



Salton Sea Authority Board of Directors Meeting

Thursday, May 23, 2019
10:00 a.m.

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651



AGENDA: BOARD OF DIRECTORS MEETING
DATE: Thursday, May 23, 2019
10:00 a.m.
LOCATION: Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

- I. CALL TO ORDER**
PLEDGE OF ALLEGIANCE
ROLL CALL

A copy of the complete agenda packet is available for viewing or download at: <http://saltonseaauthority.org/ssa-board-of-directors-meeting-5/>

II. BOARD MEMBER COMMENTS

This is the time set aside for any Board Member to ask questions or address any issue posed by a member of the public.

III. PUBLIC COMMENTS

*Any member of the public may address and ask questions of the Board relating to any matter within the Authority's jurisdiction. **This Public Comments time is reserved for matters not already on the agenda. The law prohibits members of the Board from taking action on matters not on the agenda.***

Citizens are invited to speak on any item listed in the agenda upon presentation of that item.

Remarks shall be limited to a maximum of three (3) minutes unless additional time is authorized by the Board.

IV. CONSENT CALENDAR – Receive, Approve, and File

- A. Minutes of April 25, 2019
- B. Warrant Register Ratification for April 2019
- C. Internal Financial Report for: 7/01/2018 – 3/31/2019

V. PRESENTATIONS

- A. Federal Issues Update (Lisa Moore, Conservation Consulting)

VI. DISCUSSION ITEMS

- A. Review Proposed 2019-2020 Budget to Approve at June 27, 2019 SSA Board Meeting

VII. ACTION ITEMS

- A. Consider Authorization of New Bank Account
B. Consider Authorization to Deposit Reserve Funds with Local Agency Investment Fund (LAIF)
C. Consider Adoption of Resolution in Recognition of Local Unity

VIII. REPORTS

- A. General Manager's Report on Activities – (Phil Rosentrater, GM/Executive Director, Salton Sea Authority)
B. Standing Reports from Federal and State Partners
1. FEDERAL: US Bureau of Reclamation – (Genevieve Johnson, Program Manager for the Salton Sea)
2. STATE: Salton Sea Management Program – (Bruce Wilcox, Assistant Secretary for Salton Sea Policy)
C. Water Resources Institute – (Suzie Earp, Director and Archivist)
D. Salton Sea State Recreation Area Update on Activities – (Steve Quartieri, Acting District Superintendent, California State Parks)
E. Salton Sea Action Committee – (Juan DeLara, President)

IX. ADJOURNMENT

NEXT MEETING TIME & LOCATION:

Thursday, June 27, 2019
10:00 a.m.

Imperial Irrigation District
Bill Condit Auditorium
1285 Broadway Avenue
El Centro, CA 92243
(760) 482-9618

Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection in the lobby at the front desk of the County Law Building located at 82995 Highway 111, Indio, CA 92201.



OFFICIAL PROCEEDINGS
SALTON SEA AUTHORITY
BOARD OF DIRECTORS MEETING
April 25, 2019

I. CALL TO ORDER

The regularly scheduled meeting of the Salton Sea Authority (“Authority” or “SSA”) Board of Directors (“Board”) was called to order by Thomas Tortez, Jr., President, at 10:07 a.m., Thursday, April 25, 2019, at the Imperial Valley College, 380 E. Aten Road, Imperial, CA 92251, in the planetarium.

PLEDGE OF ALLEGIANCE

GM/Exec. Director Phil Rosentrater led the Pledge of Allegiance.

ROLL CALL:

DIRECTORS PRESENT

Thomas Tortez, President
Cástulo R. Estrada, Vice-President
Alex Cardenas, Secretary
Luis A. Plancarte, Treasurer
Ryan E. Kelley, Director
G. Patrick O’Dowd, Director
Altrena Santillanes, Director

AGENCY

Torres Martinez Desert Cahuilla Indians
Coachella Valley Water District
Imperial Irrigation District
Imperial County
Imperial County
Coachella Valley Water District
Torres Martinez Desert Cahuilla Indians

In keeping with the Salton Sea Authority Bylaws, there being at least three of the five member agencies represented, and a single Director carrying the vote of both Directors when the second Director of the same agency is absent, a Quorum was declared, and the meeting proceeded.

DIRECTORS ABSENT

James C. Hanks, Director
Jeff Hewitt, Director
V. Manuel Perez, Director

AGENCY

Imperial Irrigation District
Riverside County
Riverside County

SALTON SEA AUTHORITY STAFF PRESENT

Phil Rosentrater, Executive Director/General Manager
Bob Hargreaves, Best Best & Krieger, Legal Counsel

MEMBERS OF THE PUBLIC PRESENT

AGENCY

Steve Quartieri	California State Parks
Pat Cooper	Supervisor Perez' office
Jessica Humes	IID
Joanna Hoff	IID
Lee Sherwood	RECON Environmental
Sergio Cabanas	ORMAT
Thomas Brinkerhoff	ICAPCD
Anna Morales	USIBWC
Vickie Doyle	IID
Darren Simon	SDCWA
Genevieve Johnson	USBR
Faye Winkler	IID
Suzie Earp	WRI Cal State San Bernardino
Emmanuel Martinez	IID
Mario Renteria	Office of Senator Hueso
Katie Burnworth	ICAPCD
Andy Horne	County of Imperial
Mark T. Gran	Cal Energy
Bob Betancourt	BAADS
Juan DeLara	Federated Ins./Salton Sea Action Cmte.
Jim Schnell	Ocean Geothermal Energy Foundation
Juan Bautista	Alianza CV
Jacqueline Lopez	Congressman Ruiz

II. BOARD MEMBER COMMENTS (none)

III. PUBLIC COMMENTS

A. Bob Betancourt shared his research into what it would take to hold a sailing demonstration program for severely disabled persons at the North Shore Yacht Club.

IV. CONSENT CALENDAR – Receive, Approve, and File

- A. Minutes of March 28, 2019
- B. Warrant Register Ratification for March 2019
- C. Internal Financial Report for 07/01/2018 – 02/28/2019

*Director O'Dowd moved that the Consent Calendar be approved. **Seconded** by Director Plancarte. **Unanimously carried.***

V. PRESENTATIONS

A. International Boundary and Water Commission (IBWC) Intro & Overview

Anna Morales, Area Operations Manager for IBWC, U.S. Section, gave an overview of the International Boundary and Water Commission (United States and Mexico) mission, history, offices, the treaties they oversee, and projects. The IBWC is responsible for applying the boundary and water treaties between the two countries and settling differences that arise in their application. The US and Mexico sections work together.

In addition to her presentation, Ms. Morales responded to questions from the board members.

Director Cardenas asked what can be done to help with the New River.

Director Kelley expressed frustration over the lack of progress on the New River in his lifetime and in his father's lifetime. He pointed out that an investment was made in Mexicali to clean up the New River about the same time money was invested in Imperial Beach; Imperial Beach works closely with Mexico to reach US standards, but the New River water coming in from Mexico still does not begin to meet US standards of sanitation.

Director O'Dowd asked what the Boundary Commission does that allows these raw sewage flows – IBWC has existed 100 years and these problems still exist.

Ms. Morales explained that neither country is allowed by law to divert flow or cause flooding. Border sanitation is important, and investments in Mexico focusing on getting the source of the problem have improved the water quality, but not to the level of California standards. She hopes that the new commissioner will update the minutes and add more sanitation facilities.

Director Cardenas suggested they consider simple projects like trash racks that prevent trash from flowing to the US via the New River.

Ms. Morales explained that the US has no authority over the water south of the border. Since 2007, a lot of the flow on Mexico's side has been redirected south.

Director Kelley said that \$1,000,000 of California money provided what equipment they have in Mexicali.

Director Estrada suggested as a solution putting a treatment plant on the US side (under US control) and asked if the IBWC has authority and finances to do a project on our side. Have any studies been done to see what would be needed? Size? Dollar amount?

Ms. Morales indicated that they did take part in some committee discussions. She said that Mexico does not have money coming from their population on their side, and that their population growth compounds the amount of refuse making its way into the US. US EPA or SESMA arranges funding.

Director Cardenas asked if a trash rack in the next three to six months would be feasible. Ms. Morales asked where? Who would own it?

Public comment: Matt Dessert, Air Quality Control, Imperial County, said he recently attended a meeting in Imperial Beach at which he learned that there is a plant built in 1997 for \$300 million, owned and operated by the IBWC. Mr. Dessert said that San Diego and Tijuana work closely together on border sanitation – they have their own gate to cross the border. Mr. Dessert and Mr. Rosentrater (vice-chair) serve on IBWC’s Colorado River Citizens Forum.

VI. ACTION ITEMS

A. Review federal advocacy support agreement

GM/Exec. Director Phil Rosentrater introduced the item. The federal advocacy support agreement was approved by the SSA Board of Directors at the March Board meeting, with the agreement that it would be brought back to the table at the April meeting for IID participation to discuss possible conflicts between the IID-Cultivating Conservation contract and the SSA-Cultivating Conservation contract.

Mr. Rosentrater emphasized that the intent of the follow-up discussion is to ensure the scope of work is defined in a manner that allows SSA agencies to continue to work effectively in concert and avoid conflict.

Director Cardenas (IID) invited IID counsel to comment. IID’s counsel requested cooperation from SSA counsel to review scope of work for Cultivating Conservation in the respective SSA and IID agreements and to address potential conflicts between the agreements.

Rather than put Ms. Moore in a position of conflict, or deny either agency the opportunity to use Cultivating Conservation’s services if areas of concern are found, IID counsel and SSA counsel agreed to discuss their findings and the two of them will propose a way to narrow the scope of work (if necessary) on the two agreements to allow both to be implemented without conflict – which modifications would then be presented to each agency’s Board respectively for approval of revisions to its own agreement.

Mr. Rosentrater suggested that the scope of work could be narrowed to avoid conflict until the next meeting. He reminded the SSA Directors of their leadership on the supporting a series of focused efforts on Farm Bill that yielded unprecedented progress over the past several years. Legislators took note of the historic 100% consensus on the SSA Board on this issue. As a result, the Farm Bill has turned into a major success for the Sea, but continued success requires follow-through from SSA working as a unified front. IID counsel concurred with this suggestion.

Public comment: Mr. Dessert lauded Lisa Moore’s success on behalf of the Salton Sea and encouraged the SSA and IID to be leaders and not get distracted by negative comments and delay progress at the Sea.

Director O’Dowd responded that conflicts do come up and he considers it prudent to deal with them quickly, up front: “housekeeping,” not “derailing.” He believes the intent is to continue to engage her services.

The matter was tabled until next meeting.

VII. REPORTS

A. General Manager's Report on Activities

The SSA GM's report was included in the board meeting packet. Phil Rosentrater, GM/Executive Director, invited questions or comments. There were none.

B. Federal and State Partner Reports:

1. FEDERAL: US Bureau of Reclamation

Genevieve Johnson, Program Manager for the Salton Sea, was present for the meeting, had nothing new to report, and had to leave prior to this point in the meeting.

2. STATE: Salton Sea Management Program

Bruce Wilcox, Assistant Secretary for Salton Sea Policy reported the following, and thanked IID for providing access.

There was a legislative tour earlier this week that included the New River. There is some state bond funding for the New River right now – perhaps the trash rack could be funded. There are operation and maintenance issues with the trash rack that would also have to be funded. The money isn't enough to do all the construction they are looking to do, but Mr. Wilcox stated that a portion of this project could move forward.

Farm Bill: Mr. Wilcox says he completely understands the issue of potential conflict of interest, as he must be very careful with that also. He stated, "We badly need Lisa Moore and her company (Cultivating Conservation) working on the Farm Bill items for us. She came four years ago with that idea, and it has kept moving forward during that time; now the Farm Bill funds are available, and we need to move forward in putting grant applications and other things together."

Mr. Wilcox encouraged resolution of the issue soon so that everyone can move forward. He offered that if there is any way the state is needed to help speed things up, they would be happy to do it – she is THAT important.

The RFP for the first piece of phase one of the SSMP (the southwest corner) called the Species Conservation Habitat (SCH) is in draft form. The state is working with IID on design criteria because it hooks to their drainage system. Resolution of these issues will allow the state to advertise that phase of the project.

Monitoring: Mr. Wilcox said that the state has been monitoring conditions at the Salton Sea over the last two years. Data confirms that both the fishery and bird populations are declining. There is good news: while last year there were no small tilapia, an indicator that they were not reproducing, this year there are some small tilapia.

Recreation: The state is looking for additional funding for recreation through the Parks Bill and Prop 1. The state is meeting with Imperial County to see what recreational amenities they would like to have.

C. Salton Sea State Recreation Area Update on Activities

Steve Quartieri, Acting District Superintendent, California State Parks, introduced himself. He's assuming the responsibilities formerly held by Ray Lennox. State Parks has reorganized, and management of the SSSRA moved out of Colorado Desert district (home to Anza Borrego). The Sea matters are now managed by the Ocotillo Wells district. They anticipate being able to keep the campgrounds and visitors center during open this summer.

VIII. ADJOURNMENT

There being no further business, Board President TorteZ invited a motion for adjournment.

Director Cardenas so moved; seconded by Director Plancarte.

There being no objections, the meeting was adjourned at 11:20 a.m.

NEXT MEETING TIME & LOCATION:

The regularly scheduled meeting will be held
Thursday, May 23, 2019
10:00 a.m.

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

Checking Account Activity

April 1, 2019 through April 30, 2019



Warrant	Warrant	Vendor	
Date	Number	Name	Amount
		Beginning Cash	\$ 480,834.02
04/02/2019	16482	VOID	-
04/03/2019	16483	Auditor-Controller's Office	(300,000.00)
04/15/2019	EFT	AMEX Payment	(4,980.69)
04/22/2019	16484	Allied	(8,140.00)
04/22/2019	16485	Altec	(328.52)
04/22/2019	16486	Best, Best & Krieger	(11,542.80)
04/22/2019	16487	Bravata, Lisa	(87.40)
04/22/2019	16488	Cultivating Conservation	(4,100.00)
04/22/2019	16489	Rosentrater, Phil	(1,346.03)
04/22/2019	16490	SystemGo IT LLC	(699.50)
04/22/2019	16491	Platinum Consulting Group LLC	(5,095.09)
04/23/2019	EFT	Visa Payment	(1,085.21)
04/24/2019	EFT	Verizon Wireless	(1,510.77)
04/24/2019	16492	OfficeTeam	(4,624.54)
04/30/2019	EFT	Service Charge	(25.00)
		Net Activity	(343,565.55)
		Ending Cash	\$ 137,268.47

Salton Sea Authority
Statement of Revenues, Expenditures, and Fund Balance
Year to Date through March 31, 2019

	General Fund	Wetlands Grant 1	Wetlands 2	TOTAL
1 INCOME				
2 Local Government/Member Assessments	\$ 610,000	\$ -	\$ -	\$ 610,000
3 State of California Grants	-	-	-	-
4 Pooled Cash Allocated Interest	1,567	-	-	1,567
5 Miscellaneous Revenue	7,583	-	-	7,583
6 TOTAL INCOME	619,151	-	-	619,151
7 EXPENSE				
8 SSA Administration				
9 Salaries				
10 Salaries - GM / Executive Director	88,345	-	-	88,345
11 Grant Support	989	-	-	989
12 Executive Director Support	46,083	-	-	46,083
13 Admin Support A	35,314	-	-	35,314
14 Admin Support B	28,011	-	-	28,011
15 Total Salaries	198,741	-	-	198,741
16 Employee Benefits				
17 Employee Benefits - GM / Exec. Dir.	27,907	-	-	27,907
18 Employee Benefits - Other SSA Staff	55,689	-	-	55,689
19 Total Employee Benefits	83,596	-	-	83,596
20 Audit/Accounting	57,403	-	-	57,403
21 Contract Attorney	36,794	-	-	36,794
22 Equipment Maintenance	6,546	-	-	6,546
23 Capital Equipment	-	-	-	-
24 Equipment Lease	447	-	-	447
25 Insurance	6,026	-	-	6,026
26 Office Exp/Operating Supplies	1,185	-	-	1,185
27 Office Exp/Online Services	1,410	-	-	1,410
28 Postage, Mail	430	-	-	430
29 Printing Services	937	-	-	937
30 Dues, Subscriptions	11,802	-	-	11,802
31 Communications	2,788	-	-	2,788
32 Travel/Mileage	56,187	-	-	56,187
33 Technical Support - Consultant	-	-	-	-
34 Technical Support - Engineering	-	-	-	-
35 Technical Support - General	-	-	-	-
36 Contract Svc / Website	-	-	-	-
37 Utilities	-	-	-	-
38 Grants & Advocacy	8,200	-	-	8,200
39 Project Manager	-	-	-	-

Salton Sea Authority
Statement of Revenues, Expenditures, and Fund Balance
Year to Date through March 31, 2019

	General Fund	Wetlands Grant 1	Wetlands 2	TOTAL
40 Total SSA Administration	472,493	-	-	472,493
41 Wetlands Grant Administration				
42 Contract Svcs/Attorney	-	-	1,573	1,573
44 Total Wetlands Grant Administration	-	-	1,573	1,573
45 Wetlands Grant Technical				
46 Contract Svcs/LCP	-	-	-	-
47 Contract Svcs/Construction	-	-	-	-
48 Transfer In/Out Grant Administration	-	-	-	-
49 Total Wetlands Grant Technical	-	-	-	-
50 TOTAL EXPENSE	472,493	-	1,573	474,066
51 NET INCOME	\$ 146,658	\$ -	\$ (1,573)	\$ 145,085

**No assurance is provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.*

Salton Sea Authority Balance Sheets

As of March 31, 2019

General Fund	Wetlands Grant 1	Wetlands 2	702 Fish Clean Up Trust	TOTAL
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1	ASSETS				
2	Local Government/Member Assessments				
3	Checking/Savings				
4	Cash - Checking	\$ 483,281	\$ -	\$ (2,447)	\$ -
5	Cash - Money Market	120,048	-	-	20,991
6	Cash - RivCo Fund	111,635	-	-	-
7	RivCo investment fund	1,976	-	-	-
8	Cash - Petty Cash	156	-	-	-
9	Total Checking/Savings	717,095	-	(2,447)	20,991
10	Other Current Assets				
11	Prepaid Items	9,727	-	-	-
12	Total Other Current Assets	9,727	-	-	-
13	TOTAL ASSETS	726,822	-	(2,447)	20,991
14	LIABILITIES & EQUITY				
15	Liabilities				
16	Current Liabilities				
17	Accounts Payable	31,882	-	359	-
18	Credit Cards				
19	Credit Card Payable (Visa)	1,083	-	-	-
20	Credit Card Payable (AE)	4,754	-	-	-
21	Total Credit Cards	5,837	-	-	-
22	Other Current Liabilities				
23	Accrued Expenditures	120,405	-	-	-
24	Accrued Payroll	5,701	-	-	-
25	Accrued Vacation	9,239	-	-	-
26	Total Other Current Liabilities	135,346	-	-	-
27	Total Current Liabilities	173,065	-	359	-
28	Total Liabilities	173,065	-	359	-
29	Equity				
30	Fund Balance	407,099	-	(1,233)	20,991
31	Net Income	146,658	-	(1,573)	-
32	Total Equity	553,757	-	(2,806)	20,991
33	TOTAL LIABILITIES & EQUITY	\$ 726,822	\$ -	\$ (2,447)	\$ 20,991

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, General Manager
Date: May 23, 2019
Re: Review Salton Sea Authority Draft Budget FY 2019-20
CM No. VIA – 05/23/19

BACKGROUND:

The Salton Sea Authority is wrapping up a year during which finances have been managed in a stable and fully accountable manner. The Authority is heading into what is anticipated to be an extremely busy year and presents a draft budget for FY 2019-2020 that supports aggressive funding procurement and coordination.

The draft FY 2019-20 budget was presented for review and discussion at the SSA *ad hoc* Financial Committee meeting. It was noted that member agency contributions remain constant at \$150,000 each for Imperial and Riverside Counties, IID and CVWD, and \$10,000 for the Torres Martinez.

The SSA anticipates receiving grant funding in the coming fiscal year from new grants applied to at federal and nonprofit sources but not yet finalized. The draft proposed budget for FY 2019-20 remains conservative in counting only those grant sources known to be committed.

Careful stewardship of funds budgeted in the current year has resulted in a carryover of \$385,000 to the proposed FY 2019-2020 budget. The SSA *ad hoc* Financial Committee recommended staff should budget some of this funding toward preparations of robust activity, with the expectation that these activities will be reimbursable under Proposition 68 (with up to \$20 Million in funds designated to SSMP projects under oversight by the Salton Sea Authority).

The proposed budget for General Office Staff compensation (Executive Director, Board Secretary and Administrative Assistant) will remain essentially status quo from prior year. A contract grant writer has been hired through a temp agency, and contract positions for grant administration, project management, environmental compliance, communication and state advocacy are budgeted but not filled, pending execution of project contracts with the state and other granting entities. The FY 2019-20 budget reflects this contingency.

The proposed budget for Professional Services in FY 2019-2020 will increase in the area of Project Management in coordination with grant procurement support. The addition of new grant funding is expected to include project management budget in the grants that will offset directly associated staff

costs in these areas as workload continues to ramp up. The Authority anticipates a decrease in other Professional Services spending such as Legal Counsel and Finance/CPA.

The proposed budget for other categories of Administrative costs (including Insurance, Office Expenses, Online Services, Dues & Subscriptions, Communications, Travel/Mileage and Utilities) remain consistent with the prior year budget. The FY 2019-20 budget proposes increases to Postage & Mail and Printing Services in anticipation of increased activity in these categories. Grants & Advocacy has also been increased in coordination with grant procurement support.

A proposed budget item of \$5,000 for WRI will resume SSA's support of the CSU archives project which provides a home for and increases access to the plethora of Salton Sea documents from all sources, as well as the new GIS mapping overlay which facilitates map requirements for Salton Sea management planning and other purposes.

The proposed budget calls for a careful drawdown of Contingency Reserve which starts the FY 2019-20 with a \$385,000 carryover from prior year. SSA *ad hoc* Financial Committee directed staff to budget for substantial ramp-up of services required to effectively administer state and federal grant funds flowing through the SSA to accomplish SSMP projects at the Salton Sea.

Even after addressing these needs, the projected ending cash balance for FY 2019-2020 is expected to be \$311,800, which will be on reserve for any contingent expenses. This contingency is consistent with SSA board direction to provide for prudent reserve.

The overall budget reflects SSA staff's anticipation of increased projects and activity stemming from the management planning now in progress. New projects are expected to include recovery of project management costs.

RECOMMENDATION:

The Salton Sea Authority *ad hoc* Financial Committee has reviewed and approved the draft budget for FY 2019-20. Staff hereby submits the draft budget to the Salton Sea Authority Board for review at this May 23 SSA Board meeting and recommends consideration of adoption at the June 27 SSA Board meeting.

Respectfully submitted,

Phil Rosentrater
GM / Executive Director



**SALTON SEA AUTHORITY
PROPOSED FY 19/20 BUDGET
May 23, 2019 - DRAFT**

	A	B	C	D	E	F	G
	FY 18/19 Projections	FY 18/19 Total Budget	FY 19/20 Gen. Fund Budget	FY 19/20 Grant Fund Budget	FY 19/20 Total Budget	Gen. Fund Budget Variance (\$)	Gen. Fund Budget Variance (%)
1 INCOME							
2 Local Gov/Member Assessments	\$ 610,000	\$ 610,000	\$ 610,000	\$ -	\$ 610,000	\$ -	0%
3 Grant Funding	-	-	-	425,000	425,000	-	0%
4 State of California Grants	-	115,900	115,900	-	115,900	-	0%
5 Pooled Cash Allocated Interest	1,500	1,500	1,500	-	1,500	-	0%
6 Miscellaneous Revenue	7,600	-	1,000	-	1,000	1,000	0%
7 TOTAL INCOME	619,100	727,400	728,400	425,000	1,153,400	1,000	0%
8 EXPENSE							
9 Salaries							
10 Salaries - GM/Executive Director	125,000	125,000	125,000	-	125,000	-	0%
11 Executive Director Support	46,100	74,000	-	-	-	(74,000)	-100%
12 Grant Support	-	-	45,000	-	45,000	45,000	0%
13 Admin. Support A	47,300	47,290	48,700	-	48,700	1,410	3%
14 Admin. Support B	37,400	37,110	38,200	-	38,200	1,090	3%
15 Total Salaries	255,800	283,400	256,900	-	256,900	(26,500)	-9%
16 Employee Benefits							
17 EE Benefits - GM/Executive Director	36,400	36,400	37,500	-	37,500	1,100	3%
18 Total EE Benefits - SSA	68,100	71,800	78,300	-	78,300	6,500	9%
19 Total Employee Benefits	104,500	108,200	115,800	-	115,800	7,600	7%
20 Contract Services / Professional							
21 Finance / CPA	100,000	100,000	80,000	-	80,000	(20,000)	-20%
22 Attorney - General	49,100	95,900	80,000	-	80,000	(15,900)	-17%
23 Audit	11,700	11,700	11,700	-	11,700	-	0%
24 Total Contract Services / Professional	160,800	207,600	171,700	-	171,700	(35,900)	-17%
25 Equipment Maintenance	8,700	11,000	11,000	-	11,000	-	0%
26 Capital Equipment <\$5,000	5,000	5,000	5,000	-	5,000	-	0%
27 Insurance	8,300	8,300	8,300	-	8,300	-	0%
28 Office Exp./Operating Supplies	5,000	5,000	5,000	-	5,000	-	0%
29 Office Exp./Online Services	1,400	1,400	1,400	-	1,400	-	0%
30 Postage & Mail	1,000	1,000	2,000	-	2,000	1,000	100%
31 Printing Services	4,000	4,000	8,000	-	8,000	4,000	100%
32 Dues & Subscriptions	13,000	13,000	13,000	-	13,000	-	0%
33 Communications	5,500	5,500	5,500	-	5,500	-	0%
34 Travel/Mileage	90,000	90,000	90,000	-	90,000	-	0%
35 Utilities	-	3,000	3,000	-	3,000	-	0%
36 Contract Services / WRI & Archive Mgmt.	-	5,000	5,000	-	5,000	-	0%
37 Grants & Advocacy	25,000	25,000	100,000	-	100,000	75,000	300%
38 TOTAL EXPENSE	688,000	776,400	801,600	-	801,600	25,200	3%
40 Wetlands Grant Administrative Expenses	1,600	-	-	-	-	-	0%
41 Grant Funded Projects							
42 Project Management	50,000	50,000	-	100,000	100,000	(50,000)	-100%
43 Technical Support - Engineering	-	10,000	-	60,000	60,000	(10,000)	-100%
44 Technical Support - Environmental	-	-	-	60,000	60,000	-	0%
45 Technical Support - Fiscal	-	-	-	60,000	60,000	-	0%
46 Communications & Outreach	-	-	-	60,000	60,000	-	0%
47 Technical Support - General	-	45,000	-	45,000	45,000	(45,000)	-100%
48 Technical Support - Consultant	40,000	40,000	-	40,000	40,000	(40,000)	-100%
49 Total Grant Funded Projects	90,000	145,000	-	425,000	425,000	(145,000)	
50 NET ADDITION (USE) OF RESERVES	\$ (160,500)	\$ (194,000)	\$ (73,200)	\$ -	\$ (73,200)	\$ 120,800	

	90 days
Projected Beginning Cash 7/1/19	\$ 385,000
Use of Reserves for FY 19/20 Budget	\$ (73,200)
Projected Ending Cash 6/30/19	\$ 311,800
90 Days Operating Reserve Target	\$ 198,000
(Under)/Over Reserves	\$ 113,800

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: May 23, 2019
Re: Consider Authorization of New Bank Account
CM No. VII.A – 05-23-2019

BACKGROUND:

The Salton Sea Authority (SSA, Authority) Board of Directors has provided standing direction for SSA management to continually seek efficiencies and improvements in financial accounting processes that may benefit the SSA.

In accord with this SSA board expectation, and in anticipation of SSA asserting a more active role in the Salton Sea Management Plan (SSMP) overseeing a minimum of \$20 million in state funds (directly designated to SSA in Prop 68) for implementation of SSMP projects, SSA management directed Platinum Consulting Group to review the SSA banking relationship and to compare current rates and services to those offered by other banking institutions operating in the Coachella Valley.

Currently, SSA is banking with Rabobank, a relationship established in 2012. The SSA has handled small scale projects under contract with the state of California, delivering the project on time and under budget in every case. The pass-through funding for these projects has been handled adequately through a Checking and a Money Market account with the bank.

The Authority currently pays \$25 per month for the Rabobank checking account. The Money Market is used to hold cash in an interest-earning account available for project mobilization costs that can be reimbursed through state and federal grants.

Recently, Rabobank has been purchased by Mechanics Bank in March 2019. Additionally, Rabobank's retail-banking unit was recently prosecuted by the Department of Justice, in which they pleaded guilty in February 2018 to a felony conspiracy charge and agreed to pay \$369 million in penalties.

A search among banks offering government accounts in the Imperial and Coachella Valleys has ensued over the past quarter, culminating in a staff recommendation to switch to Pacific Western Bank (PWB). PWB is well versed in government accounts, serving 11 governments in the Coachella Valley. The bank is well positioned to assist the SSA in its need for expanded capacity to handle future financings and funds.

Pacific Western Bank would not charge any fees for the checking accounting and would offer the same rate or higher (depending on balances) for the Money Market account. Additionally, the bank has agreed to waive all set up fees and the fees for the first order of checks.

Pacific Western Bank has a local branch location is 74750 CA-111, Indian Wells, CA 92210, which is approximately 10 miles from the Authority office. Authority staff would only have to visit the bank a couple of times a year to deposit checks received from members, and then again if there are any miscellaneous receipts. Alternatively, the bank can send a courier or issue the Authority prepaid Federal Express overnight envelopes. The courier service would be provided free of charge (one pick up per month).

RECOMMENDATION:

Staff recommends switching from Rabobank to Pacific Western Bank (PWB), a stable and secure bank with over \$194 billion of public funds on deposit that offers improved service for less cost to SSA while also providing capacity for additional service as a bank with extensive experience serving governmental agencies such as the Salton Sea Authority.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: May 23, 2019
Re: Consider Authorization to Deposit Reserve Funds with Local Agency Investment Fund (LAIF)
CM No. VII.B – 05/23/19

BACKGROUND:

As the Salton Sea Authority (SSA) prepares to assert a leadership role in the Salton Sea Management Plan (SSMP) overseeing a minimum of \$20 million in state funds (directly designated to SSA in Prop 68) for implementation of SSMP projects, the SSA Board *ad hoc* Financial Committee has recommended staff review its current banking relationships with the aim of improving service, security and optimal return on investment.

Currently funds that are held in reserve for SSA activities are earning a lower interest rate in a money market account at Rabobank. SSA staff and contract CPA (Platinum Consulting Group) are recommending the SSA Board consider approval to close the Rabobank account and transfer the SSA reserve funds to a Local Agency Investment Fund (LAIF), a more secure fund widely used by local government agencies.

LAIF is a voluntary program created by statute in 1977 as an investment alternative for California's local governments and special districts. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff at no additional cost to the taxpayer.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chair, or her designated representative, appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state. The term of each appointment is two years or at the pleasure of the Treasurer.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment

basis using a third-party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that the goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an internal audit process.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and \$468 million in 1977 to 2,360 participants and \$23.6 billion at the end of April 2019.

LAIF fund is currently earning about 2.5% interest, a higher rate than SSA has been earning in the existing money market account.

All financial protocols, checks and balances governing banking transactions at the SSA will remain in effect in the handling of transactions involving the LAIF account, should the SSA board choose to activate this account.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve activation of a Local Agency Investment Fund account for Salton Sea Authority use and to deposit SSA reserve funds as may be beneficial to the financial operation of the SSA.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director



**SALTON SEA AUTHORITY
RESOLUTION NO. 19-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SALTON SEA AUTHORITY AUTHORIZING INVESTMENT
OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Salton Sea Authority (“SSA” or “Authority”) Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the Authority;

NOW THEREFORE, BE IT RESOLVED, that the Salton Sea Authority Board of Directors hereby authorizes the deposit and withdrawal of SSA monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following Salton Sea Authority officers holding the title(s) specified hereinbelow or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Thomas Tortez, Jr.
President

Cástulo R. Estrada
Vice-President

Luis A. Plancarte
Treasurer

Phil Rosentrater
General Manager/Executive Director

Section 2. This resolution shall remain in full force and effect until rescinded by the Salton Sea Authority Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

PASSED AND ADOPTED, by the Salton Sea Authority Board of Directors of Riverside County of State of California on May 23, 2019.

Note: Resolution must be adopted by the governing body. Please submit an original resolution or a certified copy of the resolution to LAIF. A certified copy is 1) a copy of the resolution affixed with the seal of the agency or 2) a copy of the resolution attested by the City Clerk/Board Secretary with his/her signature.

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: May 23, 2019
Re: Consider Adoption of Resolution Recognizing Local Unity on Perimeter Lake
CM No. VII.C – 05/23/19

BACKGROUND:

Salton Sea Authority’s Board-adopted Guiding Principles call for the organization to “Assert Local Leadership” in matters pertaining to revitalization of the Salton Sea.

This Guiding Principle is the driving force behind historic progress in recent years where SSA agencies and stakeholders have joined rank to establish local priorities for the Salton Sea in partnership with the state (AB 71). This same unity of purpose and coordinated action has helped define accountability for plans and performance measures (Stipulated Order), and it has also secured unprecedented success policy and funding for projects at the Sea (state bonds, federal legislation like the USDA Farm Bill).

Another Guiding Principle enshrined by the SSA Board is the “Multiple Benefits” principle that calls for investment of scarce public resources to be directed to plans and projects that deliver maximum return on investment. Given the limited resources available to address the multitude of health, environmental and economic challenges faced by the Salton Sea, this pragmatic approach recognizes the value of solutions that integrate the unique opportunities in renewable energy and tourism that can be harnessed to create and sustain a healthier, more prosperous Sea.

The SSA and its member agencies continue to support the first steps of the state’s Salton Sea Management Plan while also insisting that the first ten-year phase should be developed in a manner that will enable more robust, long term solutions to be implemented.

Salton Sea stakeholders agree that the investment of public monies at the Sea should certainly meet the state obligation to reduce dust and restore habitat, but they also seek a more creative investment of these monies in partnership with local agencies to achieve values beyond the bare minimal requirements.

Recently the state has publicly acknowledged the Perimeter Lake as a concept compatible with accomplishing the goals of the SSMP by offering stable shoreline with deep water suitable for healthy habitat and recreation

State commitment to this concept is already generating the positive momentum and partnership potential that the legislature and Governor directed the CNRA to pursue through passage of AB 71. With a Perimeter Lake, locals are willing to invest and cooperate at a level that would not be incentivized in the absence of a Perimeter Lake objective.

Significantly, the county member agencies of SSA initiated an MOU to work cooperatively on land use planning to achieve a Perimeter Lake compatible with state obligations addressed in the SSMP. Following this action, the counties are pursuing Enhanced Infrastructure Finance Districts (EIFD) that can reinforce and accelerate public-private partnership investment at the Sea, leveraging the public infrastructure investments anticipated with the SSMP.

The SSA and all of its member agencies, including the two major water agencies, as well as every city council plus the tribes across the Salton basin have also adopted Resolutions of support for this collaborative approach to develop a Perimeter Lake concept as part of the SSMP. Community and environmental organizations have expressed strong support for a North Lake sustained by inflows from the Coachella Valley.

The attached Resolution recognizes this unique consensus among all of these entities united in the spirit of cooperation, asserting local leadership to firmly establish the Perimeter Lake concept in the SSMP as an integrated solution that will deliver maximum benefit from limited investment.

RECOMMENDATION:

The Salton Sea Authority staff recommends that the Salton Sea Authority Board adopt the Resolution Recognizing Local Unity on the Perimeter Lake.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director



**SALTON SEA AUTHORITY
RESOLUTION NO. 19-06**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SALTON SEA AUTHORITY
IN RECOGNITION OF LOCAL UNITY**

WHEREAS, the Salton Sea region is an irreplaceable environmental resource for California – providing vital habitat sustaining over 400 resident and migratory avian species, which is particularly important as California has lost over 90% of its other wetlands; and

WHEREAS, the Salton Sea Authority is an organization established in 1993 for the purpose of developing local consensus for actions to revitalize the Salton Sea, with membership comprised of the Imperial Irrigation District (IID), Coachella Valley Water District (CVWD), Riverside and Imperial Counties, and Torres Martinez Band of Cahuilla Indians; and

WHEREAS, stakeholders including the State of California know that inaction at the Salton Sea poses an imminent threat to California's environment, human health, large-scale agricultural food supply, water security, renewable energy production and economic vitality;

WHEREAS, the natural resources surrounding the Imperial and Coachella Valleys, including the Salton Sea, provide unique wildlife and recreational resources and are tourism and economic drivers for all of Southern California; and

WHEREAS, the agricultural lands in the Coachella and Imperial Valleys play a pivotal role in our nation's food security; and

WHEREAS, the Salton Sea region offers vast and unique renewable energy resources, estimated to be capable of providing over 1,800 megawatts of continuously available geothermal energy plus other renewable generation opportunities to ensure California meets its clean energy goals; and

WHEREAS, the communities immediately surrounding the Salton Sea already suffer from some of the highest rates of air quality related illnesses in the nation; and

WHEREAS, tourism is the number one industry in the Coachella Valley with more than 15 million visitors each year supporting more than 46,000 (one in four) jobs and \$6.4 billion in total business sales; and generating \$952 million in tax revenues, including \$538 million in state and local revenues; and

WHEREAS, an impact study by Tourism Economics in 2015 on the potential impact of the Salton Sea reports that continued degradation could cost the Coachella Valley region alone between \$1.3 billion and \$6.5 billion in lost tourism spending over a five-year period; the resulting total economic loss would range from \$1.7 billion to \$8.6 billion and state and local taxes could experience up to a cumulative \$712 million loss; and

WHEREAS, the cost of doing nothing to improve the Salton Sea – estimated to exceed \$70 billion in a 30 years span – is by far the most costly, reckless and irresponsible of all responses to the challenges at the Salton Sea; and

WHEREAS, the 2003 Quantification Settlement Agreement (QSA), which authorized the nation's largest agricultural-to-urban water transfer, includes commitments by the State of California to ensure that the impacts of the water transfer will be mitigated and, as articulated in Section 2940 of the Fish and Game Code, the fish and wildlife resources at the Salton Sea will be protected in the long-term; and

WHEREAS, mitigation water under the QSA began terminating in December 2017, at which point the Sea began to dramatically recede, resulting in negative wildlife and air quality impacts that will severely worsen unless immediate and sustained action is taken; and

WHEREAS, the Secretary of the Natural Resources Agency, is required to work with local stakeholders as articulated in Fish and Game Code, Article 2 of Section 2940 wherein the Natural Resources Agency shall lead Salton Sea restoration efforts in consultation and coordination with the Salton Sea Authority, and;

WHEREAS, the Salton Sea Authority has been directly involved in the development of plans that served as the foundation for Salton Sea planning efforts in accord with state law (AB 71 - M. Perez) directing the California Natural Resources Agency to “work in consultation and cooperation with the Salton Sea Authority” on matters pertaining to Salton Sea restoration; and

WHEREAS, in May 2015, Governor Edmund G. Brown Jr. created the Salton Sea Task Force and directed agencies to develop a comprehensive management plan for the Sea that will meet a short-term goal to construct 9,000 to 12,000 acres and a medium-term goal to construct 18,000 acres to 25,000 acres of habitat and dust suppression projects; and

WHEREAS, in March 2017, California’s Natural Resources Agency released a 10-Year Plan, which describes the first phase of the Salton Sea Management Program (SSMP), detailing the number of acres of lakebed expected to face exposure each year from 2018 through 2028, the number of acres of playa to be covered, and habitat restored, through proposed construction efforts, and the projected annual costs of the effort; and

WHEREAS, a petition to the State Water Resources Control Board (SWRCB) filed by IID and Imperial County, requested greater demonstration of state commitment to fulfill its contractual and legal obligations contained in the QSA, most specifically the state’s immediate actions and commitments to accomplish the goals of the SSMP; and

WHEREAS, an ensuing productive negotiation between the state, IID, Imperial County, San Diego County Water Authority and other Salton Sea stakeholders resulted in a Draft Stipulated Order Revising WRO 2002-0013 that was subsequently adopted by the SWRCB to provide improved assurance and performance standards related to the state's commitment to fulfill the QSA through the SSMP; and

WHEREAS, the Stipulated Order provides that SWRCB assert guidance and authority over the implementation of the 10-Year Plan as a means to fulfill the state obligations under the QSA, and the Stipulated Order provides empirical milestones and timelines designed to incrementally address the critical environmental and public health issues integral to managing the Sea as it is reconfigured to account for water loss and rising salinity; and

WHEREAS, while the Stipulated Order is readily acknowledged by all parties to fall short of their ultimate expectation for the state's contribution to restoring the Salton Sea, the Stipulated Order is at long last a credible and accountable start for a long journey toward recovery; the Order marks a unique moment in the history of the Salton Sea by defining minimal state commitments to Salton Sea management under QSA; and

WHEREAS, the Boards of Supervisors of both Riverside and Imperial Counties have signed a MOU in support of cooperative land use planning necessary to achieve a Perimeter Lake project at the Salton Sea that will provide a significant vehicle to fulfill and sustain the objectives of the SSMP and the Stipulated Order; and

WHEREAS, the Salton Sea Authority has adopted a position of support for this cooperative action supporting a Perimeter Lake, and has worked diligently with both Counties to ensure all other local governments, tribes and stakeholder groups understand and support this position; and

WHEREAS, every city council in the Imperial Valley has adopted a position of support for the Perimeter Lake, including the cities of Brawley, Calexico, Calipatria, El Centro, Imperial, and Westmoreland; and

WHEREAS, every city council in the Coachella Valley has adopted a position of support for the Perimeter Lake MOU, including the cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; and

WHEREAS, the state's largest Colorado River water importing agencies have adopted a position of support for the Perimeter Lake MOU, including the Coachella Valley Water District and the Imperial Irrigation District; and

WHEREAS, numerous sovereign tribal nations in the watershed have adopted a position of support for the Perimeter Lake MOU, including the Torres Martinez Band of Cahuilla Indians, Agua Caliente Band of Cahuilla Indians, Cabazon Band of Mission Indians, and Twenty-Nine Palms Band of Mission Indians; and

WHEREAS, Coachella Valley Association of Governments, a joint powers authority comprised of all local governments in the Coachella Valley, has adopted a position of support for the Perimeter Lake MOU; and

WHEREAS, non-governmental organizations (NGOs), including Alianza Coachella Valley, Audubon California, Defenders of Wildlife, Environmental Defense Fund, Kounkuey Design Initiative, Pacific Institute, and Sierra Club California strongly support a North Lake concept and pledge to work with the SSA and its member agencies to expedite its design and construction; and

WHEREAS, the Salton Sea Authority Board in accord with its Guiding Principles desires to provide leadership in maintaining consensus and building momentum to accomplish the Salton Sea Authority's objective of a Salton Sea that will be healthier for habitat and humans, and potentially more prosperous than the tragic situation that will occur if local, state, federal, and sovereign native tribes do not work cooperatively to honor statutory, contractual, legal and moral commitments and obligations at the Salton Sea.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Salton Sea Authority recognizes this historic gathering of support for the Perimeter Lake to include each and every local government and tribe located in the watershed of the Salton Sea; and further applauds the momentum created by this unity to integrate and without delay launch the Perimeter Lake as an integral component of the state SSMP capable of sustaining a healthier and more prosperous Salton Sea.

APPROVED AND ADOPTED this 23rd day of May 2019.

Thomas Tortez, Jr.
President

Salton Sea Authority

General Manager/Executive Director Progress Report to the Board of Directors

May 23, 2019

PURPOSE:

- 1) Provide Salton Sea Authority (SSA) Board of Directors with an executive summary of progress toward essential objectives; and
- 2) Provide accountability and perspective for staff performance.

MISSION-CRITICAL OBJECTIVES FOR SSA (NEXT 6 MONTHS TO 1 YEAR):

Time is extremely short, funding limited, and staff focus is finite. While the SSA GM/Executive Director is committed to seizing every opportunity, and maximizing Return on Investment (ROI) on every dollar and all time invested, we recognize we cannot do everything in this complex assignment. Accordingly, the following top priority imperatives must be accomplished within this fiscal year:

- **ASSERT LOCAL LEADERSHIP: REFINE STRUCTURE OF WORKING PARTNERSHIPS**
- **INTEGRITY/PERFORMANCE: DELIVER EXISTING PROJECTS ON TIME, UNDER BUDGET**
- **SECURE SIGNIFICANT FUNDING TO CHANGE THE LANDSCAPE**
- **LAUNCH SELF-HELP REVENUE STRATEGIES: Infrastructure Financing District/Enhanced Infrastructure Financing District (IFD/EIFD)**

LEADERSHIP

Administration

The Salton Sea Authority Board of Directors and staff continue to maintain the highest standards of accountability and performance in the administration of resources entrusted to this agency. SSA management is working intently with contract CPA firm (Platinum Consulting) to find efficiencies and improvements in the SSA financial operations that may benefit the SSA.

The SSA management is strengthening its administrative capacity to assert a leadership role overseeing a minimum of \$20 million in state funds (directly designated to SSA in Prop 68) for implementation of SSMP projects. At the direction of the SSA Board *ad hoc* Finance Committee, SSA management engaged Platinum Consulting to review SSA banking relationships and provide recommendations to achieve enhanced service, lower costs, higher returns on interest, and improved security of deposits. These findings and recommendations were brought to the *ad hoc* Finance Committee of the SSA Board for review and consent before bringing them to the full SSA Board for consideration

Currently, SSA is banking with Rabobank, a relationship established in 2012. During this time, SSA has handled small scale projects under contract with the state of California, delivering the project on time and under budget in every case. The pass-through funding for these projects has been handled adequately through a Checking and a Money Market account with the bank.

Ownership and management at Rabobank changed in March 2019. Recently the bank pled guilty to federal charges of conspiracy and agreed to pay \$369 million in penalties. SSA staff, in consultation with the SSA Board *ad hoc* Finance Committee, determined these events presented additional cause to pursue improved banking relationships elsewhere.

A search among banks offering government accounts in the Imperial and Coachella Valleys has ensued over the past quarter, culminating in a staff recommendation to switch to Pacific Western Bank (PWB). PWB is well versed in government accounts, serving 11 governments in the Coachella Valley. The bank is well positioned to assist the SSA in its need for expanded capacity to handle future financings and funds.

PWB would not charge any fees for the checking accounting and would offer the same rate or higher (depending on balances) for the Money Market account. Additionally, the bank has agreed to waive all set up fees and the fees for the first order of checks. PWB operates a local branch location at 74750 CA-111, Indian Wells, CA 92210, approximately 10 miles from the SSA office. SSA staff would only have to visit the bank a couple of times a year to deposit checks received from members, and then again if there are any miscellaneous receipts. Alternatively, the bank can send a courier or issue the SSA prepaid Federal Express overnight envelopes.

Staff also recommended a transfer of reserve funds at Rabobank to the Local Agency Investment Fund (LAIF) a more secure fund that offers higher rate or interest earned. The Money Market is used to hold cash in an interest earning account available for project mobilization costs that can be reimbursed through state and federal grants.

In recognition of the approvals of major new federal funding opportunities (particularly the 2018 Farm Bill) that may be aligned with significant state funding dedicated to accomplishing SSMP projects, SSA staff have focused attention on building staff and consulting capacity for grant and project delivery in partnership with member agencies, as well as state and federal entities.

SSA remains dedicated to empowering local stakeholders to work "in cooperation and consultation with the Salton Sea Authority" as called for in AB 71 (M Perez) and to leverage these shared resources in a strategy that favors increased state and federal investment in a healthier, more prosperous Salton Sea. The SSA has engaged the services of a grant writer with a strong record of successful grant writing, and this person is now focused on aligning grant opportunities with existing and potential Salton Sea projects. Additional advocacy support for these efforts in Sacramento has been recommended by members of the SSA Board, and staff is developing a scope of service to be considered in the upcoming SSA board meeting.

SSA staff, working cooperatively with member agencies to provide outreach support to other local agencies and entities, has successfully secured broad support for the joint agency MOU calling for cooperative planning to develop a Perimeter Lake at Salton Sea. Every Salton Sea Authority member agency, along with every city in both Imperial and Coachella Valleys plus tribal councils have adopted a support position toward the inclusion of the Perimeter Lake in the state Salton Sea Management Plan (SSMP). In turn, the state of California now recognizes the Perimeter Lake as a positive inclusion in the SSMP, while also noting that additional funding will be needed to achieve full buildout of the SSMP.

Internal support for project management in conjunction with partner agencies is underway in anticipation of additional workload related to bond funds and other grant sources that can drive projects at the Sea.

Meanwhile, the Salton Sea Authority continues to work with stakeholders and staff from partner agencies and counterparts at state and federal levels to ensure technical coordination is happening as the SSMP plans take shape. In addition, SSA is coordinating interagency meetings for staff at local, state, and federal levels to ensure a unified local voice is maintained in efficient and effective advocacy for funding as well as project implementation.

DEVELOP REALISTIC REVITALIZATION STRATEGY

Salton Sea Management Plan (SSMP) / 10-Year Plan / Stipulated Order

Consistent with state law (AB 71), SSA is pursuing cooperation and consultation with the California Natural Resources Agency (CNRA), to implement a revitalization plan for the Salton Sea as defined in the 10-Year Plan for the SSMP.

The State has indicated that a concerted effort is being made to launch the most shovel-ready project in the state inventory for SSMP: Species Conservation Habitat (SCH), a 3770-acre wetlands project located at the New River. State staff have acknowledged that while the SSMP ten-year plan is behind schedule, an aggressive staff recruitment is underway. SSA Directors have requested state consideration for more staff to be recruited and placed in the Coachella and Imperial Valley areas to enhance efficiency and coordination.

Significantly, news accounts report that easement issues on the SCH project have been resolved, allowing project construction contracts to go out to bid soon.

SSA staff continues to meet with numerous community organizations and stakeholder groups to provide updates consistent with SSA board policy. As a result, unprecedented levels of consensus have developed on the shared conceptual project of the Perimeter Lake. County member agencies of SSA are continuing to support the joint county coordinated development of EIFD that

can reinforce and accelerate public-private partnership investment at the Sea, leveraging the public infrastructure investments anticipated with the SSMP. The SSA and all of its member agencies, as well as cities and tribes across the Salton basin, have also adopted Resolutions of Support for this collaborative approach. The SSA board will consider adoption of a Resolution recognizing this historic local unity at the May 2019 board meeting.

The feasibility of an EIFD for Imperial County was introduced by Kosmont Consultants (working under contract with the Southern California Association of Governments) on behalf of Imperial County at a workshop last month sponsored by the Imperial Valley Economic Development Corporation.

The EIFD rules call for investment in a specific defined infrastructure that establishes a clear nexus of benefit to the community or district that funds the infrastructure. The infrastructure associated with the Perimeter Lake, to be built in a manner that complements the state priorities and investment in SSMP, is identified as the primary project to be supported by local agencies and tribes throughout the Imperial and Coachella Valleys.

These SSMP 10-Year Plan first-phase projects have been proposed by the state with the expectation that they can be constructed quickly, delivering multiple benefits of air quality improvement through playa coverage, and habitat restoration, while also enhancing economic development potential that builds long-term financial sustainability into the projects across the watershed.

The Perimeter Lake concepts are now officially included in the SSMP. This represents a significant step toward establishing viable EIFD's in the respective county jurisdictions. Properly configured, the state funding deployed in Sea projects designed to create a stable shoreline would enhance economic benefits on shore – thus stimulating an otherwise nonexistent revenue stream that can be harnessed locally in partnership with the state and federal governments to address shared concerns at the Sea.

At the federal level, SSA and the state are working cooperatively to address the lack of federal funding at the Sea. The SSA and its member agencies seek federal agency investments commensurate with property ownership and public trust and tribal trust responsibilities at the Sea as a key component of the SSA federal legislative platform.

SSA is committed to do its utmost to facilitate local, state and federal success in performance of the Stipulate Order SSMP 10-Year Plan as the first steps prerequisite to maintaining water security in California, in the southwestern US, and in Mexico.

PERFORMANCE

Making good on grants for projects at the Sea

North Shore Yacht Club Harbor Rehabilitation: Research Vessel Access for mandated activity

In recent months, the SSA board and staff have been approached repeatedly by staff from state and federal agencies with the concern that they no longer have a launch point for research vessels required to fulfill their mandated research on conditions in and on the waters of the Sea. Research teams from colleges and universities, as well as stakeholders from the environmental community have voiced similar concerns. Harbors that once provided access are now unable to continue that function due to lowered Sea elevations and silt drift that has blocked ingress/egress from the harbors.

In followup discussions with these parties, SSA staff identified a potential solution at the marina located at North Shore Yacht Club. The North Shore Yacht Club offers safe and easy public access via state highway to a historic landmark facility that also provides clean restrooms, running water, air-conditioned meeting areas, ample parking and picnic areas offering unparalleled views of the vast Salton Sea.

Staff from US Bureau of Reclamation offered to work with SSA and the Project Management Office at the Economic Development Agency of Riverside County (property owner) to further investigate the feasibility of dredging a channel at that location in order to meet the critical need for federal and state research vessels that are mandated to sample, monitor and report environmental conditions in the water and wildlife at the Sea.

With the assistance of the Salton Sea Authority, federal, state and local agencies have identified specific investments in maintenance and rehabilitation of infrastructure at the North Shore Yacht Club and marina facility that will restore critical access to the sea for these mandated environmental activities.

While the Yacht Club functions as an active community center today, launch ramp access is compromised from accumulation of mud and silt blocking the ramp and marina area. The first phase of the proposed North Shore Yacht Club rehabilitation project will consist of cleaning debris from the ramp and clearing silt from the marina channel leading to the Salton Sea.

The North Shore Yacht Club is just two blocks from Highway 111, south of the community of Mecca in the former bustling recreational area of North Shore. This project will contribute to a restoration of mandated environmental functions of state and federal agencies while also encouraging a general revitalization of the sea and land area around the North Shore Yacht Club owned by Riverside County.

The immediate goal of the project is to restore accessible boat launching to the Salton Sea for public agencies that must work on the sea. There is potential, with other added investments, to improve public access to the Sea for local communities and tourists who wish to experience the Salton Sea by either boat or safe, accessible picnic viewing areas on public land and facilities located at the historic North Shore Yacht Club.

DWR-Funded Grant -- Torres Martinez Wetlands Project (Phase 2)

SSA staff and new grant writer have met with counterparts at Torres Martinez to review status of Phase 2 proposal for expansion of the TM Wetlands with installation of a seepage barrier. Additional grant resources have been identified to secure the seepage barrier which would otherwise exceed the scope and budget of the original Phase 2 proposal to the state. The seepage barrier, while costly up front, is expected to pay for itself over time by reducing the pumping burden required to offset seepage and evaporation losses. The barrier will also help reduce maintenance costs by inhibiting growth of invasive plants and trees in the ponds.

Meanwhile, with the exception of the additional seepage barrier installation, the project at Phase 1 level has been found to be fully functional as designed and built.

As more projects and funding come online at the Salton Sea, this model for funding contracts for the SSA to implement final design and construction serves as an example of effective structure for implementing future projects at the Sea.

FUNDING

State:

- The SSA has requested guidance from CNRA regarding the process for defining projects eligible for state funding (\$20 Million) designated to the SSA for direct oversight role in implementing SSMP projects, as well as the potential \$10 million additional for treatment wetlands at the New River.

Federal:

- US Department of Agriculture – Every SSA Director along with leaders from stakeholder groups and the CNRA signed a series of joint letters to help reinforce successful passage of the Farm Bill which was passed and signed in December of 2018. SSA staff and partner agencies have spent great effort for several years to align this opportunity and continue to work in good faith with partners to find positive opportunities to deploy and expand federal match funds potentially available in this program.

- Army Corps of Engineers (ACOE) – In accord with SSA board direction, the SSA is pursuing placement and funding for the ACOE Work Plan for upcoming budgets, and eventual access to WRDA authorization (\$30 million). The SSA is working with the TM Tribe in support of the Tribal Partnership Program that may provide Army Corps engagement in projects in the Salton Sea watershed on Torres Martinez tribal lands.
- Environmental Protection Agency (EPA) – An SSA-supported Letter of Interest (LOI) for the EPA Water Infrastructure Finance and Innovation Act (WIFIA) submitted for Salton Sea on behalf of the state in first round was scored exceptionally well on program compatibility and technical planning/design criteria but fell short on the element of loan repayment. Discussions are on-going among potential local partners in EIFD strategies that may offer a solution to this challenge in subsequent rounds of WIFIA. WIFIA provides a federal loan and guarantee program that aims to accelerate investment in the nation’s water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects, including many county water infrastructure projects. Prospective borrowers seeking WIFIA credit assistance must submit a letter of interest (LOI) to EPA to initiate the process. SSA and the state stepped out of the most recent round and will reconsider options in upcoming rounds based upon the outcomes of the pending state bond measures as well as initiatives being considered locally such as IFD strategies.

SELF HELP STRATEGIES

IFD/EIFD

Backed by universal local government support (both counties, all SSA member agencies, all cities in both Imperial and Coachella Valleys plus all major Tribal nations), the CNRA has officially included the Perimeter Lake concepts in the SSMP. This unified action provides a major boost toward establishing viable EIFD’s around the Salton Sea.

A resolution to recognize this historic level of local unity on the Perimeter Lake concept is to be considered by the SSA Board at the May 2019 board of directors meeting.

A Perimeter Lake designed to create a stable shoreline would deliver the essential state mitigations for environmental protection and habitat while enhancing economic development that can provide a more financially sustainable Sea in the future. Over time, EIFD’s are expected to harness local revenues that would otherwise dissipate to the general fund and instead direct them to productive projects at the Salton Sea in potential partnership with private sector, as well as state and federal governments.

Riverside County and Imperial County are both moving ahead with strategies to generate local capital through EIFD scenarios that may jump-start infrastructure investments consistent with

the SSMP. The counties, who are member agencies of the SSA, recognize the value of coordinating projects within the shared watershed that may be funded in part with locally leveraged finances.

Riverside County Board of Supervisors established an EIFD boundary to fund projects in October 2018. The District is a Riverside County portion surrounding a northern section of a Perimeter Lake extending into Imperial County. Riverside County Supervisors also appointed a finance board to oversee the funding. Approval by property owners within the EIFD is still required to fully activate the EIFD.

Imperial County has commissioned a feasibility analysis with the SoCal Association of Governments. This preliminary report was unveiled for public review at a workshop held prior to the SSA Board meeting last month, in conjunction with the Energy Summit sponsored by the Imperial Valley Economic Development Corporation.

SSA initiated preliminary action on IFD strategies by completing its contract – on time, and under budget – with the state Natural Resources Agency (as a result of AB 71) to identify potential revenue generated by improved property values and economic activity around the Sea due to stable shoreline allowing recreation and renewable energy development. This data has been shared with the two counties as partner agencies of the SSA in order to expedite progress within their respective taxing jurisdictions.

The IFD concept in the SSA Financial Feasibility Action Plan assumes the primary benefits to the property values would be derived from infrastructure built in the sea that would create a stable shoreline with water distribution for dust control and deep-water habitat in addition to restored recreational value for marina communities and renewable energy development. A subsequent report by Tourism Economics, based on far more conservative assumptions, still supports the findings that significant revenues may be generated from a project that creates deep water habitat on the north end of the Sea.

The report assumes the in-sea infrastructure would: 1) protect existing and future communities from an emissive lakebed exposed by a shrinking sea and an otherwise receding shoreline; and 2) provide a shoreline with aquatic recreation on a scale that would draw tourists, recreationists, and additional residential or commercial investment that could meet a growing demand for services and amenities related to a recreational lake. A follow-up analysis by SCAG on renewable energy opportunities and land value improvement is anticipated in Imperial County.

The SSA has convened additional follow-up meetings with county officials for the purpose of outlining a coordinated strategy and timeline for next steps that can accelerate local priorities in a manner consistent with state obligations and resources under the SSMP.