '24. And then for '25, those are projected Revenues and Expenditures.

Typically, we have a very conservative projection of our revenues, which is this \$261,000 in '25. That was the same projection we had in the previous two years, we just actually generated much more revenue than that projection. So, it would not be unexpected,

I guess, is how I would put it, if we collected more revenue than that shows.

The Expenditures on the other hand, as you can see, are up dramatically from this year compared to last year or the year before. That is entirely due to the permitting database that I mentioned before. So, \$500,000 of that \$830,000 is due to the regulatory management database that is currently being developed. That is a one-time cost, so we anticipate that in '26 the Expenditures will look more like they did in '24.

Executive Director Goldzband added: Again, I will jump in. You will hear about the database in January or February. Harriet's folks, Ethan left, who is not hearing this, but he knows it is going to happen, will give a briefing on the fact that BCDC for the first time, is actually able to invest dollars into that kind of database and system which you as local elected officials see every day when you wander down to your planning or permitting department and can tell exactly what is going on. And I think maybe we should also bring down a card catalog when that happens just to show people that they still exist. Yes, they do.

You will remember that the Bay Fill Cleanup and Abatement Fund is funded through the work of Greg's folks in Legal, in Compliance and Enforcement, so we try to be very conservative with how much they will bring in.

As Greg will tell you, or as Isabel will tell you, the first rule of enforcement is get it fixed more than get the money. And we do not have the ability, like the California Coastal Commission, to levy fines of upwards of \$1 million dollars and the like. But we are pretty conservative. Greg works with Sean and the gang to make sure that we keep ourselves in the blue. Thanks.

Mr. Williamson continued: Speaking of revenue generation, our Legal Team, Enforcement and Compliance, this is the last eight years of fines collected that go into Bay Fill. Particularly, I want to highlight '23 and '24 where in '23 it was nearly \$580,000, in '24 is \$400,000.

In '24 the Legal Enforcement and Compliance teams were understaffed that entire year as a result of the hiring freeze that I mentioned earlier. Despite being understaffed, their collections were exceedingly high.

For the first time in well over a year it looks like Enforcement and Compliance may be completely staffed up by the end of this calendar year.

We anticipate that the fines collected and the enforcement actions that are going forward will be representative of the staff's ability to punch above their weight. They are

doing a phenomenal amount of work with very few staff on hand.

Finally, we have Reimbursements. This reflects grant awards that are usually coming from other state agencies, but in some cases directly from the federal government. They can also come from local government entities, joint power authorities, even private entities, although that is less common.

Our baseline Reimbursement authority is \$2,073,000 this year. It was the same in '24 and the same in '23. These are actual numbers that were collected those years. So, this is the \$600,000 that I was referencing before that we collected above this baseline. So, we did not have access to that in '24. It took the budget revision this year before we could actually start spending that money that was above the baseline authority.

We anticipate that our reimbursement levels this year will be in the same Zip Code, I guess, the same levels, around \$2 million for reimbursements collected. Some of that will be delayed because of the delays from the federal government where some of the federal dollars was being passed through to the state agencies. So, we may see it, but it may be not until the fourth quarter of this year. There may be some money that gets rolled over into '26 instead. But there has not been a substantial decrease in the amount of external funding for BCDC.

One thing to highlight is back in '22 both the Ocean Protection Council and the State Coastal Conservancy had made substantial awards to BCDC for the development of the RSAP Program; and the Ocean Protection Council award concluded in March of last year. The SCC award continues for another two years, I think. And we are doing our best to be responsible stewards of that money and make it last as long as possible.

Finally, these are permit fees which do not go to BCDC directly, they go to the state's General Fund.

Over the past 10 years, this first column is how much was collected. Occasionally we have to refund some of those fees. The rightmost column is the net of those collections. So, over 10 years we have collected about \$12 million that has gone back to the state's General Fund.

That concludes my presentation. If you have any questions, please let me know.

Chair Wasserman asked: Any questions?

Commissioner Nelson was recognized: Just a very open-ended question. The LAO came out with a fiscal projection looking ahead that projected a larger deficit next year, 17.7 billion, and potentially a deficit twice that size in the following fiscal year. That is

reasonably terrifying. I just wanted to ask you to tell us what you can about what we should expect, what we should plan for, looking ahead at the next fiscal year and maybe the next two.

Mr. Williamson answered: Well, a lot of it is undecided so I will just say that at the moment there are no drills that have been introduced from Finance for further reductions. We do not know what the administration's plans are to meet that gap yet, they have not disclosed that to us.

At the moment, our funding for '26 and beyond, up to five years, is unchanged after the reductions from the past year. There is nothing that I could share that would not be considered confidential. There is nothing, as far as I know, that is in development that would impact our current outlook. Whether they introduce something in the future I could not speak to.

Executive Director Goldzband chimed in: Yes. I think what Sean said at the beginning is really, really important. Finance has not told us anything yet. They usually do not, but at least you can usually get a hint, and there are no hints available at this point.

I will be at the CNRA Directors meeting the first two days of December. At each one of those meetings the Department of Finance Director comes in and talks about what is going on, and you leave knowing less than what you did coming in, and that is the way the Department of Finance works.

So, I think the most important thing I can tell you is that what Sean and our HR Team, which has been certainly in flux but has been doing a great job, is hiring people fast. You want to make sure that we are using the dollars that we have as quickly as possible because we are concerned that there may well be, for all we know, another vacancy sweep or whatever. And we want to make sure that we are in as good and as solid a position as possible.

And I will tell you that with the surplus that we have, we have already started making plans and we have already started basically hiring some limited-term people because we are not going to hire them permanently because that surplus ain't going to be permanent and we want to make sure that we stay in a conservative position. Sean and I are very much, very much simpatico in that, to make sure that we can ride out whatever may or may not come.

Commissioner Nelson continued: I realize that there is only so much you can tell us looking forward, but I appreciate the thoughts.

Chair Wasserman asked: Do we have any comments from the public?

(No members of the public addressed the Commission.)

Chair Wasserman announced: Thank you very much. That concludes this matter.

10. Briefing Recap on Legislative Matters. Chair Wasserman stated: That brings us to Item 10, a briefing on legislative issues.

We will now hear from our Director of Legislative and External Affairs Rylan Gervase who will provide us with a review of the last legislative session as well as what we can expect.

Director of Legislative and External Affairs Gervase presented the following: Thank you, Mr. Chair. Good afternoon, Commissioners. It is great to see so many of you here in person today.

I am going to take you on a bit of a journey through what was a very eventful year of lawmaking and politicking, as well as share my insights on what we can expect for 2026. Of course, if any of you have insights of your own to share, please feel free to do so, we would love to share some intelligence.

At the moment, we are in a bit of a lull on the legislative calendar. Congress is back from recess as of last week, ending the federal government shutdown after a record 43 days.

The California State Legislature is still in recess and will convene on January 5.

In California this year almost 3,000 bills were introduced. Of these, 1,000 were chaptered into law. Another 1,000 are pending as two-year bills, and the remaining 1,000 have crossed the Legislative Rainbow Bridge.

I just want to say that BCDC's legislative analysis effort was definitely team effort. I am not going to say we analyzed all 3,000 bills, but I do particularly want to thank our Chair, our Executive Director, as well as Commissioner Nelson, for spending a lot of time helping me develop positions for the legislation we did take positions on. And I want to thank our staff, particularly Erik Buehmann, Ethan Lavine and Michael Ng who spent quite a few hours this year analyzing legislation and helping me better understand exactly how it affects BCDC and what the implications were for our work.

So, without further ado, what did the legislature accomplish this year? I wanted to highlight three things.

The first being the deal on the Greenhouse Gas Emissions Reduction Fund. As Larry noted, the deal extends Cap and Trade Program, now rebranded as Cap and Invest, to 2045, which was definitely a huge lift and accomplishment.

As a part of that deal the legislature also increased the amount of permits that are

going to be available for oil drilling in California. So, you might ask yourself, why exactly are we doing that? Aren't we supposed to be reducing carbon emissions in line with the state's climate goals? My response to that would be one word, "affordability", which is something we are going to hear a lot more of in this presentation and the year to come.

As GGRF is successfully implemented, the cost of business for oil producers naturally goes up. Really, what that portion of the deal was all about was keeping California's remaining oil refineries in business. With the Benicia as well as the LA refineries that are slated to close, the administration is expecting price shocks at the pump that consumers are naturally going to respond to.

Interestingly, also as part of that deal, there is also going to be more discretionary funding available in GGRF, which has not been a typical practice. I think in 2026 we can expect some further budget plays to decide who gets that and what they are going to spend that on.

The next two are all about CEQA. As I covered in my previous legislative report, this summer the legislature and the governor got to a deal that made some massive changes to CEQA. Yes, this did include an exemption for infill housing development that I covered in my last briefing. But it also created more new exemptions for things like childcare centers, health clinics, food banks, farm worker housing, broadband infrastructure, wildfire prevention efforts, water infrastructure, public parks and trails, and most controversially, advanced manufacturing.

Under the deal, high-tech manufacturing plants are now going to be able to be built in industrial zones without any CEQA review. As you can imagine, many people in the legislature are concerned about the effects this might have on pollution, particularly in cities along the Bay Area. You might also be asking yourself why exactly the legislature did not address these concerns in the first place when this deal was reached, and that has everything to do with the process of how it went down.

The governor made the budget contingent on adopting the CEQA proposal, and as a matter of fact the deal was only reached a few days before the budget deadline. That meant that essentially the legislature had to vote, was compelled to vote on the CEQA proposal, because without it they would not be paid if the budget did not pass by the deadline.

The senate this summer after the passing did advance a fix that was supported by labor, by environmentalists, that would have required CEQA review for advanced manufacturing within 300 feet of a community or a school. Unfortunately, this ended up

going nowhere. But really this non-deal sets us up for further legislative fights in 2026 over this issue, so we can expect to see that as a large issue that will come before the legislature this summer, no doubt, through a Budget Act.

So, what else can we look forward to in the new year?

I think the biggest influence on the dynamic is going to be the gubernatorial election. To quote our Executive Director, next year's lame ducks session is going to be wacky. What I think he meant by that was there is going to be a last-minute push from the administration to secure their legacy with trailer bills or other legislation. And the legislature is also going to be making a last-minute push to secure the passage of bills that are going to be perhaps uncertain to pass under a new administration.

So needless to say, the environment is going to be ripe for last-minute deals with probably minimal chance for public scrutiny.

Based on the candidate pool for who is running for office, we can probably expect a governor that is going to come from Southern California, so that will be a bit of a sea change for us with Governor Newsom hailing from San Francisco.

But regardless of who is governor, who is going to be elected in the legislature, the key buzzword is going to be "affordability". If you have been watching political ads, if you have been listening to floor speeches, it is basically mentioned in almost every one, and it is going to drive a lot of the policymaking at the Capitol in 2026, as in fact it has in 2025.

Secondly, as Sean's excellent presentation mentioned, there is going to be a great deal of budget uncertainty in 2026.

As Commissioner Nelson mentioned, the LAO is projecting almost a \$18 billion deficit next year, and \$35 billion the year after. Key factors that they have identified for that are the fact that California's revenue growth, which is happening, is likely to be offset by constitutional spending requirements. Under Prop 98 we need to set aside a certain percentage of the budget for schools; and it is also going to be offset by debt service. Borrowing costs, AKA interest rates, as well as tariffs, are expected to remain high.

And finally, the LAO basically came out in the report and says that the stock market, which is a huge driver of California's budget, well, basically said it is kind of in a bubble being driven by AI. So please do not take anything I say in this presentation as financial advice, but they are calling that we are not likely to meet the continued growth of the stock market over the next few years.

As Sean mentioned, essentially, we are going to see if the administration agrees with

that in the January 10 budget. We are going to see if the Department of Finance agrees with that as well. And potentially before that, depending on what communications they put out to agencies in the time ahead. Either way, it is going to be four consecutive years of budget problems for California.

And I think what the most chilling part of the LAO report is, is that they say that we have already used the easy tools to fix the budget. We have already tapped into the Rainy Day Fund. We have already done things like vacancy sweeps. So most likely, if we do hit massive budget deficits, the implications are going to be pretty grim for state agencies. We are going to be looking at claw backs. Again, that is all speculation. We really cannot say what the approach the administration is going to take if that comes to pass.

So, legislative leadership. The big change in 2026 is that Senator McGuire, who represents Marin County, among many others, is out as the Senate Leader President Pro Tem. He is terming out. As part of that deal, he is going to be replaced by Monique Limón, who hails from Santa Barbara. She is a former Chair of the Senate Natural Resources Committee. She is definitely considered an environmentalist, which I think will be most likely a continuation of the dynamic that we have seen in years past where the Senate has been somewhat of a moderating influence on the pro-development Assembly. So, I would expect that dynamic under Senator Limón to continue, although we will stay tuned and see exactly what that means for the future.

And then finally, in 2026 I wanted to highlight that the Chamber of Commerce has announced that they are going to seek to put a proposition on the ballot that is going to limit CEQA reviews to 365 days. And also, perhaps even more importantly, require courts to rule on CEQA lawsuits within 270 days. The thinking is that this is probably easily going to get the signatures required for the ballot. It is going to be opposed heavily by enviros, but most likely we will see this on the ballot in the midterms.

What is interesting is that this is going to set up the opportunity for the legislature to come in and put an alternative proposal on the ballot, perhaps as part of a deal with the Chamber of Commerce. So definitely we are going to have to keep an eye out and see what dealmaking there is going to be in summer 2026. Whether the Chamber withdraws their proposal in favor of a compromise with the legislature, or whether they just go ahead with what they do having to qualify.

And then, what are the key topics going to be for BCDC in the new year?

As our Chair noted, and I definitely do not want to spoil the December 4 Rising Sea

Level Working Group discussions, but the question of governance challenges impeding adaptation is going to be a key topic for us in 2026. We are expecting to have extensive conversations with stakeholders during that year. And staff are working on our presentation for the Working Group coming up next month. I highly recommend everybody tune into that for more information on that.

Secondly, permitting reform is going to be a big topic. The legislature is still looking to squeeze all the juice they possibly can out of the regulatory process, cutting red tape. We have heard about several members who are looking into doing legislation specific to permitting, speeding up permitting timelines for climate change projects.

So as a result, BCDC staff including myself, Executive Director Goldzband and Regulatory Director Ross, are going to be talking to our Bay Area delegation in December and January to do some education as well as offer our counsel and support.

And then finally, the building code freeze, which I mentioned in my last briefing as being law is also going to be a big topic for us.

If you recall, as a part of that summer deal which included the CEQA changes, local building codes are going to be frozen for the next six years. It did not exempt any changes that might be made for sea level rise adaptation, and that was a key part of what we are doing with the RSAP, encouraging those local code changes to be made.

We did push for a fix towards the end of session, which it seemed like various legislators were receptive to, however, that did not end up going through for various reasons. But BCDC is going to continue educating members on some of these unintended consequences of this new law, as members concentrate on a solution.

And then finally I just wanted to wrap up on federal affairs.

Prop 50 passed with solid margins earlier this month. That is going to reorder California's congressional districts for the 2026 midterms. The result of that, the California Republicans are likely to lose five seats in the midterm. Only Young Kim down in Orange County actually ended up getting a district that was more Republican than she started with.

I will say, though, that for the Bay Area the impact on the seats here is going to be fairly limited. The most interesting, perhaps, consequences of that is that there is now a district that includes Sonoma as well as northeastern California. That is setting up a battle for Congressman LaMalfa who is going to be running against it looks like Senator McGuire. Since now he is terming out he is going to try to move on to Congress. That is going to be a very difficult district for Congressman LaMalfa to retain so that will be an interesting race to

watch.

Antioch and Pittsburgh. Those were previously lumped into a district with a lot of other cities in the East Bay. Those are now being split off into another congressional district with cities in the Central Valley. That is most likely going to be Congressman Josh Harder versus a Republican to be determined. It is going to be a lot easier for him to retain than his previous district has been.

But all of this is still sorting out. I think there is a lot more to come, and we will see how this ends up actually changing the Bay Area delegation as well as our California congressional delegation.

So, I also want to talk a little bit about the shutdown. It is a bit of old news now that it is over. But we did see firsthand some of the impacts on our agency, which I wanted to make sure to bring up to the Commission for your information.

Probably the biggest impact was many of our federal partner agencies, including NOAA, the Corps, as well as US Fish and Wildlife, furloughed their permitting staff. This actually led to some permitting delays for various projects. Basically waiting on the federal permitting side because their staff were no longer at work ended up pushing back timelines on some projects around the Bay.

I also wanted to mention that there were some much less visible delays. Delays in coastal research as well as data that is being collected.

I think a great example of that is some of the tide stations in the Bay, and these also exist in the Delta, went down during the shutdown. These are stations that provide information on tides. They are critical for ships to navigate in the Bay as well as the Delta. Malfunctions are not exactly uncommon, but because of the shutdown, the repairs ended up being delayed. And also due to funding issues those repairs to those tide stations have been pushed out to July. So, as a result of all this, in the meantime, ships navigating through the Bay are not going to necessarily be getting all the data they need to safely do so. So, that is something for our Oil Spill Response Team to keep an eye on.

Third, the Coastal States Organization Conference is going to be occurring in March. BCDC will send a delegation to that along with the California Coastal Commission and the State Coastal Conservancy. We will be speaking to members about the importance of the Coastal Zone Management Act and urging them to maintain funding for coastal resilience.

I also wanted to touch base, I know Sean did it in his presentation, but also on our NOAA funds. Over the past 10 months we have seen challenges to them. Basically because of

the way the federal administration is proceeding, they have been subject to a lot of uncertainty, to delays, even rescissions that have been proposed, although to date they have not been carried out. At BCDC, as mentioned, these funds go to sea level rise planning around the Bay.

Overall, nationwide coastal management grants are about \$82 million this year. And that is actually pretty astonishing because in 2002 they were \$69 million. So, in the past two decades they have only grown by \$10 million. So nationwide I believe the Coastal States Organization has identified we need actually about \$334 million for the future year.

But because of the federal environment being the way it is, we have considered it a success that we have been able to keep the funding flat. Although as Larry noted, we are assuming we are getting \$0 from NOAA next year, which would be down for about \$400,000. So, this is something we are definitely keeping an eye on, and we will be talking to folks in DC about.

So, on that hopeful note I will turn it over to the Commission for questions and feedback.

Chair Wasserman chimed in: I have a question or two. Remind me please, for the AB 130 and SB 131 limitations on CEQA challenges and building permit changes in particular, were there any exceptions for wildfire?

Mr. Gervase replied: There was an exemption for wildfire and home hardening. There was also an exemption for emergency situations. But it is not clear if something like sea level rise would actually reach the bar of meeting that.

Chair Wasserman noted: A slow-moving emergency probably will not qualify. It is probably too early, but has there been any further discussion that you know of on potential changes affecting sea level rise?

Mr. Gervase stated: Yes. I. We have discussed it with the Natural Resources Agency. I know there has been discussion in the legislature and I think people over there were looking at taking some action towards the end of summer. But I think because of various issues, the GGRF deal taking up so much time and oxygen, they ended up punting it to basically 2026. So, I know it is still on the radar and we definitely want to keep it there.

Chair Wasserman asked: And who do you see as our allies in that fight? Or campaign let's say.

Mr. Gervase replied: I think it is interesting, because the building code freeze in particular, I know that was a product of something the Assembly Speaker wanted. So, the

question is how can we, I guess, make the case to the Speaker as well as the other movers and shakers over there? I think we have to talk to our own Bay Area delegates and let them know how this is going to be affecting the coastline over the next six years. I think they are really our natural allies to do the advocacy for us as we educate them in December and January and February.

Chair Wasserman continued his questioning: And how about in Southern California?

Mr. Gervase answered: In Southern California, I think probably also the coastal members there, although that's a little bit outside of my expertise. But it is definitely something I think we should be talking to the Coastal Commission about and seeing what they have to think about it.

Chair Wasserman acknowledged: Thank you. Questions for Ryan?

Commissioner Nelson chimed in: Thanks, Rylan. Really, really helpful presentation, you covered an awful lot of ground. A couple of comments and one question.

One comment is about the transition from McGuire, Pro Tem McGuire, to Pro Tem Limón. I think the fact that Limón is not just environmentally oriented but a coastal member, means that that transition is going to still be good news for us, particularly in terms of our work on sea level rise. Obviously, we want to spend time talking with her office, but that's encouraging.

Second, I have looked over the Chamber Initiative. And maybe it is a little too early for us to know because we do not know how the permitting debate is going to play out in the coming year. But there is a bubble in the stock market, there is a permit reform bubble in the legislature, and I think we need to keep an eye on it to make sure we understand where. And there are many permit reform proposals that have nothing to do with us, but there may be permit reform proposals that really have impacts on our ability to get the information we need in order to do our regulatory job and our planning job. And there may be changes that have impacts on applicants. And I think we need to keep an eye out on both of those. Those are two comments, one question.

Traditionally, even when budgets are tight, bond money seems to be reasonably accessible because that money is not coming out of the General Fund, it is long-term borrowing. But when the treasurer sells bonds and the legislature appropriates bond funds, it does create debt payment. So that has potential implications, particularly for us for sea level rise adaptation projects. So, I hope you can talk for a moment about the pressure that is going to be on bond funding this year and what it might mean for sea level rise adaptation

investments in the coming year or two.

Mr. Gervase responded: Thank you, Commissioner Nelson, I think that is a really great question. I think especially if we are seeing a \$16 billion deficit and potentially future deficits next year, the pressure on bond funding is going to be pretty extreme just to fill the need for existing programs. I do not know exactly how that will shake out, of course, but I think that is probably where the most pressure is going to come from is, should we be spending this on new climate change investments or are we going to simply use Prop 4 to backfill a lot of our existing programs, which are probably going to be looking at cuts otherwise. So, I think that is definitely something that is going to be probably top of mind for the legislative leadership as they reconvene and look at the budget. And definitely I think that will be something coming up in budget subcommittee hearings in March and April.

Executive Director Goldzband chimed in: Can I add to that? And just a bit. When I was a young man in January of 1991 and my boss was proposing a budget with a General Fund total of \$49 billion and a deficit of \$14 billion, to this date the highest percentage deficit of any budget ever proposed or ever seen in the state of California. Tom Hayes, who was our Director of the Department of Finance kept warning us, there is something you guys do not see and that is payment on the debt.

If you take a look at what happened in the budget last year, and Commissioner Nelson, I think I got this right, there was downward pressure on spending Proposition 4 dollars. Indeed, there was a lot of discussion about how much Prop 4 would actually be spent. Some of the environmental advocates were actually disappointed by the numbers that came out in the final budget in terms of what actually happened with the climate bond.

I would argue that if you continue to have four years or foresee four years of significant deficits, those people who are concerned about debt payments will become more and more vocal within each administration and there will be more and more pressure to deal with that. That and \$3.50 would buy you a cup of coffee at Peet's.

Commissioner Nelson acknowledged: Really appreciate it, thanks.

Chair Wasserman asked: Do we have any comments from the public?

(No members of the public addressed the Commission.)

11. Adjournment. There being no further business, the Commission meeting was adjourned at 2:48 p.m.