

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 369 (Padilla) – As Amended March 17, 2025

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| Policy Committee: | Water, Parks and Wildlife | Vote: | 12 - 0 |
| | Labor and Employment | | 6 - 0 |

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the use of a skilled and trained workforce for Salton Sea restoration projects undertaken by specified state agencies.

Specifically, this bill, among other things:

- 1) Requires a state agency undertaking a Salton Sea restoration project to obtain, as part of a contract entered into on or after January 1, 2026, an enforceable commitment that every bidder, contractor, subcontractor, or other entity at every tier, as defined, shall use a skilled and trained workforce to perform all work that falls within an apprenticeship occupation in the building and construction trades.
- 2) Provides that this bill does not apply if all construction work on the project is subject to a project labor agreement (PLA) that requires the use of a skilled and trained workforce.
- 3) Defines “state agency” as the California Natural Resources Agency (CNRA), the Department of Water Resources (DWR), or the Department of Fish and Wildlife (DFW).
- 4) Defines “Salton Sea restoration project” as the erection, construction, alteration, repair, or improvement of any Salton Sea ecosystem structure, building, road, or other improvement that exceeds \$50,000 in cost and that is undertaken as part of the restoration of the Salton Sea ecosystem.

FISCAL EFFECT:

- 1) Costs of an unknown amount, almost certainly in excess of \$150,000 in the aggregate, to CNRA, DWR, and DFW for increased administrative costs to ensure compliance with the new contracting requirements (General Fund, bond funds). The magnitude of these costs is variable based on the number of and amount of funding allocated to potential restoration projects.
- 2) The aforementioned state agencies may also incur potentially significant increased project costs, to the extent this bill increases bid prices or deters some contractors from bidding on contracts. In cases where a foregone contractor would have been the low bidder, the state agency will pay more, and remaining contractors may face less competitive pressure when bidding on contracts, thus increasing contract costs. The labor requirement may also result in scheduling delays or limit the number of bids received due to regional workforce limitations.

For example, if there is a shortage of skilled and trained workers locally, a contractor may need to spend more on travel, lodging, and meals for workers from other parts of the state.

DFW notes it currently uses a variety of methods to contract for Salton Sea restoration work, including utilizing nonprofits, public works contracts, and partnerships with other state agencies. Often, workers hired to work on projects in the Salton Sea have been trained in other countries or receive on-the-job training. Requiring contracted workers to obtain formal skills and training for construction positions as a prerequisite to working on Salton Sea restoration projects may limit the department's options to hire workers and complete projects on time and within specified budgets.

- 3) For its part, DWR notes that while there is significant uncertainty about the cost of this bill, the department estimates approximately a 10% increase in contracting costs as a result of the skilled and trained workforce requirement. As an example, DWR expects to receive approximately \$150 million from the Proposition 4 climate bond for Salton Sea projects – which the department plans to expend through five separate state contracts. Of this amount, DWR estimates an approximately \$15 million increase in project costs. CNRA notes it carries out nearly all its Salton Sea-related project contracting through DWR.
- 4) The Department of Industrial Relations does not anticipate any costs as a result of this bill.

The Department of Finance (DOF) is opposed to this bill, stating the bill “would significantly increase the cost of the state’s existing legal liabilities associated with Salton Sea restoration.”

COMMENTS:

- 1) **Purpose.** According to the author:

For years, the receding lake bed at the Salton Sea, exacerbated by our changing climate, has created environmental hazards that threaten the health of communities in the Imperial Valley, predominantly composed of Latino agricultural workers. The state and federal government have provided funding for Salton Sea restoration, which is critical to ensuring the health and well-being of the Salton Sea ecosystem and the Imperial Valley community, but this only a piece of helping this region overcome the challenges it faces.

The Imperial Valley already has a high unemployment rate and many residents face poor working conditions and low wages. Given the risk to workers, effort to ensure a labor pipeline for residents in the Imperial Valley, and support towards the rapid completion of Salton Sea Restoration projects, [this bill] is crucial to statutorily require the use of a local skilled and trained workforce for all restoration work at the Salton Sea.

- 2) **Background. *Salton Sea.*** According to CNRA, flows into the Salton Sea have declined in recent years, and the result is a shrinking, increasingly saline lake. As the Salton Sea recedes, previously submerged lakebed is being exposed, creating dust that is of concern to local communities.

To address these challenges, state agencies are advancing projects at the Salton Sea to improve air quality and provide critical environmental habitat for birds along the Pacific Flyway. CNRA, DWR, and DWR are implementing the Salton Sea Management Program (SSMP), which includes a 10-year plan that aims to improve conditions by constructing 30,000 acres of habitat and dust suppression projects around the sea. To date, the SSMP has completed projects covering 3,225 acres; this falls short of its goal of completing 14,200 acres of projects by the end of 2024. The SSMP has also developed a long-range plan to outline a path for the restoration and management of the Salton Sea beyond 2028.

The SSMP has received approximately \$600 million in state funding to date, nearly all of which has been either expended or committed to projects. In addition, the federal Inflation Reduction Act provides \$250 million to restore the Salton Sea. According to CNRA, additional funding, likely around \$500 million over the next several years, is needed for the state to achieve its SSMP phase 1 legal requirements. SB 583 (Padilla), Chapter 771, Statutes of 2024, creates a new Salton Sea Conservancy (Conservancy) in CNRA, and the Proposition 4 climate bond allocates up to \$10 million for its creation. As part of the Governor's January budget for fiscal year 2025-26, the Conservancy requested 15 permanent positions, \$10 million in Proposition 4 funding, and ongoing funding through the Salton Sea Lithium Fund for the establishment and operation of the Conservancy. The Budget Act of 2025, signed in June, deferred action on this request to subsequent budget negotiations. DOF asserts this bill's requirements do not apply to the newly created conservancy, which is aimed at the operations and maintenance of acres restored through the SSMP.

Skilled and Trained Workforce. A skilled and trained workforce means all the workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons or apprentices registered in a program approved by the Division of Apprenticeship Standards (DAS). A contractor required to provide an enforceable commitment that a skilled and trained workforce will be used to complete a project must submit a monthly report to the awarding body demonstrating compliance with skilled and trained standards. If the contractor fails to provide the monthly report, or provides a report that is incomplete or does not demonstrate compliance, the awarding body must withhold contract payments. The awarding body must also notify the Labor Commissioner when the monthly report does not demonstrate compliance, with contractors subject to specified civil penalties for such violations.

The California-Nevada Conference of Operating Engineers, the sponsor of this bill, writes in support:

Currently, Skilled and Trained workforce requirements are only required for design-build construction projects at the Salton Sea that cost over \$1,000,000. Given the toxic nature of performing work at the Salton Sea and the importance of ensuring that these projects are completed at a rapid pace, the State should be taking every precaution necessary to ensure that workers on these projects have received the highest level of safety training in order for this work to be completed in a safe and efficient manner.