

PROPOSITION 4 EMERGENCY IMPLEMENTATION REGULATIONS
NOTICE OF PROPOSED EMERGENCY RULEMAKING ACTION
REGARDING
CALIFORNIA CODE OF REGULATIONS
TITLE 14. NATURAL RESOURCES
DIVISION 6.5. STRATEGIC GROWTH COUNCIL
CHAPTER 1. TRANSFORMATIVE CLIMATE COMMUNITIES PROGRAM
PROPOSITION 4 SAFE DRINKING WATER, WILDFIRE PREVENTION, DROUGHT PREPAREDNESS,
AND CLEAN AIR BOND ACT OF 2024
IMPLEMENTATION AWARDS PROCESS FOR TCC ROUND 5

Notice Published December 4, 2025

NOTICE IS HEREBY GIVEN that the California Strategic Growth Council (SGC) proposes to adopt emergency regulations necessary to protect public health, safety, and the environment by ensuring the timely administration of Proposition 4 (2024) funding for Transformative Climate Communities (TCC) Round 5 (R5) Implementation Grants. Emergency regulations are required to immediately implement Proposition 4's directives, in accordance with program and agency goals, to deliver funding that reduces greenhouse gas emissions, enhances climate resilience, improves air quality, and provides direct and measurable benefits to disadvantaged, severely disadvantaged, and vulnerable communities. This action is taken pursuant to Government Code sections 11346.1 and 11349.6 and Public Resources Code (PRC) sections 90135, 75240–75244, and is authorized by PRC sections 75125, 75214, 90135, and Health and Safety Code section 39715.

Government Code section 11346.1, subdivision (a)(2), requires that, at least five working days prior to submission of a proposed emergency action to the Office of Administrative Law (OAL), the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency action to OAL, OAL shall post the notice of proposed emergency action on its website and allow interested persons five calendar days to submit comments on the proposed emergency regulations, as set forth in Government Code section 11349.6

PUBLIC COMMENT

Interested persons may submit comments to both OAL and SGC within five (5) calendar days of OAL posting the proposed emergency regulations. Comments must identify that they relate to an emergency regulation under OAL review.

Submit to OAL:

OAL Reference Attorney
300 Capitol Mall, Suite 1250
Sacramento, CA 95814
staff@oal.ca.gov

Submit to SGC:

Strategic Growth Council
1400 10th Street
tcc@sgc.ca.gov
Sacramento, CA 95814
Attn: Proposition 4 – TCC Round 5 Emergency Regulations

OAL will confirm that SGC has received each comment before considering it. Pursuant to California Code of Regulations, title 1, section 55, subdivision (b)(1) through (4), the comment must state that it is about an emergency regulation currently under OAL review, and include the topic of the emergency.

Adoption of emergency regulations does not require a response to submitted comments. Where responses are issued by SGC, they will be submitted to OAL within eight calendar days of the date of submission of the proposed emergency regulations to OAL, unless specific exceptions apply.

FINDING OF EMERGENCY

This rulemaking was deemed an emergency pursuant to Public Resources Code section 90135, subdivision (e), which states the following:

1. A regulation for the purpose of developing and adopting program guidelines and selection criteria needed to effectuate or implement the programs included in Chapter 2 (commencing with Section 91000) to Chapter 9 (commencing with Section 94500), inclusive, of this division may be adopted as an emergency regulation in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare, and a state agency is hereby exempted from the requirement that it describe facts showing the need for immediate action.
2. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, an emergency regulation adopted pursuant to this subdivision shall be filed with, but not be repealed by, the Office of Administrative Law, and shall remain in effect until repealed or amended by the adopting state agency.

Immediate action is required because:

1. Proposition 4 mandates rapid deployment of climate resilience, air quality, and community-scale greenhouse gas reduction investments.
2. TCC communities experience cumulative climate, pollution, and socioeconomic burdens that necessitate immediate funding.
3. SGC must implement updated program guidelines, eligibility requirements, and selection criteria for TCC Round 5 to meet appropriations timelines and bond accountability requirements.

AUTHORITY AND REFERENCE

Authority:

PRC §§ 75240–75244, 90100, 90135, [92500](#), [92520](#); Health & Safety Code §39715

Reference:

PRC §§ 75240–75244, 75125, 90100, 90110, 90130, 90133, 90140; HSC §39715; Gov. Code §65040.12

INFORMATIVE DIGEST / POLICY STATEMENT

Existing Law

The Transformative Climate Communities Program (TCC), established pursuant to Health and Safety Code section 39715 in Public Resources Code sections 75240–75244 and administered by SGC, funds integrated, community-led greenhouse gas reduction projects that deliver local economic, environmental, and health benefits in the state's most disadvantaged communities. The TCC projects are specifically aimed at supporting communities that are particularly vulnerable to the impacts of climate change. This vulnerability often arises from issues such as pollution and insufficient investment in climate resilience projects. This aligns with the goals of Proposition 4, which seeks to enhance climate resilience in the communities that need it the most.

Proposition 4 authorizes additional funding for initiatives related to climate resilience, air quality, sustainable transportation, and community benefits that align with TCC objectives. It also mandates that the SGC develop and adopt implementing legislation and guidelines.

The Strategic Growth Council approved awards for R5 of the TCC Implementation Grants on December 14, 2023 based on its adopted R5 guidelines, competitive criteria, community-driven planning, and rigorous State review. The SGC approved the original requested amounts by the R5 awardees, although SGC had insufficient funding available at the time to fully fund each award. Proposition 4 now provides sufficient funding to allow SGC to award TCC Round 5 Implementation Grants at these full, originally awarded amounts.

Objectives and Benefits of the Emergency Regulations

This emergency rulemaking is intended to interpret and make specific certain provisions of Proposition 4 funding in Public Resources Code sections 92500 and 92520 so that grants can be issued for projects that implement neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities by providing local assistance to eligible recipients.

The emergency regulations will:

1. Establish criteria, processes, and requirements for administering Proposition 4 funds for TCC Round 5 Implementation Grant Awards.
2. Ensure transparent, equitable, and timely distribution of funds to disadvantaged, severely disadvantaged, and vulnerable communities.
3. Enable SGC to comply with Public Resources Code sections 90110–90140 regarding applicant eligibility, community benefit requirements, and oversight.
4. Provide clarity for applicants regarding definitions, project eligibility, proposal requirements, review criteria, award processes, and grant agreement terms.

Non-Duplication Justification

Some of the proposed regulations duplicate state statutes. Where a state statute is duplicated, the duplication is necessary to satisfy the “clarity” standard of Government Code section 111349.1(a)(3). The duplication will benefit those affected by the regulations by concentrating applicable requirements, such as defined terms and eligibility requirements, in one location—specifically the proposed regulations.

More specifically, the proposed language of the emergency regulations will accomplish the following:

§ Proposed Section 16600. Purpose and Scope.

These regulations apply solely to Proposition 4-funded Transformative Climate Communities (TCC) Round 5 Implementation Awards, administered by the Strategic Growth Council, which are encompassed by the emergency regulations.

§ Proposed Section 16601. Definitions.

This section provides definitions for those terms used in Proposition 4, the TCC enabling legislation, or are relevant from the TCC R5 Guidelines. These terms are collected here for ease of reference. Defined terms include:

- “Bond Act” means the Climate Resilience, Clean Energy, and Water Reliability Bond Act of 2024 (Proposition 4).
- “Bond-Eligible Costs” means expenditures authorized under the Proposition 4 Bond Act.

- “Council” is defined as the Strategic Growth Council in Public Resources Code section 75121
- “Disadvantaged Community” has the meaning in Public Resources Code section 90100(d).
- “Severely Disadvantaged Community” has the meaning in Public Resources Code section 90100(e).
- “Vulnerable Population” has the meaning in Public Resources Code section 90100(j).
- “Original Requested Amount” means the full funding amount proposed by each selected Round 5 applicant during the competitive application process to meet the unmet needs of the community.
- “Program Guidelines” means the Transformative Climate Communities Round 5 Implementation Grant Guidelines, adopted by SGC on February 28, 2023.
- “Environmental Justice” has the meaning in Government Code section 65040.12.
- “TCC Implementation Project” means a project meeting Public Resources Code sections 75240-75244 criteria and Proposition 4 requirements.
- “Round 5 Implementation Grantee” means any entity selected for TCC Round 5 Implementation Grant by the Council.
- Lead Applicant,” “Co-Applicant,” “Grantee,” “Grant Agreement” have meanings consistent with SGC Grant Administration Policies.
- Community-Based Organization” has the meaning in Public Resources Code section 90100(c).
- “Tribe” has the meaning in Public Resources Code section 90100(h).
- “Nonprofit Organization” means any nonprofit corporation qualified to do business in California and qualified under Section 501(c)(3) of the Internal Revenue Code

§ Proposed Section 16602. Application, Project Eligibility, and Selection

This section identifies what class of projects may be funded with Proposition 4 dollars by the Council and are based on the permissible use of funding in Public Resources Code sections 92500 and 92520, eligible applicants identified in Public Resources Code section 90110, and the TCC Program Guidelines.

Proposition 4 moneys may be used to fully or partially fund the following Round 5 Implementation Project awards previously adopted by the Council pursuant to its competitive R5 process:

1. **The Energy Coalition — City of Pomona:** A comprehensive climate, mobility, housing, and resilience project serving the City of Pomona.
2. **“Coachella Prospera”—City of Coachella:** A multi-benefit climate, water, mobility, and economic resilience initiative within the City of Coachella.
3. **“Empowering San Diego Central Historic Barrios”—San Diego Foundation:** A community-driven climate, housing, workforce, and greening program serving the Central Historic Barrios of San Diego.

4. **“Southeast Strong”—City of Bakersfield:** A neighborhood-scale climate and community resilience investment program serving Southeast Bakersfield.

§ Proposed Section 16603. Eligible Uses of Proposition 4 Funds

This section describes the TCC project uses of Proposition 4 funds that are eligible under the program's enabling legislation and Proposition 4 Bond Act requirements.

§ Proposed Section 16604. Award Requirements and Grant Agreement Amendments

This section requires that, prior to the disbursement of Proposition 4 funds, each Round 5 Implementation Grantee must execute a Grant Agreement Amendment incorporating language to address Proposition 4 requirements. All Grant Agreement Amendments must be executed by June 30, 2026. No Proposition 4 funds shall be disbursed before July 1, 2026, in accordance with available funding for the fiscal year.

§ Proposed Section 16605. Disbursement Schedule

- a) This section directs that the Council shall authorize disbursements of Proposition 4 funds on or after July 1, 2026. Disbursements shall occur on a reimbursement or advance basis and must comply with all applicable requirements, including:
 1. Bond Act expenditure requirements
 2. The TCC Grant Manual
 3. The Grantee's approved cash flow plan
 4. State bond cash and audit requirements

§ Proposed Section 16606. Tracking, Reporting, and Bond Accountability

This section identifies what information Grantees must submit in quarterly progress and expenditure reports. Grantees shall maintain a separate accounting system for Proposition 4 funds and shall comply with:

1. Bond Act audit provisions
2. Record retention requirements as outlined in the agreement
3. State Controller and Department of Finance audits
4. Council monitoring, site visits, and corrective actions

§ Proposed Section 16607. Enforcement and Remedies

This section describes how the Council may suspend, terminate, or require repayment of funds.

§ Proposed Section 16608. Severability

This section says that if any portion of these regulations is found invalid, the remainder shall continue in effect.

EVALUATION OF INCONSISTENCY AND INCOMPATIBILITY

SGC has determined these regulations are not inconsistent with any existing state or federal regulations. After conducting a review for any regulations that relate to or affect the area, SGC has concluded that these are the only regulations in California concerning the issues presented. No comparable federal regulations exist.

OTHER FINDINGS

- **Mandate on Local Agencies or Schools:** None
- **Documents Relied Upon:** State Contracting Manual; [TCC Program R5 Guidelines](#); [TCC Program R5 Implementation Grant Awards](#)
- **Cost/Savings to State Agencies:** None
- **Reimbursable Cost to Local Agencies:** None
- **Other Nondiscretionary Cost or Savings Imposed on Local Agencies:** None
- **Cost or Savings in Federal Funding to the State:** None