

# INFRASTRUCTURE

Infrastructure investments support economic development by facilitating the mobility of people and products, reducing costs of goods and services, and increasing competitiveness. The increased productivity associated with infrastructure investment is necessary to achieve higher long-term living standards.

As a key component of the Administration's economic development strategy, public works investment in California is at a scale not seen since the mid-20th century. Just as roads, highways, water systems, and schools were built during that period to meet the needs of a growing California, strategic public investment is necessary to build the future for the 21st century as well.

Since 2021, an unprecedented \$66.8 billion of federal funds and approximately \$42.3 billion of one-time state investments has provided a total of \$109.1 billion of additional funding to projects that support clean energy, public transit, flood control and safe drinking water, and a faster internet for all Californians.

In 2024, voters approved an additional \$26.4 billion for three additional bond measures to further the state's commitment to infrastructure investments to modernize the state's behavioral health care system, enhance and update the state's public education facilities, and protect communities and natural resources from the impacts of climate change.

- **Proposition 1:** Behavioral Health Infrastructure Bond Act of 2024—\$6.4 billion.

- **Proposition 2:** Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024—\$10 billion.
- **Proposition 4:** Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024—\$10 billion.

When combined with existing federal and state investments, a total of \$135.5 billion of additional funding has been committed to enhance the state's infrastructure since 2021.

In addition to this unprecedented level of investment, the Administration has worked with the Legislature to accelerate critical infrastructure projects across California by streamlining the processes for environmental review and permitting of projects.

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## FEDERAL INVESTMENTS

With the passage of federal legislation, the state has received billions of dollars and is expecting to receive billions of dollars more for a wide array of infrastructure projects:

- **Infrastructure Investment and Jobs Act**—As of November 2024, the state expects to receive \$46.7 billion in formula funding and \$15.1 billion in competitive funding (a total of \$61.8 billion) for transportation infrastructure, broadband, and climate resilience projects.
- **Inflation Reduction Act**—As of November 2024, the state expects to receive \$3 billion, with billions more available nationwide for energy and climate change investments.
- **American Rescue Plan Act**—California has allocated over \$2 billion for constructing affordable housing; acquiring, rehabilitating, and converting buildings for long-term housing for those experiencing homelessness; investing in infrastructure to expand affordable broadband access; and resuming necessary maintenance and repairs on state-owned buildings, infrastructure, and assets.

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## CRITICAL STATE INFRASTRUCTURE

The California Infrastructure Planning Act (Act), pursuant to Chapter 606, Statutes of 1999, requires the Governor to submit a five-year infrastructure plan to the Legislature

for consideration with the annual budget bill. This chapter, along with other information on the Department of Finance website ([www.dof.ca.gov](http://www.dof.ca.gov)), fulfills the requirements of the Act. The 2025 Five-Year Infrastructure Plan (Plan) focuses on meeting core state responsibilities with limited available resources.

The Plan includes approximately \$55.4 billion in state infrastructure investments over the next five years. Considering the current fiscal outlook, the Plan addresses only the most critical investments in capital assets that support core state functions, including fire and life safety and/or court-ordered projects.

See the Infrastructure Plan—Proposed Spending figure for a summary of the proposed funding by program area and the Statewide Capital Funding by Department and Fund Source figure for a summary of the proposed funding by year, department, and fund source. Appendix 1, which includes a detailed listing of the specific projects proposed to be funded, can be found on the Department of Finance website.

**Infrastructure Plan—Proposed Spending**

(Dollars in Thousands)

<b>Capital Expenditures: Program Area</b>	<b>Five-Year Capital Funding</b>
Transportation	\$48,844,155
Judicial Branch	2,457,480
Natural Resources	2,216,182
Education	837,110
Health and Human Services	499,791
General Government	413,112
Corrections and Rehabilitation	102,143
<b>Total</b>	<b>\$55,369,973</b>

**Statewide Capital Funding by Department and Fund Source**

(Dollars in Thousands)

Program Area	2025-26	2026-27	2027-28	2028-29	2029-30	Total
<b>Judicial Branch</b>						
Judicial Branch	39,785	1,612,135	751,951	28,451	25,158	2,457,480
<b>Subtotal</b>	<b>\$39,785</b>	<b>\$1,612,135</b>	<b>\$751,951</b>	<b>\$28,451</b>	<b>\$25,158</b>	<b>\$2,457,480</b>
<b>Transportation</b>						
Department of Transportation	9,636,015	9,502,023	9,628,800	9,676,800	9,687,800	48,131,438
Department of the California Highway Patrol	1,000	17,863	270,408	23,500	226,760	539,531
Department of Motor Vehicles	0	71,511	12,607	29,499	59,569	173,186
<b>Subtotal</b>	<b>\$9,637,015</b>	<b>\$9,591,397</b>	<b>\$9,911,815</b>	<b>\$9,729,799</b>	<b>\$9,974,129</b>	<b>\$48,844,155</b>
<b>Natural Resources</b>						
Tahoe Conservancy	6,528	350	1,800	0	0	8,678
Department of Forestry and Fire Protection	137,885	727,799	180,287	768,734	2,000	1,816,705
Department of Fish and Wildlife	0	0	1,700	0	0	1,700
Department of Parks and Recreation	16,984	15,473	187,142	0	0	219,599
Department of Water Resources	169,500	0	0	0	0	169,500
<b>Subtotal</b>	<b>\$330,897</b>	<b>\$743,622</b>	<b>\$370,929</b>	<b>\$768,734</b>	<b>\$2,000</b>	<b>\$2,216,182</b>
<b>Health and Human Services</b>						
Department of Developmental Services	0	4,331	6,603	188,604	0	199,538
Department of State Hospitals	2,844	31,333	91,240	113,247	61,589	300,253
<b>Subtotal</b>	<b>\$2,844</b>	<b>\$35,664</b>	<b>\$97,843</b>	<b>\$301,851</b>	<b>\$61,589</b>	<b>\$499,791</b>
<b>Corrections and Rehabilitation</b>						
Department of Corrections and Rehabilitation	14,122	11,172	19,469	44,091	13,289	102,143
<b>Subtotal</b>	<b>\$14,122</b>	<b>\$11,172</b>	<b>\$19,469</b>	<b>\$44,091</b>	<b>\$13,289</b>	<b>\$102,143</b>
<b>Education</b>						
Department of Education	1,455	39,528	20,652	940	17,164	79,739
California Community Colleges	80,064	59,559	617,748	0	0	757,371
<b>Subtotal</b>	<b>\$81,519</b>	<b>\$99,087</b>	<b>\$638,400</b>	<b>\$940</b>	<b>\$17,164</b>	<b>\$837,110</b>
<b>General Government</b>						
Office of Emergency Services	3,167	0	0	0	0	3,167
Department of General Services	0	94,835	275,292	0	8,619	378,746
Department of Food and Agriculture	242	567	3,203	0	0	4,012
California Military Department	1,169	6,218	2,000	4,200	2,200	15,787
Department of Veterans Affairs	1,400	0	0	0	0	1,400
Infrastructure Planning	2,000	2,000	2,000	2,000	2,000	10,000
<b>Subtotal</b>	<b>\$7,978</b>	<b>\$103,620</b>	<b>\$282,495</b>	<b>\$6,200</b>	<b>\$12,819</b>	<b>\$413,112</b>
<b>Statewide Total</b>	<b>\$10,114,160</b>	<b>\$12,196,697</b>	<b>\$12,072,902</b>	<b>\$10,880,066</b>	<b>\$10,106,148</b>	<b>\$55,369,973</b>
<b>Proposed, By Fund</b>						
General Fund	78,374	217,481	276,677	230,000	155,635	958,167
Special Fund	3,260,204	3,217,953	3,354,102	3,278,620	3,282,140	16,393,019
Public Buildings Construction Fund/ Non-Governmental Cost Funds	124,295	2,400,311	1,357,535	971,766	261,213	5,115,120
General Obligation Bond Funds	276,757	80,122	617,748	0	0	974,627
Federal Funds	5,865,830	5,780,830	5,869,840	5,899,680	5,907,160	29,323,340
Reimbursements/Other Governmental Cost Funds	508,700	500,000	597,000	500,000	500,000	2,605,700
<b>Statewide Total</b>	<b>\$10,114,160</b>	<b>\$12,196,697</b>	<b>\$12,072,902</b>	<b>\$10,880,066</b>	<b>\$10,106,148</b>	<b>\$55,369,973</b>

**JUDICIAL BRANCH**

The Judicial Branch consists of the Supreme Court, Courts of Appeal, and trial courts. The Supreme Court is located in the Civic Center Plaza in San Francisco and the Ronald

Reagan State Office Building in Los Angeles and has office space in San Diego. The Courts of Appeal are organized into six districts and operate in nine different locations. The trial courts occupy 430 facilities and provide 2,200 courtrooms in 58 counties statewide. The facilities of the Supreme Court, Courts of Appeal, and trial courts encompass not only the public courtroom spaces but also the chambers and workspaces where judicial officers and courtroom staff prepare for proceedings; secure areas, including holding cells; and building support functions.

The Judicial Branch also consists of the Judicial Council, which has administrative facilities located in San Francisco and Sacramento.

The Plan includes \$2.5 billion (\$117.6 million General Fund and \$2.3 billion Public Buildings Construction Fund) over the next five years for study funds and for eleven Judicial Branch projects identified as the most critical in the 2019 Facilities Reassessment.

The Budget proposes \$39.8 million General Fund for the courthouse in the Juvenile Hall Addition and Renovation in Butte County, the New Solano Hall of Justice in Fairfield, the New Fresno Courthouse, the New San Luis Obispo Courthouse, the New Tracy Courthouse in San Joaquin County, and Statewide - Budget Package and Advanced Planning.

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## TRANSPORTATION

The Budget maintains the entirety of the transportation package included in recent budgets. This includes \$15.4 billion from various funds over multiple years for the following:

- \$7.7 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to provide options to opt-out of traffic congestion and reduce greenhouse gas emissions. A portion of these funds can also be used to support transit operations.
- \$4.2 billion Proposition 1A for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.

## INFRASTRUCTURE

- \$1.1 billion for Active Transportation Program projects, the Reconnecting Communities Highways to Boulevards Pilot program, and climate adaptation projects to advance equity and health outcomes.
- \$1.1 billion for the Zero Emission Transit Capital Program.
- \$150 million for grade separation projects that support critical safety improvements and improve traffic and rail movement by separating the vehicle roadway from the rail tracks.

In addition to maintaining the transportation package, the Budget includes \$25 million General Fund for the Clean California Program for a Community Cleanup and Employment Pathways Grant Program. This funding will provide matching grants to communities with a Clean California Community designation focused on both litter remediation and jobs creation.

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### **CALIFORNIA HIGHWAY PATROL**

The California Highway Patrol (CHP) operates nearly 500 facilities statewide, including 8 field division offices, 102 area offices, 24 dispatch/communications centers, 39 commercial vehicle inspection facilities and platform scales, 8 air operations facilities, 34 resident posts, 267 remote telecommunication sites, a training academy, and various administrative facilities. These facilities support the CHP's mission to provide the highest level of safety, service, and security to the people of California.

The Plan includes \$548.6 million (\$83 million General Fund, \$5 million Motor Vehicle Account (MVA) and \$460.6 million Public Buildings Construction Fund) over the next five years for various facility replacement projects statewide. This includes five continuing area office replacement projects and twelve future area office replacement projects.

The Budget proposes \$1 million MVA for Statewide - Planning and Site Identification funding to enable CHP to take initial steps to address structural and functional deficiencies in facilities statewide.

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### **DEPARTMENT OF MOTOR VEHICLES**

The Department of Motor Vehicles (DMV) operates 240 facilities statewide. Many offices contain multiple programs, including vehicle/vessel identification and compliance, driver license and personal identification, driver safety, occupational licensing, and investigation. These facilities support the DMV's mission to serve the public by licensing

drivers, registering vehicles, securing identities, and regulating the motor vehicle industry in pursuit of public safety.

The Plan includes \$173.2 million (\$44.3 million General Fund, \$2 million MVA, and \$126.9 million Public Buildings Construction Fund) over the next five years for one continuing office replacement project, three new office replacement projects, and Statewide - Planning and Site Identification funding. These projects will address structural and functional deficiencies in facilities statewide.

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## **CALIFORNIA TAHOE CONSERVANCY**

The California Tahoe Conservancy manages programs to help protect Lake Tahoe's water quality and conserve wildlife habitat, watershed areas, and public access on the California side of the Lake Tahoe Basin. The Conservancy is a primary implementer of the State of California's responsibilities under the Environmental Improvement Program (EIP) for the Lake Tahoe Basin—a 1997 agreement between California, Nevada, the Tahoe Regional Planning Agency, the federal government, local governments, and various private entities. The EIP is updated periodically to include more refined estimates of projects, modifications in the scope of identified projects, and new projects.

The Plan includes \$8.7 million (\$2.0 million General Obligation bond funds and \$6.7 million other funds) over the next five years for the Sunset Stables Reach 6: Upper Truckee River Restoration Project, opportunity acquisitions, and study and planning funds for possible future projects.

The Budget proposes \$6.5 million (\$1.6 million General Obligation bond funds and \$4.9 million other funds) for the initial phases of these projects.

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## **DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

The Department of Forestry and Fire Protection (CAL FIRE) operates and manages more than 640 facilities and other assets statewide. These include 240 fire stations, 13 air attack bases, 11 helitack bases, 30 conservation camps, 45 fire centers, 21 unit headquarters, 112 telecommunications facilities, 16 administrative headquarters, 6 training centers, 14 state forests, 1 forestry nursery, 1 statewide seed bank, and over 100 other facilities that support fire protection and resource management efforts for more than 31 million acres of both state and privately owned wildlands throughout California.

## INFRASTRUCTURE

The Plan includes \$1.8 billion (\$267 million General Fund and \$1.5 billion Public Buildings Construction Fund) over the next five years for the continuation and addition of critical infrastructure projects statewide with an emphasis on enhancement of operational capabilities. Projects include, but are not limited to, the creation of a new training center which is necessary for the implementation of the 66-hour work week, and the replacement of helitack and air attack bases to accommodate CAL FIRE's new helicopter fleet and new federal C-130 aircraft. The Plan also includes the replacement of aging fire stations and unit headquarter facilities.

The Budget proposes \$137.9 million (\$14.3 million General Fund and \$123.6 million Public Buildings Construction Fund) for the continuation and addition of critical major capital projects, including the replacement of various fire stations, unit headquarters, helitack bases, and air attack bases.

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### **DEPARTMENT OF FISH AND WILDLIFE**

The Department of Fish and Wildlife (Fish and Wildlife) manages 742 properties statewide. Several state agencies purchase land for the purpose of habitat or wildlife protection, and management responsibilities for these properties are often transferred to Fish and Wildlife; therefore, the amount of land under the department's control continues to increase. The properties managed by Fish and Wildlife include: 111 wildlife areas, 136 ecological reserves, 138 public access areas, and 21 fish hatcheries.

The Plan includes \$1.7 million special funds over the next five years for projects at the Silverado Fisheries Base and the Fish Springs Hatchery.

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### **DEPARTMENT OF PARKS AND RECREATION**

The Department of Parks and Recreation consists of 280 parks, beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites totaling approximately 65 million acres of land, including 343 miles of coastline; 991 miles of lake, reservoir and river footage; more than 15,000 campsites and alternative camping facilities; and more than 6,000 miles of motorized and non-motorized trails.

The Plan includes \$219.6 million (\$17.3 million General Obligation bond funds and \$202.3 million other funds) over the next five years for new and continuing major capital projects at Candlestick Point State Recreation Area and the future California Indian Heritage Center.



The Budget proposes \$17 million (\$2 million General Obligation bond funds and \$15 million other funds) for projects at Hollister Hills State Vehicular Recreation Area, R.H. Meyer Memorial State Beach, Border Field State Park, Candlestick Point State Recreation Area and the California Indian Heritage Center.

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## DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR), Division of Flood Management and the Division of Multibenefit Initiatives are committed to a wide and necessary array of flood risk reduction investments such as U.S. Army Corps of Engineers (USACE)-led urban projects, repair of storm-damaged infrastructure, and systemwide multi-benefit projects. DWR has taken a comprehensive look at funding needs over the next five years and beyond, and will continue to work on flood management projects that reduce flood risk and enhance flood system resiliency to address the impacts of climate change, improve operations and maintenance of the flood management system, and improve ecosystem functions.

Much of the existing flood management system in the Central Valley is made up of a complex, integrated system of levees, channel improvements, bypasses, operable and passive weirs, closure structures, pumping plants, and other related flood management facilities. DWR, in partnership with the Central Valley Flood Protection Board (Flood Board), participates with USACE and local entities in the operation, maintenance, repair, rehabilitation, and replacement of these facilities.

The Central Valley Flood Protection Act of 2008 requires DWR to prepare, and the Flood Board to adopt, the Central Valley Flood Protection Plan (Flood Plan). The Flood Plan is California's strategic blueprint to improve flood risk reduction in the Central Valley. The Flood Plan lays out strategies to:

- Prioritize the state's investment in flood management over the next three decades.
- Promote multi-benefit projects.
- Integrate and improve ecosystem functions associated with flood risk reduction projects.

The Five-Year Capital Outlay Plan supports DWR flood risk reduction projects that:

- Implement improvements to the State Plan of Flood Control identified in the Flood Plan in coordination with the USACE, Flood Board, and local agencies, and address other known critical deficiencies in the Central Valley flood system.
- Advance flood improvements along the American and Sacramento Rivers and the Yolo Bypass, and locations in the San Joaquin such as Paradise Cut.
- Complete work on urban multi-benefit projects that reduce flood risk, protect habitat, and provide recreation.
- Work with USACE and local agencies to provide financial assistance to complete design and construction of flood risk reduction projects across the state.

The Salton Sea, California's largest lake, is receding in part due to existing water conservation actions in the Imperial Valley that have reduced inflows to the Sea. Areas of exposed lakebed contribute to harmful dust emissions and reduce important environmental habitat. Along with the California Natural Resources Agency, DWR helps address historic inequities in the region by reducing the contributions of exposed lakebed to poor air quality. The goal is to suppress dust around the Salton Sea by installing aquatic habitat, vegetation, or interim surface roughening.

The Budget proposes \$21.9 million Proposition 4 for various flood management system projects in the Central Valley, including \$8 million for Systemwide Flood Risk Reduction projects and \$13.9 million for the Urban Flood Risk Reduction Program, and an additional \$147.6 million Proposition 4 for the Salton Sea Management Plan.

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## DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) oversees two developmental centers, Porterville and Fairview. Porterville Developmental Center houses the Secure Treatment Program and Fairview Developmental Center (FDC) is currently in warm shutdown. DDS also operates six Stabilization, Training, Assistance, and Reintegration homes and is projected to open a seventh home in 2025. Three additional Complex Needs Homes were approved in September 2023 and will be built on the FDC property. Lastly, DDS is responsible for the maintenance of interior finishes and equipment at Canyon Springs Community Facility in Riverside County. These facilities support Californians with developmental disabilities in achieving their goals.

The Plan includes \$199.5 million (\$17.5 million General Fund and \$182.1 million Public Buildings Construction Fund) over the next five years for the design and construction of residence buildings and the expansion of the control room at the Porterville Developmental Center to address space and infrastructure deficiencies.

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## DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) oversees five hospitals—Atascadero, Coalinga, Metropolitan, Napa, and Patton. These facilities support DSH's mission to provide evaluation and treatment services in a safe and responsible manner to State Hospital patients.

The Plan includes \$300.2 million (\$217.1 million General Fund and \$83.1 million Public Buildings Construction Fund) over the next five years to: (1) address electrical, water, and utility plant deficiencies at Atascadero, Metropolitan, Napa, and Patton State Hospitals, (2) provide a skilled nursing facility at Coalinga to address the aging population, and (3) renovate patient housing at Metropolitan for civilly-committed patients.

The Budget proposes \$2.8 million General Fund for the initial phase of the Electrical Infrastructure Upgrades project at Napa State Hospital.

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## DEPARTMENT OF CORRECTIONS AND REHABILITATION

The Department of Corrections and Rehabilitation (CDCR) operates 31 state-owned institutions, 34 firefighting and conservation camps, and one local justice-involved youth camp.

CDCR and the Board of State and Community Corrections (BSCC) jointly administer several programs to partially finance the design and construction of county correctional facilities. The programs consist of Adult Local Criminal Justice and Local Youth Offender Rehabilitation facilities, and were authorized through the 2007 Senate Bill 81 (Youth), the 2007 Assembly Bill 900 (Adult), the 2012 Senate Bill 1022 (Adult), the 2014 Senate Bill 863 (Adult), and the 2016 Senate Bill 844 (Adult). To date, approximately \$294 million has been awarded to 19 counties to build or remodel Youth Offender facilities and approximately \$2.1 billion has been awarded to 53 counties to build or remodel Adult Local Criminal facilities. CDCR oversees 42 of these projects totaling

approximately \$1.6 billion authorized from Assembly Bill 900, Senate Bill 81, and Senate Bill 1022.

The Plan includes \$102.1 million General Fund over the next five years for study funds and for seven projects that address critical fire and life safety upgrades.

The Budget proposes \$14.1 million General Fund for the California Health Care Facility, Stockton–Potable Water Treatment System; the Ironwood State Prison, Blythe–New Potable Water Wells; the Valley State Prison, Chowchilla–New Potable Water Wells; and Statewide–Budget Packages and Advanced Planning.

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### **BOARD OF STATE AND COMMUNITY CORRECTIONS**

As explained above, the BSCC and CDCR jointly administer several programs to partially finance the design and construction of county correctional facilities. To date, approximately \$294 million has been awarded to 19 counties to build or remodel Youth Offender facilities and approximately \$2.1 billion has been awarded to 53 counties to build or remodel Adult Local Criminal Justice facilities. BSCC oversees 29 of these projects totaling approximately \$918 million authorized from Senate Bill 1022, Senate Bill 863, and Senate Bill 844.

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### **EDUCATION FACILITIES**

Since 1998, California voters have approved more than \$50 billion in statewide General Obligation bonds to construct or renovate public school classrooms used by the state's approximately six million TK-12 students and more than \$13 billion in statewide General Obligation bonds to construct or renovate public college and university facilities. These amounts include the recently approved Proposition 2 funding of \$8.5 billion for TK-12 and \$1.5 billion for the California Community Colleges (CCCs). The Budget includes roughly \$3 billion General Fund to support the debt service costs associated with these bonds.

In addition to state General Obligation bonds, school districts may use developer fees, local General Obligation bonds, and Mello-Roos bonds to construct additional classrooms or renovate existing classrooms. CCCs may use local General Obligation bonds to support their facility needs.

The 2022 and 2023 Budget Acts provided roughly \$3.3 billion one-time General Fund to support TK-12 new construction and modernization projects through the School Facility Program.

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## **CALIFORNIA DEPARTMENT OF EDUCATION—STATE SPECIAL SCHOOLS**

The State Special Schools Division includes three residential schools—a School for the Deaf in Riverside, Schools for the Deaf and Blind in Fremont, and three diagnostic centers in Fresno, Fremont, and Los Angeles. The schools provide comprehensive educational programs composed of academic, extracurricular, and residential activities for Deaf, hard-of hearing, DeafBlind, blind, visually-impaired, and low-vision students. The diagnostic centers provide assessment services for students in special education with complex educational needs, along with professional learning and technical assistance support for educators and community partners.

The Plan includes \$79.7 million (\$40.5 million General Fund and \$39.2 million Public Buildings Construction Fund) over the next five years for seven new projects and one continuing project to address aging infrastructure at facilities statewide.

The Budget proposes \$1.5 million General Fund for the initial phase of the California School for the Deaf, Riverside Health Services Building project.

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## **HIGHER EDUCATION**

Each year, millions of Californians pursue postsecondary degrees and certificates, enroll in courses, or participate in other kinds of education and training. The three public segments that support these educational opportunities are the University of California (UC), the California State University (CSU), and the CCCs.

### **UNIVERSITY OF CALIFORNIA AND CALIFORNIA STATE UNIVERSITY**

The UC and CSU are currently authorized to fund capital projects from within their annual support budgets. This provides the universities with the flexibility to factor infrastructure development costs and priorities within their comprehensive fiscal plans. In accordance with statute, both the UC and the CSU submit annual capital outlay proposals for legislative review and Department of Finance approval.

## **CALIFORNIA COMMUNITY COLLEGES**

The CCCs comprise the largest postsecondary system of education in the nation. The system serves approximately 22 million students annually at 73 locally governed community college districts encompassing 116 campuses, 8,080 approved off-campus centers, and 24 district offices. The system also provides instruction at numerous off-campus outreach centers. Additionally, the Administration is supporting the development of affordable student housing projects approved under the Higher Education Student Housing Grant Program, which is now being funded by the Public Buildings Construction Fund.

The Plan includes \$757.4 million General Obligation bond funds over the next five years for new and continuing projects. Proposition 2 of 2024 authorized \$1.5 billion in state General Obligation bonds to support the improvement and construction of community college facilities. Proposition 2 accounts for \$728.8 million of the projects included in the Plan.

The Budget proposes \$80.1 million General Obligation Bond funds, of which \$51.5 million supports new projects funded by Proposition 2.

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## **OFFICE OF EMERGENCY SERVICES**

The Office of Emergency Services' infrastructure includes a headquarters facility, an administrative building, and an Inland Regional Operations Center in Sacramento County; a Coastal Regional Operations Center in Fairfield in Solano County; a Southern Regional Operations Center located in Santa Ana; the California Specialized Training Institute at Camp San Luis Obispo; and various small field offices throughout the state.

The Budget proposes \$3.2 million General Fund for the continuing Mather–Security Checkpoint Enhancement project.

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## **DEPARTMENT OF GENERAL SERVICES**

The Department of General Services (DGS) manages approximately 38.3 million square feet of space that supports a variety of state programs and functions. The DGS portfolio includes 58 DGS-managed state office buildings including the State Capitol and one new office facility (May Lee State Office Complex); 27 other state-owned buildings including warehouses, storage, the Central Heating and Cooling Plant, parking structures, and the State Records Warehouse; and DGS-managed commercial leases

of all space types. Additionally, DGS has jurisdiction over retail and residential properties in downtown Sacramento that the Capitol Area Development Authority manages directly. Finally, major renovations to three buildings in Downtown Sacramento (Former Resources, Jesse Unruh, and Gregory Bateson) are expected to be completed in calendar year 2025.

The Plan includes \$378.7 million (\$46.5 million General Fund and \$322.2 million Public Building Construction Fund) over the next five years for projects in the Sacramento Region to reconfigure the 10th & O Building, renovate the Warren-Alquist Energy Building, and to exercise an option to purchase the State Printing Plant.

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## **DEPARTMENT OF FOOD AND AGRICULTURE**

The California Department of Food and Agriculture's (CDFA) facilities support the citizens of California by promoting and protecting a safe and healthy food supply and enhancing local and global agricultural trade through efficient management, innovation, and sound science, with a commitment to environmental stewardship. These facilities are in various locations in Arizona, Hawaii, and throughout California. CDFA facilities include 43 field offices, 11 laboratories, 16 border protection stations, 9 employee residences, and a headquarters facility in Sacramento.

The Plan includes \$4 million General Fund over the next five years for a new project at the Meadowview Biological Control Office in Sacramento.

The Budget proposes \$242,000 General Fund for the initial phase of the Meadowview Biological Control Office for repairs and replacement of laboratory space used by the Biological Control Program.

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## **MILITARY DEPARTMENT**

The Army National Guard statewide facilities include 80 active armories, three combined support maintenance shops, and one maneuver area training equipment site. The facilities are used to house and train the California National Guard and provide emergency public safety support. The Military Department also operates three major training facilities that provide troop lodging, administration, warehouse, maintenance, firing ranges, and maneuver training areas. Additionally, the Military Department's facilities include 43 active buildings for the department's nine Youth and Community Programs.

## INFRASTRUCTURE

The Plan includes \$15.8 million (\$14.3 million General Fund and \$1.5 million Armory Fund) over the next five years for two readiness center projects and one youth classroom project.

The Budget proposes \$1.2 million (\$419,000 General Fund and \$750,000 Armory Fund) for two projects at the Los Alamitos facility: the STARBASE Classroom Building and the new Battalion Headquarters Readiness Center.

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## DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs (CalVet) facilities include eight veterans homes, three state veterans cemeteries, and a headquarters office building in Sacramento. The eight veterans homes are located in Yountville, Barstow, Chula Vista, West Los Angeles, Lancaster, Ventura, Redding, and Fresno. Additionally, CalVet is constructing a new Skilled Nursing Facility in Yountville, California and recently expanded columbarium capacity at the Northern California Veterans Cemetery in Igo, California. Veterans homes provide domiciliary housing for the state's veterans and are also licensed to provide three levels of care, ranging from assisted living to skilled nursing. The three cemeteries operated by CalVet are located in Igo, Yountville, and Seaside.

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## DEBT FINANCING

The state has long used debt financing as a tool for infrastructure investment. When the state borrows to pay for infrastructure, roughly one out of every two dollars spent on infrastructure investments pays long-term interest costs, rather than construction costs.

Budget challenges in the early 2000s resulted in a greater reliance on debt financing, rather than pay-as-you-go funding. From 1974 to 1999, California voters authorized \$31 billion of General Obligation (GO) bonds. From 2000 to 2024, voters expanded the types of programs funded by bonds and authorized approximately \$137 billion of GO bonds. Of all previously approved bonds, debt obligations of approximately \$71.5 billion in GO bonds and approximately \$8.5 billion in lease revenue bonds remain outstanding as of November 1, 2024. Additional information related to GO and lease-revenue bond issues can be found on the State Treasurer's website.

As shown in the Debt Service on General Obligation and Lease-Revenue Bonds figure, debt service on infrastructure bonds is expected to increase to \$9.1 billion by 2026-27, assuming only limited new lease revenue bonds are authorized.



**Debt Service on General Obligation and Lease Revenue Bonds**

(Dollars in Millions)

Fiscal Year	General Fund Revenues	All Funds		General Fund	
		Debt Service	Debt Service Ratio <sup>1/</sup>	Debt Service	Debt Service Ratio <sup>1/</sup>
2024-25	\$222,473	\$8,048	3.62%	\$5,652	2.54%
2025-26	\$225,095	\$8,642	3.84%	\$6,174	2.74%
2026-27 <sup>e/</sup>	\$224,395	\$9,092	4.05%	\$6,567	2.93%
2027-28 <sup>e/</sup>	\$229,487	\$9,188	4.00%	\$6,708	2.92%
2028-29 <sup>e/</sup>	\$237,112	\$9,521	4.02%	\$7,001	2.95%

**Footnotes:**  
<sup>1/</sup> The debt service ratio expresses the state's debt service costs as a percentage of its General Fund revenues.  
<sup>e/</sup> Estimated

The debt service ratio is a measure of relative indebtedness. It expresses the state's debt service level as a percentage of its General Fund revenues. The total debt service ratio for all funds is projected to increase in 2026-27 to 4.0 percent, based on currently authorized General Fund-supported GO and lease-revenue bond debt.

**BOND SALES AND DEBT RESTRUCTURING**

**GENERAL OBLIGATION BONDS**

Last fall, the state issued \$4.2 billion in GO bonds, of which \$1.9 billion (new money bonds) was issued to finance or refinance interim financing for new capital facilities or other voter approved projects and \$2.3 billion (refunding bonds) was issued to refinance previously issued GO bonds for interest savings or other objectives. The issuance of GO refunding bonds will provide \$330 million of debt service savings to the General Fund over the next 20 years, or \$250 million on a net present value basis.

Since 2019, the state has issued \$22.4 billion in new money GO bonds and approximately \$24.6 billion in GO refunding bonds. The issuance of GO refunding bonds for debt service savings has provided the General Fund \$6.8 billion of savings over the life of the bonds, or \$5.5 billion on a net present value basis.

**STATE PUBLIC WORKS BOARD LEASE-REVENUE BONDS**

Last fall, the Administration took advantage of low interest rates to achieve significant savings by refinancing previously issued lease-revenue bonds. The transaction resulted in debt service savings of \$154 million General Fund for the state, with net present value

## INFRASTRUCTURE

savings of approximately \$124.5 million—approximately 14 percent of the par amount of the refunded bonds (\$903.7 million).

Since 2019, the Administration has refunded approximately \$3.6 billion of existing lease-revenue bonds, resulting in debt service savings of \$632 million, with an average net present value savings of 18 percent. In that same period, the Administration issued \$3.2 billion in new money to finance newly completed capital projects.

The Administration will continue to look for other financing opportunities to achieve savings for the state by leveraging favorable market conditions.