



# Salton Sea Authority Board of Directors Meeting

Thursday, February 20, 2020  
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, February 20, 2020**  
**10:00 a.m.**  
**LOCATION:** **Coachella Valley Water District**  
**Steve Robbins Administration Building**  
**75515 Hovley Lane East**  
**Palm Desert, CA 92260**  
**(760) 398-2651**

**The following directors will be attending via/teleconference:**

**SSA Director Jeff Hewitt**  
**County Administrative Center**  
**4080 Lemon Street, 5th floor**  
**Conference Room D**  
**Riverside, CA 92501**  
**Ph: (951) 955-9500**

**I. CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**II. 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.***

**III. 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.*

**IV. CONSENT CALENDAR – Receive, Approve, and File**

- A. Minutes of January 23, 2020
- B. Warrant Register Ratification for January 2020
- C. Internal Financial Report for 7-1-19 thru 12-31-19

**V. PRESENTATIONS**

- A. Alternative QSA Conveyance Concepts (Dan Denham, SDCWA)
- B. New River Water Quality (Trina Hamby, Imperial County Public Health Department)

**VI. ACTION ITEMS**

- A. SSA Board consideration to accept SSA Annual Audit Findings
- B. SSA Board consideration to amend retention agreement for Federal Advocacy
- C. SSA Board consideration to approve project funding agreement with State for contribution toward joint agency project to restore Sea Access.
- D. SSA Board consideration of request for IBWC amendment of Minute Order to address discrepancies in WQ standards on New River
- E. SSA Board consideration of MOU between SSA and CNRA for Prop 68 funds

**VII. 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 – (Arturo Delgado, Assistant Secretary for Salton Sea Policy)
- C. Salton Sea State Recreation Area Update on Activities – (Steve Quartieri, Acting District Superintendent, California State Parks)
- D. Salton Sea Action Committee – (Juan DeLara, President)

**VIII. ADJOURNMENT**

**NEXT MEETING TIME & LOCATION:**

Thursday, March 26, 2020

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**

#### **January 23, 2020**

#### **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 Director Estrada, President, at 10:04 a.m., January 23, 2020, at the Imperial Irrigation District, Bill Condit Auditorium, 1285 Broadway Avenue, El Centro, CA 92243, (760) 760-482-9618.

#### **PLEDGE OF ALLEGIANCE**

Director Estrada led the Pledge of Allegiance

#### **ROLL CALL:**

##### **DIRECTORS PRESENT**

Director Estrada, President  
Director Cardenas, Vice-President  
Luis A. Plancarte, Secretary  
Director O'Dowd, Director  
Director Torte, Jr., Director  
Director Hanks, Director

##### **AGENCY**

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

*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 PRESENT VIA TELECONFERENCE**

Director Santillanes, Director  
Director Perez, Treasurer  
Director Hewitt, Director

##### **AGENCY**

Torres Martinez Desert Cahuilla Indians  
Riverside County  
Riverside County

**DIRECTORS ABSENT**

Director Kelley, Director

**AGENCY**

Imperial County

**SALTON SEA AUTHORITY STAFF PRESENT**

Phil Rosentrater, GM/Executive Director

Bob Hargreaves, Best Best & Krieger, Legal Counsel

**MEMBERS OF THE PUBLIC PRESENT**

**AGENCY**

Rebecca Zaragoza

Leadership Counsel

Frank Ruiz

Audubon

Henry Martinez

IID

Juan Murillo

CSUSB/WRI

Mark T. Gran

Cal Energy

Jon Trujillo

Cal Energy

Vickie Doyle

IID

Katie Burnworth

ICAPCD

John Bradden

Scott Sinnig

Resident

Reyes Romero

ICAPCD

Darren Simon

SDCWA

Juan De Lara

SSAC/Federated

Chuck Tobin

Burrtec/SSAC

**II. PUBLIC COMMENTS**

- A. Chuck Tobin, Burrtec Waste Industries, INC offered comment on Perimeter Lake, noting that all levels of local government and stakeholders are in support, but the State appears to be holding back, starting with unclear agreement on elevation for restoration.
- B. Scott Sinnig, resident and visitor since he was 11 years old, stated support for Sea to Sea concept.
- C. Matt Dessert, Imperial County Air Pollution Control District, shared concern that the State is absent from the Board meeting.
- D. Katie Burnworth, Imperial County Air Pollution Control District, expressed concern for state coordination with local agencies and raised question regarding state funds available to be expended.

**III. BOARD MEMBER COMMENTS**

- A. There were no board member comments

**IV. CONSENT CALENDAR – Receive, Approve, and File (see attached)**

- A. Minutes of December 19, 2019
- B. Warrant Register Ratification for December 2019
- C. Internal Financial Report for: 7/01/2019 – 11/30/2019

*Director Estrada **moved** that the Consent Calendar be approved. **Seconded** by Director Cardenas. **Unanimously carried.***

**V. DISCUSSION**

- A. CNRA Commitments to Salton Sea in coordination and consultation with the Salton Sea Authority – Arturo Delgado, Assistant Secretary for the Salton Sea Policy.

Assistant Secretary Arturo Delgado was not present for today's meeting. Chairman Estrada asked if the SSA GM could comment.

GM/Executive Director Rosentrater stated that the SSA has had discussions with the California Natural Resources Agency in follow up to the State reply to the Declaration Resolution of Support adopted by this board. The staff and consultants met with Tom Gibson, Deputy Secretary for CNRA, and Arturo Delgado who is the program director for Salton Sea. SSA reviewed platform and the State's response to the Emergency Declaration. SSA staff also shared questions that were raised by the board regarding the budget status of Prop 68 funding that is allocated to the SSA programs and projects at the Salton Sea and the New River. Also discussed were ways to enhance the relationship, communications and planning with the State all in compliance with State Law AB71, which requires and directs the CNRA to work in coordination and consultation with the Salton Sea Authority. The SSA has pursued a close relationship and specific responses to the issues. Mr. Delgado also informed SSA that he would be involved in expediting progress on the SCH which is now permitted, where the State can entertain submittals and bids. They are down to three final bids and are due May 1<sup>st</sup>.

Mr. Arturo and the CNRA team are meeting with the bidders which required his presence in lieu of attending the SSA board meeting.

Chairman Estrada also commented that he has met with state legislators and spoke to Mr. Gibson regarding the budget and SSA's attempt to draw the \$20M from Prop 68. Mr. Gibson didn't have an answer but said that the Department of Finance holds the key to the release of the monies. Mr. Estrada mentioned the MOU between the State and the SSA and that maybe this is what the Department of Finance needs to see that there is a partnership and recognize that there is an oversight on the States part.

The board continued to discuss further in depth.

**VI. PRESENTATIONS**

- A. Update: Lithium Development at the Salton Sea  
Johnathan M. Weisgall, Berkshire Hathaway Energy, gave a presentation on the Lithium tool and discussed two major developments in the last year: one in May –

the California Energy Commission convened a group in El Centro to look at Lithium Recovery from Geothermal Brine and the second one in November, where the California Energy Commission issued a major and complicated grant funding opportunity to provide funds to look at the opportunity for Lithium Recovery from Geothermal Brine. He discussed a project that one his companies, Cal Energy, is bidding on that specifically calls for deployment and demonstration of Lithium Recovery from Geothermal Brine and will be building a demonstration plant. The award is for \$6M and Cal Energy will be placing a bid. They are asking the SSA Board for a letter of support.

Director Cardenas asked, “As an authority, do we have the legal infrastructure and letters of support when it comes to private government partnerships?”

Mr. Hargreaves, legal counsel at BB&K, responded that there is nothing in the letter that would say it’s an exclusive endorsement. Depending on the direction of the board, he suggested that they could look at the letter and confine it if needed, adding this is not a legal issue but a policy issue.

Director Hewitt excused himself at 11:23AM.

Director Hanks asked Mr. Weisgall to explain the different levels of participation of this grant, because right now they have 4 geothermal companies here in the Valley. Mr. Weisgall replied that there are 3 grants in this solicitation, the one that BHE is bidding on is the deployment and demonstration of lithium recovery from Geothermal brine. The criteria for the proposal are strenuous and no other firms around the Salton Sea are anticipated to enter a proposal in this category.

## **VII. ACTION ITEMS**

### **A. Consideration of SSA Board support for Lithium Recovery Initiative proposal from Berkshire Hathaway Energy**

The Board discussed benefits of jobs and revenues projected by Lithium Recovery, and the extent to which there would be direct benefit to the Salton Sea Authority and SSMP projects.

*Director Estrada so **moved**. **Seconded** by Director Perez. **Motion Carried** with Director Santillanes and Director O’Dowd both abstained.*

### **B. Consideration of SSA Board support for Desert Shores Harbor refill efforts**

Phil Rosentrater, GM/Executive Director introduced this action item. This Project has been introduced to the Board and followed up on several occasions. This is a rehabilitation or rehydration of the harbor area of the Desert Shores, referred to as the “five fingers”. With the receding waters, those areas are exposed along with air quality issues. The proponents are recommending a project that will draw water from the Salton Sea and close off the end of the harbor and flood the areas to cover the dust. They have asked the SSA for support, the SSA has deferred to Imperial County to resolve the MOU issues regarding this matter between Imperial County and the State.

*Director Estrada **moved** to approve consideration of support contingent upon the MOU issues being resolved between Imperial County and the State. **Seconded** by Director Perez. **Motion carried.***

## **VIII. REPORTS**

### **A. General Manager's Report on Activities**

Phil Rosentrater, GM/Executive Director of Salton Sea Authority invited question or comment from the board on the GM report provided in the meeting's agenda packet. There were no comments.

### **B. Standing Reports from Federal and State Partners**

#### **1. FEDERAL:**

##### **a) US Bureau of Reclamation (BOR)**

Genevieve Johnson, BOR's Program Manager for the Salton Sea, was not present and did not provide a report.

#### **2. STATE:**

##### **a) Salton Sea Management Program**

Arturo Delgado, Assistant Secretary for Salton Sea Policy, was not present and did not provide a report. Chairman Estrada asked if Mr. Rosentrater had any updates from them. Mr. Rosentrater had an extensive discussion with them yesterday. He said the CNRA has made a considerable effort to focus on what they can achieve on permitted projects – right now the SCH. Progress is being made in those areas.

Chairman Estrada wanted to reiterate that Mr. Gibson did apologize that Mr. Delgado was not going to be present today, but that it is their top priority to have staff attend all SSA meetings.

Director O'Dowd asked for clarification from the meetings that were held by the State on December 17 and 18. The state has done a study, 80% of the dust comes from 20% of the areas around the sea. A member of the audience at that meeting commented that the problem is that the projects the state is working on are not addressing those areas. Katie Burnworth from ICAPCD said that this information can be found on IID's emissions estimate. The emissions are coming from the West and Southside of the Sea.

### **C. Salton Sea State Recreation Area Update on Activities**

Steve Quartieri, Acting District Superintendent, California State Parks, stated that visitation at the Sea has increased since December and January with a 50% increase in camping occupancy as well. They also received a complimentary letter from a visitor from Tucson, AZ about the overall beauty of the Sea and the quality of staff and their services that were provided that exceeded National Park partners elsewhere that they had visited. They had their Bird Festival, with over 105 species seen. He



also wanted to share that there has been a rare siting of a female Garganey Duck from Europe.

**D. Salton Sea Action Committee (SSAC)**

Juan DeLara, President, reported that the SSAC was founded 8 years ago to support, #1, the Salton Sea Authority. They do this through different efforts: Education outreach, Advocacy, fund raising, public private partnerships and non-profit efforts like the Desert Shores Project. The SSAC raised \$100k to fund the Benchmark 5 exploration of the Funding and Feasibility Action Plan (FFAP). They are still very supportive of the Perimeter Lake plan. They are ready to take direction to undertake any efforts to get the State to incorporate the Perimeter Lake plan. SSAC is looking at partnerships, including one right now with the SSA called the Bay in Balance.

**IX. VIII. ADJOURNMENT**

There being no further business, Board President Estrada adjourned the meeting at 11:54 a.m.

**NEXT MEETING TIME & LOCATION:**

The regularly scheduled meeting will be held

February 20, 2020

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

January 1, 2020 through January 31, 2020



Warrant Date	Warrant Number	Vendor Name	Amount
Beginning Cash			\$ 695,179.29
01/17/2020	EFT	AMEX Payment	(6,155.22)
01/21/2020	1053	Best, Best & Krieger	(3,026.00)
01/21/2020	1054	Bravata, Lisa	(115.71)
01/21/2020	1055	Cultivating Conservation	(5,536.53)
01/21/2020	1056	Davis Farr LLP	(4,000.00)
01/21/2020	1057	OfficeTeam	(7,272.00)
01/21/2020	1058	Ollin Strategies	(5,000.00)
01/21/2020	1059	Platinum Consulting Group LLC	(4,472.82)
01/21/2020	1060	RivCo EDA	(12,500.00)
01/21/2020	1061	Riverside County	(60,000.00)
01/21/2020	1062	Rosentrater, Phil	(340.46)
01/21/2020	1063	SystemGo IT LLC	(699.50)
01/21/2020	1064	Thill, Linda	(141.89)
01/23/2020	EFT	Rabobank Visa Payment	(60.95)
01/23/2020	EFT	Pitney Bowes	(100.00)
01/23/2020	EFT	Verizon Wireless	(267.98)
Net Activity			(109,689.06)
Ending Cash			\$ 585,490.23

**Salton Sea Authority**  
**Statement of Revenues, Expenditures, and Fund Balance**  
**(Unaudited)**

Year to Date through December 31, 2019

	General Fund	Wetlands 2	NSBYC Grant	TOTAL
1 <b>INCOME</b>				
2 <b>Local Government/Member Assessments</b>	\$ 610,000	\$ -	\$ -	\$ 610,000
3 <b>Grant Funding</b>	-	-	-	-
4 <b>State of California Grants</b>	-	-	-	-
5 <b>Pooled Cash Allocated Interest</b>	1,866	-	-	1,866
6 <b>Miscellaneous Revenue</b>	458	-	-	458
7 <b>TOTAL INCOME</b>	612,324	-	-	612,324
8 <b>EXPENSE</b>				
9 <b>SSA Administration</b>				
10 <b>Salaries</b>				
11 <b>Salaries - GM / Executive Director</b>	56,970	-	2,524	59,494
12 <b>Grant Support</b>	45,489	-	-	45,489
13 <b>Admin Support A</b>	23,577	-	63	23,639
14 <b>Admin Support B</b>	15,091	-	-	15,091
15 <b>Total Salaries</b>	141,127	-	2,587	143,713
16 <b>Employee Benefits</b>				
17 <b>Employee Benefits - GM / Exec. Dir.</b>	17,300	-	757	18,057
18 <b>Employee Benefits - Other SSA Staff</b>	23,182	-	35	23,217
19 <b>Total Employee Benefits</b>	40,482	-	792	41,274
20 <b>Audit/Accounting</b>	15,439	-	-	15,439
21 <b>Contract Attorney</b>	15,874	-	-	15,874
22 <b>Equipment Maintenance</b>	3,498	-	-	3,498
23 <b>Capital Equipment</b>	-	-	-	-
24 <b>Equipment Lease</b>	-	-	-	-
25 <b>Insurance</b>	4,572	-	-	4,572
26 <b>Office Exp/Operating Supplies</b>	1,588	-	-	1,588
27 <b>Office Exp/Online Services</b>	737	-	-	737
28 <b>Postage, Mail</b>	226	-	-	226
29 <b>Printing Services</b>	-	-	-	-
30 <b>Dues, Subscriptions</b>	5,670	-	-	5,670
31 <b>Communications</b>	2,040	-	-	2,040
32 <b>Travel/Mileage</b>	38,246	-	-	38,246
33 <b>Technical Support - Consultant</b>	-	-	-	-
34 <b>Technical Support - Engineering</b>	-	-	-	-
35 <b>Technical Support - General</b>	-	-	-	-
36 <b>Contract Svc / Website</b>	-	-	-	-
37 <b>Technical Support - Enviromental</b>	-	-	-	-
38 <b>Technical Support - Fiscal</b>	-	-	-	-

**Salton Sea Authority**  
**Statement of Revenues, Expenditures, and Fund Balance**  
**(Unaudited)**

Year to Date through December 31, 2019

	General Fund	Wetlands 2	NSBYC Grant	TOTAL
39 <b>Communications &amp; Outreach</b>	1,500	-	-	1,500
40 <b>Utilities</b>	-	-	-	-
41 <b>Grants &amp; Advocacy</b>	67,755	-	-	67,755
42 <b>Project Manager</b>	-	-	-	-
43 <b>Total SSA Administration</b>	338,752	-	3,378	342,130
44 <b>Wetlands Grant Administration</b>				
45 <b>Contract Svcs/Attorney</b>	-	114	-	114
47 <b>Total Wetlands Grant Administration</b>	-	114	-	114
48 <b>Wetlands Grant Technical</b>				
49 <b>Contract Svcs/LCP</b>	-	-	-	-
50 <b>Contract Svcs/Construction</b>	-	-	-	-
51 <b>Transfer In/Out Grant Administration</b>	3,724	-	-	3,724
52 <b>Total Wetlands Grant Technical</b>	3,724	-	-	3,724
53 <b>TOTAL EXPENSE</b>	342,476	114	3,378	345,969
54 <b>NET INCOME</b>	<b>\$ 269,849</b>	<b>\$ (114)</b>	<b>\$ (3,378)</b>	<b>\$ 266,356</b>

*\*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**  
(Unaudited)

As of December 31, 2019

	General Fund	Wetlands 2	702 Fish Clean Up Trust	NSBYC Grant	TOTAL
<b>1 ASSETS</b>					
<b>2 Local Government/Member Assessments</b>					
<b>3 Checking/Savings</b>					
<b>4 Cash - PW Checking</b>	677,108	(2,920)	20,991	-	695,179
<b>5 Cash - RivCo Fund</b>	25,949	-	-	(97)	25,852
<b>6 RivCo investment fund</b>	4,473	-	-	-	4,473
<b>7 Cash - Petty Cash</b>	490	-	-	-	490
<b>8 Total Checking/Savings</b>	708,020	(2,920)	20,991	(97)	725,994
<b>9 Other Current Assets</b>					
<b>10 Prepaid Items</b>	11,142	-	-	-	11,142
<b>11 Total Other Current Assets</b>	11,142	-	-	-	11,142
<b>12 TOTAL ASSETS</b>	<b>719,162</b>	<b>(2,920)</b>	<b>20,991</b>	<b>(97)</b>	<b>737,136</b>
<b>13 LIABILITIES &amp; EQUITY</b>					
<b>14 Liabilities</b>					
<b>15 Current Liabilities</b>					
<b>16 Accounts Payable</b>	14,964	-	-	1,172	16,136
<b>17 Credit Cards</b>					
<b>18 Credit Card Payable (Visa)</b>	61	-	-	-	61
<b>19 Credit Card Payable (AE)</b>	4,909	-	-	-	4,909
<b>20 Total Credit Cards</b>	4,970	-	-	-	4,970
<b>21 Other Current Liabilities</b>					
<b>22 Accrued Expenditures</b>	29,141	-	-	2,109	31,250
<b>23 Accrued Payroll</b>	3,685	-	-	-	3,685
<b>24 Accrued Vacation</b>	6,852	-	-	-	6,852
<b>25 Total Other Current Liabilities</b>	39,678	-	-	2,109	41,787
<b>26 Total Current Liabilities</b>	59,612	-	-	3,281	62,893
<b>27 Total Liabilities</b>	59,612	-	-	3,281	62,893
<b>28 Equity</b>					
<b>29 Fund Balance</b>	389,702	(2,806)	20,991	-	407,887
<b>30 Net Income</b>	269,849	(114)	-	(3,378)	266,356
<b>31 Total Equity</b>	659,550	(2,920)	20,991	(3,378)	674,243
<b>32 TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 719,162</b>	<b>\$ (2,920)</b>	<b>\$ 20,991</b>	<b>\$ (97)</b>	<b>\$ 737,136</b>

# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** Phil Rosentrater, GM/Executive Director  
**Date:** February 20, 2020  
**Re:** **Presentation and Approval - Audit Report for SSA FY 2018-2019**  
**CM No.** **VIA - 02-20-2020**

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## **GENERAL:**

Transmitted herewith please find the Fiscal Year 2018-2019 Audit Report prepared by the firm of Davis Farr LLP for your consideration, review and comment.

Ms. Shannon Ayala of Davis Farr LLP will present the Audit Report at the February 20, 2020 SSA Board meeting.

Davis Farr LLP is a CPA firm contracted by the Salton Sea Authority to perform an annual independent audit of the finances in compliance with law governing local governments – in this instance, the Salton Sea Authority as a Joint Powers Authority.

## **RECOMMENDATION:**

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board receive and direct staff to circulate the report to appropriate agencies.

Respectfully submitted,

Phil Rosentrater  
GM/Executive Director

To the Board of Directors  
Salton Sea Authority  
Indio, California

We have audited the financial statements of the governmental activities and each major fund of The Salton Sea Authority (the "Authority") for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information on October 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in note one to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was:

- Estimates involving revenues and expenses to be accrued as of year-end, including unavailable revenue.
- Estimates involving collectability of grant receivables.
- We evaluated the key factors and assumptions used to develop certain estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's judgement that there is no pension or OPEB liabilities related to the Authority's staffing.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 9, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis* and the *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

*DavisFarr LLP*

Irvine, California  
January 9, 2020



**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

**Independent Auditor's Report**

Board of Directors  
Salton Sea Authority  
Indio, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 9, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below that we consider to be a significant deficiency.

### **(1) Material Audit Adjustment**

Auditing standards require the auditors to include an internal control recommendation when audit adjustments are detected during the audit process. During our audit, we detected an adjustment to recognize revenue in the current year that was deferred in the prior year because it was not received within the Authority's availability period.

#### **Recommendation**

We recommend management record all year end entries prior to the start of the audit.

The following matter is not considered a material weakness or significant deficiency in internal controls. However, as a service to you, we offer the following best practice recommendations to enhance the internal controls of the Authority:

### **(2) Internal Controls over Credit Card Payments**

During our audit, we reviewed the Authority's credit card transactions. As part of our review, we requested the policy for credit card usage. We noted the Authority does not have written policies or procedures for credit card purchases.

#### **Recommendation**

The Authority should consider implementing written policies and procedures for credit card usage.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Salton Sea Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California  
January 9, 2020

**SALTON SEA AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**

Year ended June 30, 2019

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**SALTON SEA AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**

Year ended June 30, 2019

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## **Independent Auditor's Report**

Board of Directors  
Salton Sea Authority  
Indio, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Salton Sea Authority's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*DavisFarr LLP*

Irvine, California  
January 9, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial performance of the Salton Sea Authority (the Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

### **Using the Accompanying Financial Statements**

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Also included in the accompanying report are the *fund financial statements*. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Authority government, reporting the Authority's operations in *more detail* than the government-wide statements.

The financial statements also include *Notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provide additional financial and budgetary information.

### Reporting the Authority as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Authority as a whole. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *modified-accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or *financial position*. Over time, *increases and decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating.

### Reporting the Authority's Major Funds

The fund financial statements provide detailed *information* about the Authority's most significant funds - not the Authority as a whole. Some funds are required to be established by grant or legal requirements. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

*Governmental funds* — The Authority's basic services are reported in governmental funds, which focus on how money flows into *and* out of those *funds and* the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets:			
Cash	\$477,419	451,409	26,010
Accounts receivable	-	45,733	(45,733)
Prepaid items	<u>14,049</u>	<u>3,415</u>	<u>10,634</u>
Total assets	<u>\$491,468</u>	<u>500,557</u>	<u>(9,089)</u>
Liabilities:			
Accounts payable	\$ 49,131	31,566	17,565
Accrued expenditures	<u>34,449</u>	<u>42,133</u>	<u>(7,684)</u>
Total liabilities	<u>83,580</u>	<u>73,699</u>	<u>9,881</u>
Net position:			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	<u>386,897</u>	<u>405,867</u>	<u>(18,970)</u>
Total net position	<u>\$407,888</u>	<u>426,858</u>	<u>(18,970)</u>

Salton Sea Authority  
Management's Discussion and Analysis (Continued)

A summary of the changes in net position is as follows:

	Changes in net position		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Member contributions	\$610,000	610,000	-
Intergovernmental	-	177,344	(177,344)
Miscellaneous	7,830	10,409	(2,579)
Interest	<u>2,342</u>	<u>1,199</u>	<u>1,143</u>
Total revenues	<u>620,172</u>	<u>798,952</u>	<u>(178,780)</u>
Expenditures			
Administration	637,569	614,637	22,932
Technical and project support	<u>1,573</u>	<u>170,575</u>	<u>(169,002)</u>
Total expenditures	<u>639,142</u>	<u>785,212</u>	<u>(146,070)</u>
Changes in net position	(18,970)	13,740	(32,710)
Beginning net position	<u>426,858</u>	<u>413,118</u>	<u>13,740</u>
Ending net position	<u>\$407,888</u>	<u>426,858</u>	<u>(18,970)</u>

The decrease in intergovernmental revenues and technical and project support expenses is related to the wind down and completion of the Wetlands Phase 1 grant from the State of California.

Salton Sea Authority  
Management's Discussion and Analysis (Continued)

MAJOR FUNDS

General Fund

This fund accounts for all administrative activity and expense related to salaries, public outreach, community relations, services and supplies to maintain and support all Salton Sea Authority restoration projects. The General Fund costs are consistent with the previous year, less the short-term staff-transition costs, continuing to fulfill the administrative demands directly related to state-contracted grant programs.

State Department of Water Resources Habitat Enhancement and Creation Project (Wetlands Fund)

The project provides for habitat enhancement and expansion located at the North end of the Salton Sea. The Salton Sea Authority is working in conjunction with the Torres Martinez Tribe of Indians to revitalize and expand former habitat areas negatively impacted by the receding shoreline of the Salton Sea. The resulting work will safeguard vital species and protect the vulnerable tribal community from exposure to emissive playa areas soon to be covered with wetlands.

GENERAL FUND BUDGET

Actual revenues were under budget by (\$107,228). Grant revenues had budgeted amounts but was not used during FY19. Actual expenses were under budget by \$283,831.

CAPITAL ASSETS

The Salton Sea Authority has no significant capital assets (property, plant, and equipment).

LONG-TERM DEBT

The Salton Sea Authority has no outstanding long-term debt.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, members, and resource providers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Office located at 82995 Highway 111, Suite 200, Indio, CA 92201.

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## **BASIC FINANCIAL STATEMENTS**



**SALTON SEA AUTHORITY**  
**STATEMENT OF NET POSITION**

June 30, 2019  
(with comparative information for prior year)

	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>		
Cash	\$ 477,419	451,409
Grants receivable	-	45,733
Prepaid items	<u>14,049</u>	<u>3,415</u>
TOTAL ASSETS	<u>491,468</u>	<u>500,557</u>
<b>LIABILITIES:</b>		
Accounts payable	49,131	31,566
Accrued expenses	<u>34,449</u>	<u>42,133</u>
TOTAL LIABILITIES	<u>83,580</u>	<u>73,699</u>
<b>NET POSITION:</b>		
Restricted for:		
Specific grants	20,991	20,991
Unrestricted	<u>386,897</u>	<u>405,867</u>
TOTAL NET POSITION	<u>\$ 407,888</u>	<u>426,858</u>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**  
**STATEMENT OF ACTIVITIES**

Year ended June 30, 2019  
(with comparative information for prior year)

Function	Expenses	Operating Grants	Net Revenue (Expense)	
			2019	2018
Administration	\$ 637,569	-	(637,569)	(614,637)
Technical and project support	1,573	-	(1,573)	6,769
Total	<u>\$ 639,142</u>	<u>-</u>	<u>(639,142)</u>	<u>(607,868)</u>
General revenues:				
Member contributions			610,000	610,000
Miscellaneous			7,830	10,409
Interest			<u>2,342</u>	<u>1,199</u>
Total general revenues			<u>620,172</u>	<u>621,608</u>
Change in net position			(18,970)	13,740
Net position, beginning of year			<u>426,858</u>	<u>413,118</u>
Net position, end of year			<u>\$ 407,888</u>	<u>426,858</u>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2019  
(with comparative information for prior year)

	General	Special Revenue		Totals	
	Fund	Wetlands	Fish Clean	2019	2018
	Fund	Fund	Up Trust		
	Fund	Fund	Fund		
<b>ASSETS:</b>					
Cash	\$ 456,428	-	20,991	477,419	451,409
Grants receivable	-	-	-	-	45,733
Due from other funds	2,806	-	-	2,806	46,966
Prepaid items	14,049	-	-	14,049	3,415
<b>TOTAL ASSETS</b>	<b>\$ 473,283</b>	<b>-</b>	<b>20,991</b>	<b>494,274</b>	<b>547,523</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 49,131	-	-	49,131	31,566
Accrued expenses	34,449	-	-	34,449	42,133
Due to other funds	-	2,806	-	2,806	46,966
<b>TOTAL LIABILITIES</b>	<b>83,580</b>	<b>2,806</b>	<b>-</b>	<b>86,386</b>	<b>120,665</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	-	-	-	-	45,733
<b>TOTAL DEFERRED INFLOWS</b>					
<b>OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,733</b>
<b>FUND BALANCES:</b>					
Restricted for restoration activities	-	-	20,991	20,991	20,991
Unassigned	389,703	(2,806)	-	386,897	360,134
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>389,703</b>	<b>(2,806)</b>	<b>20,991</b>	<b>407,888</b>	<b>381,125</b>
<b>TOTAL LIABILITIES, DEFERRED</b>					
<b>INFLOWS OF RESOURCES AND</b>					
<b>FUND BALANCES</b>	<b>\$ 473,283</b>	<b>-</b>	<b>20,991</b>	<b>494,274</b>	<b>547,523</b>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position**

June 30, 2019

Fund balances of governmental funds	\$ 407,888
-------------------------------------	------------

Amounts reported for governmental activities in the statement of  
net position are different because:

Revenues that are measurable but not available. Amounts are recorded as deferred  
inflows of resources under the modified accrual basis of accounting until  
they become available.

-

Net position of governmental activities	<u>\$ 407,888</u>
---	-------------------

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**

Year ended June 30, 2019  
(with comparative information for prior year)

	General Fund	Special Revenue		Totals	
		Wetlands Fund	Fish Clean Up Trust Fund	2019	2018
REVENUES:					
Member contributions	\$ 610,000	-	-	610,000	610,000
Intergovernmental	-	45,733	-	45,733	236,937
Miscellaneous	7,830	-	-	7,830	10,409
Interest	2,342	-	-	2,342	1,199
<b>TOTAL REVENUES</b>	<b>620,172</b>	<b>45,733</b>	<b>-</b>	<b>665,905</b>	<b>858,545</b>
EXPENDITURES:					
Administration	637,569	-	-	637,569	614,637
Technical and project support	-	1,573	-	1,573	170,575
<b>TOTAL EXPENDITURES</b>	<b>637,569</b>	<b>1,573</b>	<b>-</b>	<b>639,142</b>	<b>785,212</b>
Excess (deficiency) of Revenues over (under) Expenditures	(17,397)	44,160	-	26,763	73,333
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	55,163
Transfers out	-	-	-	-	(55,163)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net changes in fund balance	(17,397)	44,160	-	26,763	73,333
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	407,100	(46,966)	20,991	381,125	307,792
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 389,703	(2,806)	20,991	407,888	381,125

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities**

Year ended June 30, 2019

Net changes in fund balances - total governmental funds	\$ 26,763
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting until they become available.	<u>(45,733)</u>
Change in net position of governmental activities	<u>\$ (18,970)</u>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2019**

**(1) Summary of Significant Accounting Policies**

The basic financial statements of the Salton Sea Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**(a) Reporting Entity**

The Authority was created on June 2, 1993, as a result of a joint powers agreement entered into by the County of Riverside, County of Imperial, Coachella Valley Water District and the Imperial Irrigation District. The JPA was amended in 2002 to add member agency Torres Martinez Desert Cahuilla Indians. Each of the parties to the joint power's agreement appoints two representatives to the Board of Directors. The Authority is a single function entity whose purpose is to direct and coordinate efforts to improve the quality of the water in the Salton Sea, and to enhance its recreational and economic development potential.

**(b) Basis of Accounting and Measurement Focus**

The *basic financial statements* of the Authority are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements.

**Government-wide Financial Statements** – Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

**Fund financial statements** – The underlying accounting system of the Authority is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(1) Summary of Significant Accounting Policies (Continued)**

that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate.

**Governmental funds** – In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Authority uses an availability period of six months.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided).

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within the “availability period” established by that local government.



**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(1) Summary of Significant Accounting Policies (Continued)**

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

**(c) Fund Classifications**

The Authority reports the following major governmental funds:

**General fund** – The general fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

**Wetlands Grant fund** – This fund accounts for the California State Department of Water Resources grant activity related to the habitat enhancement and creation on the Torres Martinez Wetlands.

**Fish Clean Up Trust fund** – This fund accounts for private donations to support the cleanup of fish die-offs at the Salton Sea.

**(d) Cash**

The Authority pools cash of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash*.

**(e) Capital Assets**

The capitalization threshold is \$5,000. Currently, there are no capital assets that individually exceed this capitalization threshold.

**(f) Interfund Transfers**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(1) Summary of Significant Accounting Policies (Continued)**

**(g) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not report any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant reimbursements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**(h) Fund Balance**

Fund balances are reported in the fund statements in the following classifications:

Non-spendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. The Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Board action that limits the

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(1) Summary of Significant Accounting Policies (Continued)**

**(h) Fund Balance (Continued)**

use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resulting fund balance is considered to be committed, not restricted. The Authority considers a resolution to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the Board of Directors or by persons to whom the Board has delegated the authority to assign amounts for specific purposes.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the Authority's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

**(i) Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**(j) Comparative Data**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(2) Cash**

Cash as of June 30, 2019 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$477,419</u>
Total cash	<u>\$477,419</u>

Cash as of June 30, 2019 consisted of the following:

Demand deposits	<u>\$477,419</u>
Total cash	<u>\$477,419</u>

**Custodial credit risk** – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**(3) Commitments and Contingencies**

The Authority has been a recipient of State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Authority had not complied with the rules and regulations governing the grants, the Authority's rights to grant money received may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. These accounts may, at times, exceed federally insured limits of \$250,000. The Salton Sea Authority has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**(Continued)**

**(4) Employee Benefits**

The Authority's staff includes three employees of the County of Riverside and an employee of Riverside County Economic Development Agency. While these employees receive pension and post-retirement benefits from their respective government agencies, management believes the Authority is not responsible for funding those benefits should the individuals leave the Authority. As such, no pension or other post-employment benefit liabilities have been included in the accompanying financial statements.

**(5) Fund Balance Deficit**

The Wetlands Fund reports an ending fund balance deficit of \$2,806. The fund deficit will be cured in fiscal year 19/20 when reimbursements are received for grant expenses.

**(6) Excess of Expenditures over Appropriations**

For the year ended June 30, 2019, expenditures were under appropriations in the General Fund by \$283,831. Administration expenses did not exceed the budget as there were lower than anticipated travel and meeting costs.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SALTON SEA AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND**

Year ended June 30, 2019

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Member contributions	610,000.00	610,000.00	610,000.00	-
Grant Funds	115,900	115,900	-	(115,900)
Miscellaneous	-	-	7,830	7,830
Interest	1,500	1,500	2,342	842
TOTAL REVENUES	<u>727,400</u>	<u>727,400</u>	<u>620,172</u>	<u>(107,228)</u>
EXPENDITURES:				
Administration	921,400	921,400	637,569	283,831
TOTAL EXPENDITURES	<u>921,400</u>	<u>921,400</u>	<u>637,569</u>	<u>283,831</u>
Excess (deficiency) of Revenues over (under) Expenditures	(194,000)	(194,000)	(17,397)	176,603
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(194,000)	(194,000)	(17,397)	176,603
FUND BALANCE AT BEGINNING OF YEAR	<u>407,100</u>	<u>407,100</u>	<u>407,100</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 19,100</u>	<u>19,100</u>	<u>389,703</u>	<u>176,603</u>

## **SALTON SEA AUTHORITY**

### **Notes to Required Supplementary Information**

Year ended June 30, 2019

#### **(1) Budgets and Budgetary Data**

The Authority is only required to adopt an annual budget for the general fund. This budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). For the other funds of the Authority, project length budgets, rather than annual budgets, are employed.

Once the budget is approved, it can be amended by approval of a majority of the Board of Directors.

The appropriated budget is prepared by fund and function. The Authority's Executive Director may make transfers of appropriations between functions. Transfers of appropriations between funds requires the approval of a majority of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations is at the fund level.

A comparison of budget and actual has been presented for the General Fund used by the Authority. With respect to revenues, a favorable variance indicates actual revenues received exceeded the legally adopted budget and an unfavorable variance indicates that actual revenues received were less than the amount budgeted. With respect to expenditures, a favorable variance indicates actual costs were less than the amount budgeted, and an unfavorable variance indicates actual expenditures exceeded the legally adopted budget.



# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** Phil Rosentrater, GM /Executive Director  
**Date:** February 20, 2020  
**Re:** **Consider amendment of retainer for Federal Advocacy Support**  
**CM No.** **VI.B– 02-20-2020**

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## **BACKGROUND:**

The SSA Board regularly expresses its commitment to shape favorable outcomes for the SSA in legislative policies and procurement priorities at federal and state levels.

To this end, the Salton Sea Authority has effectively achieved significant results from its Board-approved legislative agenda in the past four years with SSA staff working through partner agencies, their advocates and dedicated staff and contract advocates.

With new leadership at the state of California and newly secured federal funding tools now in place, there is renewed momentum behind Salton Sea revitalization, and staff is recommending retention of the firms that have been instrumental in guiding this success.

Among the results achieved in federal relations since SSA began working with Lisa Moore and Consulting Conservation (formerly Grand View Group Consulting) in 2014, are:

- Secured USDA conservation funding for two conservation pilot projects at the Salton Sea;
- Re-instituted a defunct USDA program and successfully secured funding from that program to benefit the Salton Sea;
- Secured federal legislation to make the Salton Sea playa and surrounding areas newly eligible for the majority of USDA's \$6 billion in annual conservation funding;
- Increased USDA conservation funding by \$2.6 billion; secured modifications to the federal Water Infrastructure Finance and Innovation Act to make the Salton Sea more directly eligible for EPA WIFIA financing;
- Facilitated the agreement by the Corps of Engineers to expedite permitting for Salton Sea Management Program (SSMP) activities, particularly the agreement to not require a full-blown environmental impact statement for SSMP.

Overall, this work has helped to more firmly establish the premise that the federal government should play a more active role in advancing Salton Sea revitalization — a proposition now more actively embraced by our congressional leaders committed to ensuring the federal Drought Contingency Plan (DCP) legislation provides environmental protections for the Salton Sea. This is

to be reinforced by a commitment to hold the first federal hearing on the Salton Sea since 1997 in that context, with renewed commitment of federal legislators to advance federal Salton Sea legislation.

To build upon and expand upon these opportunities and work streams, staff is recommending the SSA board approve amendments to the retainer that will expand scope of work to align with the SSA board-approved Federal Legislative Platform, including:

- Active facilitation of the state of California and SSA's engagement in capitalizing on our successful 2018 Farm Bill work;
- Addressing important border environmental issues impacting the Salton Sea region, including New River and air quality concerns;
- Ensuring that federal permitting does not obstruct air quality and environmental conservation efforts;
- Facilitating federal financing opportunities to advance the Perimeter Lake;
- Enhanced engagement with Congress concerning federal Salton Sea legislation;
- Advising on renewable fuels and other renewable energy opportunities at the Salton Sea.

To date, SSA and partner agencies have built tremendous momentum in this area that could be lost if the expertise that brought us here is not maintained. SSA staff strongly recommends that the Board of Directors take action to approve the retainer agreement with amendments to scope and budget (\$7000 monthly retainer) as detailed in the attached draft agreement.

**RECOMMENDATION:**

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the amendment of the retainer agreement for federal advocacy support to the Salton Sea Authority from Lisa Moore of Cultivating Conservation.

Respectfully submitted,

Phil Rosentrater  
General Manager

## First Amendment to Retainer Agreement

This First Amendment to Retainer Agreement dated February 1, 2019 by and between Cultivating Conservation, LLC and the Salton Sea Authority is entered into effective February 1, 2020.


The Retainer Agreement is hereby amended to provide:

1. **"Scope of Work.** In coordination with the Client and at the Client's direction:
  - (a) Advise client on SSA's federal legislative agenda, media strategies, federal legislation affecting the Salton Sea, draft federal legislation and federal appropriations requests, engage with policymakers to advance SSA's agenda.
  - (b) Facilitate SSA's engagement with BOR, EPA, and Corps relating to the Salton Sea, particularly with respect to federal permitting and funding.
  - (c) Advise and facilitate SSA engagement with the State of California to capitalize on our successful 2018 Farm Bill work to mobilize USDA and partners to secure additional USDA support for Salton Sea conservation.
  - (d) Facilitate the implementation of current USDA Salton Sea pilots.
  - (e) Advise client on New River and border environmental concerns related to federal funding and policy matters.
  - (f) Advise client on North Lake federal funding and policy matters.
  - (g) Advise client on renewable energy and biofuels policy and opportunities beneficial to the Salton Sea.
2. **Term.** The term of this Agreement shall begin on February 1, 2020 and end on January 31, 2021. It is also agreed that each party to this agreement has the right to terminate this engagement upon providing 30 days written notice.
3. **Compensation.** In full consideration for performance of services under this Agreement, Client shall pay Cultivating Conservation a monthly retainer of \$7,000 per month plus travel expenses upon approval by the client. "

All other provisions of the Retainer Agreement shall remain the same.

IN WITNESS WHEREOF the authorized representatives do hereby execute this Agreement.

Date: 1-30-2020

By:   
\_\_\_\_\_  
Lisa Moore  
Cultivating Conservation

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Phil Rosentrater  
Salton Sea Authority

# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** Phil Rosentrater, GM/Executive Director  
**Date:** February 20, 2020  
**Re:** Consideration of Minute Order between the Salton Sea Authority and state partner for joint participation in project to restore research vessel access to Salton Sea via North Shore Yacht Club  
**CM No.** VI.C - 02-20-2020

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## **BACKGROUND:**

Harbors that once provided access to the Salton Sea are now unable to continue that function due to lowered Sea elevations, silt drift and flash flood debris flows that have blocked ingress/egress from the harbors.

This growing concern has been brought to the attention of the Salton Sea Authority (“SSA” or “Authority”) Board by university research teams as well as repeated state and federal agency staff reports that access points are compromised for research vessels required to fulfill state and federally mandated research on Salton Sea environmental conditions.

In response, and consistent with SSA Board Policy (Principle #1 “Assert Local Leadership”), SSA staff diligently facilitated interagency cooperation necessary to re-establish access via the North Shore Yacht Club.

In follow-up discussions with these parties, SSA staff identified a highly desirable option at the marina located at North Shore Yacht Club. The North Shore Yacht Club offers optimal access and a combination of amenities for this purpose found nowhere else around the Sea: safe and swift public access via state highway; an attractive, historically significant landmark facility offering clean restrooms, running water, air-conditioned meeting areas and ample parking. The Yacht Club and marina facilities are owned by the County of Riverside.

In addition to the existing launch ramp and marina with a short fetch to the open Sea, the Yacht Club grounds feature an architectural attraction with picnic areas offering unparalleled views of the vast Salton 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.

Staff from US Bureau of Reclamation have worked diligently with SSA and the Project Management Office at the Economic Development Agency of Riverside County to further develop the cost and

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. In addition, Coachella Valley Mountains Conservancy Board has also approved funding contributions to restore research vessel access needed to monitor the habitat health that is central to their mission. At the September 2019 Board meeting, SSA Directors approved executed agreements between the SSA and, respectively, Riverside County, US Bureau of Reclamation, and Coachella Valley Mountains Conservancy. While the state of California has acknowledged the need for access and pledged support, it is still working on a draft agreement to formalize its commitment of funding.

Currently, the Yacht Club functions as an active community center but 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 only 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 primarily 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 from safe, accessible picnic viewing areas on public land and facilities located at the historic North Shore Yacht Club.

Having expressed support for contribution of state share of this joint project on numerous occasions, the California Natural Resources Agency Secretary has directed staff to work in coordination and consultation with SSA to assign state funds for this purpose. In anticipation of this action from CNRA, SSA staff recommends SSA Board to authorize the GM/Executive Director to enter into a funding agreement with the Department of Water Resources in the approximate amount of \$500,000 to complete funding for the SSA joint agency access restoration project underway at the North Shore Yacht Club project on terms acceptable to the President of the Board and Authority Legal Counsel.

#### **RECOMMENDATION:**

Salton Sea Authority staff recommends that the Salton Sea Authority Board authorize the GM/ Executive Director to enter into a funding agreement with the Department of Water Resources in the approximate amount of \$500,000 to complete funding for the SSA joint agency access restoration project underway at the North Shore Yacht Club Project on terms acceptable to the President of the Board and Authority Legal Counsel.

Respectfully,

Phil Rosentrater  
GM/Executive Director

## Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** Phil Rosentrater, GM/Executive Director  
**Date:** February 20, 2020  
**Re:** **SSA Consideration of approval for letter to International Boundary Commission requesting action to address disparity of water quality standards on New River**  
**CM No. VI.D – 02-20-2020**

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### **GENERAL:**

The SSA acknowledges that through the efforts of many parties, especially the International Boundary Water Commission (IBWC), the pollution in the New River today is much improved compared to its worst years.

IBWC's purpose is to represent the citizens of the United States on matters of concern regarding the border and the waters shared with Mexico.

The SSA joins its member agencies in Imperial County in noting that sporadic failures in the Mexicali, Mexico sewage collection and treatment system continue to release millions of gallons of untreated sewage to flow into communities on the American side of the border, with serious health and environmental consequences.

However, due to inadequate and inconsistent water quality standards established in border treaties with Mexico and the US, even during periods when the Mexicali treatment system is functioning properly, the levels of pollution allowed to cross the border -- in full compliance with flawed water quality standards -- is unacceptable.

Minute 264 to the US /Mexico 1944 treaty allows Mexicali to send water into the United States that contains 30,000 colonies of fecal coliform per 100 ml. This is a standard measure of bacterial contaminant from human waste.

In contrast, Minute 270 requires the City of Tijuana to treat its effluent to 1,000 colonies of fecal coliform per 100 ml. Fecal coliform is just one of a whole chemistry book of full pollutants in the New River, but one that points out an improper disparity along the border.

Interestingly, the laws of Mexico are themselves in accord with Minute 270. Mexico's law known as Norma 003.4.1 specifically requires effluent water from a treatment plant (suitable for indirect human contact) to contain no more than 1,000 colonies of fecal coliform per 100 ml.

The SSA insists upon equal treatment under the law in requesting a modification of Minute 264. The SSA specifically requests that the water quality standards of Minute 264 should be

consistent with Minute 270. The expectation that follows is for Mexico to abide by the treaty and treat the sewage of Mexicali to meet its own standards as stated in Norma 003 for all contaminants and conditions.

Mexicali has shown a long history of being unable to enforce these standards on its own. Similar inabilities along the border where water flows from south to north have led the IBWC and its partners to implement sustainable solutions, specifically in Nuevo Laredo, Tamaulipas, Mexico; Nogales, Arizona; and San Ysidro, California.

With these precedents in mind, the SSA requests that the IBWC begin negotiations for a new minute to implement water quality standards consistent with the neighboring cross-border tributaries such as Tijuana River in San Diego. The SSA further asserts for the protection of the New River tributary to the Salton Sea, that appropriate investments should be made in partnership between the U.S. government and Mexico to jointly fund improvements and ongoing maintenance of the Mexicali sewage collection, pumping and treatment system. While each problem area along the border is unique, again, precedents provide models for IBWC to follow.

The condition of the New River has hindered economic development opportunities within Imperial County, particularly the area west of Calexico. The deteriorated water quality of the river also poses challenges for the SSA and for its state and federal partner agencies in achieving the shared goals of restoration as called for in the QSA and Stipulated Orders.

As a result of this situation, SSA staff has recommended that the SSA join Imperial County in requesting International Boundary Commission action to address the inequities of water quality standards on the New River

**RECOMMENDATION:**

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board authorize staff to send a letter to Commissioner Jayne Harkins of the International Boundary Commission requesting IBWC action to address disparities in water quality standards on the New River that impact Imperial County quality of life and SSA efforts to restore a healthier and more prosperous Salton Sea.

Respectfully submitted,

Phil Rosentrater GM/Executive Director



# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** Phil Rosentrater, GM/Executive Director  
**Date:** February 20, 2020  
**Re:** **SSA Board consideration of approval of MOU between SSA and CNRA for drawdown of Prop 68 bond funding approved by California voters for allocation to SSA for oversight in implementing SSMP projects**  
**CM No. VI.E– 02-20-2020**

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## **BACKGROUND:**

In keeping with the expectations of the voters of California who approved \$200 Million in general obligations funds for implementation of SSMP projects to improve the Salton Sea, and in keeping with state fulfillment of legal and contractual obligations at the Salton Sea, the SSA has approached the California Natural Resources Agency to seek expedited release of specific portions of this fund directly to the SSA as provided in the bond and approved by California Voters.

The Salton Sea Authority (SSA) intends to follow the letter and spirit of laws governing shared project planning and implementation at the Sea. Voter-approved Proposition 68 specifically allocates \$30 million to the Salton Sea Authority for restoration activities.

The proposed budget allocation to the SSA is consistent with state law (AB 71 – Perez) requiring the CNRA to “coordinate and consult with the Salton Sea Authority” on matters pertaining to the Salton Sea restoration activities. The SSA is a joint powers authority empowered to work in consultation and cooperation with the state of California Natural Resources Agency to restore the Salton Sea.

Proposition 68 grants \$200 million for Salton Sea revitalization that consists of \$30 million to the SSA (includes minimum of \$10 million allocated to improve water quality at the New River) and \$170 million to the California Natural Resources Agency for a 10-Year Plan of the Salton Sea Management Program to deploy habitat and dust suppression projects. These investments are critical to the fulfillment of state commitments to implement the Salton Sea Management Plan (SSMP) to meet state obligations as understood in the Quantitative Settlement Agreements and Stipulated Order.

There is a well-established pattern of successful funding arrangements flowing state bond moneys to the SSA for state-approved Salton Sea projects. SSA has consistently performed on-time and on-budget performance according to the specifications of contract.

Such an example is found in previous CNRA contracts with the SSA that allows SSA and Resources to evaluate the technical and financial feasibility of proposed restoration plans for the Sea.

In like manner, as the CNRA approaches its launch of major SSMP projects on the southern end of the Sea with the opening of the Species Habitat Conservation (SCH) project on the New River, the next round of project design and preparation for investments anticipated by the state is a balanced effort in the north end of the Sea. The CNRA anticipates the involvement of the SSA to develop concepts to deliver key preliminary project components necessary for the eventual construction of a series of multi-benefit projects providing dust coverage of playa together with deep water habitat and recreational uses that eventually link to projects in the southern portions of the Sea poised for imminent launch in the Spring of 2020.

These actions are consistent with SSA board support for development of the Perimeter Lake concept in a manner that meets state objectives in the SSMP, as called for in Proposition 68. This Perimeter Lake concept is supported through official action by both counties, IID, CVWD, every tribe and every city council in both Coachella and Imperial Counties because it can deliver these benefits of protecting human health and restoring habitat while also reviving economic opportunity for communities that will benefit from a stable shoreline. All of these benefits, especially the protection of human health and the restoration of quality habitat and revitalization of aquatic recreation, are fundamental to improving the economy of the surrounding areas. SB 1214: 2004 (Kuehl) Chapter 614: Directs the Secretary for Resources to assess the protection of recreational opportunities and the creation of improved local economic conditions around the Sea. However, recreation and economic development would not be considered restoration goals on par with the previously stated goals of human health, wildlife habitat, air quality, and water quality protection. Establishing a recreational deep-water habitat project that creates these benefits – resulting in improved economic value of property plus revenues from sales taxes and other recreational business activity – is consistently identified in financial feasibility analyses as offering a valid financing tool to accomplish robust public-private partnerships that stimulate further infrastructure investment and revenue streams that can reinforce these initial investments and generate financial resources to address long term O&M.

As with prior successful CNRA-SSA partnership efforts, the SSA and its member agencies are committed to work in good faith with the state to deliver these projects on time, on budget and in a manner that will accelerate the fulfilment of the larger shared goals of the SSMP.

Specific mechanisms to accomplish this mutually desirable result between the CNRA and the SSA are detailed in the attached MOU which has been developed, reviewed by legal counsel, and is presented by staff for SSA board consideration of adoption at the February 20, 2020 meeting of the SSA board of directors.

By allocating the funds to SSA as requested herein, not merely projects, but a visionary and financially sustainable restoration strategy will be launched that will create and maintain a healthy, prosperous Salton Sea.

**RECOMMENDATION:**

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the attached proposed MOU between the SSA and CNRA authorizing the drawdown of Proposition 68 funding for the implementation of SSMP plans and projects at the Salton Sea in coordination and consultation with the CNRA.

Respectfully,

Phil Rosentrater  
GM/Executive Director

## **MEMORANDUM OF UNDERSTANDING FOR COLLABORATION AND COOPERATION ON RESTORATION OF THE SALTON SEA**

This Memorandum of Understanding ("MOU") is entered into by the California Natural Resources Agency ("CNRA") and the Salton Sea Authority ("Authority"), each a "Party" and collectively the "Parties," regarding collaboration and cooperation in the restoration of the Salton Sea, including but not limited to planning and implementation of the Salton Sea Management Program ("SSMP"). The Authority is a California Joint Powers Agency, whose members include the County of Imperial, the County of Riverside, the Coachella Valley Water District, the Imperial Irrigation District, and the Torres Martinez Desert Cahuilla Indians, collectively the "Member Entities".

### **A. Background**

The Salton Sea is California's largest lake and is a critical stop on the Pacific Flyway, benefiting many species of resident and migratory birds. The Salton Sea is receding, and its salinity has increased substantially as inflows to the Sea have declined, degrading the ecosystem and contributing to worsening air quality in the region.

The state is committed to restoring the Salton Sea, and the numerous demands on and interests in restoration of the Salton Sea present an opportunity for governmental agencies at the local and state levels to collaborate to enhance outcomes of that restoration. CNRA is leading the state's restoration efforts through implementation of the SSMP and recognizes the benefit and necessity of coordination with the Authority's member entities in the planning, construction, operation, and maintenance of SSMP projects.

Through this MOU, CNRA and the Authority desire to document their intent to work together to improve public health, economic opportunity, habitat, and overall quality of life for the communities around the Salton Sea through coordination and collaboration in the planning and implementation of the SSMP.

### **B. Purpose**

The purpose of this MOU is to document the Parties' good faith commitments to coordinate and consult in the restoration of the Salton Sea.

[To be expanded.]

### **C. Authority**

The Parties are entering this MOU pursuant to the Salton Sea Restoration Act, Fish & Game Code section 2930 *et seq.* Pursuant to Fish & Game Code sections 2942, subdivision (a)(1), and 2943, the Secretary for Natural Resources ("Secretary") shall undertake Salton Sea restoration efforts in consultation and coordination with the Authority.

[SSA to insert any additional authorities.]

## D. Specific Principles

The Parties intend to collaborate and cooperate in planning and implementation of the SSMP as follows:

1. CNRA Participation in the Authority's Board of Directors Meetings. The Parties recognize that the Authority's Board of Directors Meetings ("Board Meetings") provide a valuable forum for discussion of Salton Sea restoration. The Parties intend that the Secretary or the Secretary's representative may participate in Board Meetings on a regular basis as an ex officio, non-voting, member of the Authority, pursuant to the Joint Powers Agreement Creating the Salton Sea Authority. To assist in coordinating the activities of CNRA with the Authority and its Member Entities, the Parties anticipate that the Secretary or the Secretary's representative will engage in discussion and respond to public questions and comment in the same manner as voting members of the Authority's Board of Directors.
2. Authority Coordination Assistance. CNRA recognizes that the Authority is uniquely positioned to assist in coordination of local priorities for Salton Sea restoration projects. The Parties intend the Authority to continue its leadership role in the development and consolidation of local priorities and to be the primary channel through which such local priorities are communicated to CNRA. The Parties intend the Executive Director of the Authority to communicate local Salton Sea restoration priorities and support requests to CNRA through the Secretary's representative.
3. Federal Funding Partnership Opportunities. The Parties intend to work together to seek out federal funding partnership opportunities for planning and implementation projects that will help restore the Salton Sea and fulfill the SSMP acreage targets. The Parties intend to partner to apply for such federal funding where appropriate.
4. SSMP Project Planning and Implementation. To accelerate restoration efforts, the Parties contemplate that CNRA may request that the Authority or its Member Entities lead or assist with certain planning and implementation efforts, such as implementation of certain fully-permitted SSMP projects. The Authority desires to assist CNRA with planning and implementation of the SSMP and intends that its Board of Directors consider in a timely manner such requests by CNRA.

## E. Additional Provisions

1. Amendments. This MOU may be amended only by mutual written agreement of the Parties.

2. Term. This MOU will become effective upon execution by the Parties and will remain in full force and effect until terminated by either Party with 60-day written notice.
3. Relationship of Parties. Execution of this MOU does not create a new legal entity with a separate legal existence from the individual Parties. This MOU does not result in the joint exercise of powers as set forth in California Government Code section 6500 *et seq.*
4. Appropriations. The Parties recognize that all actions contemplated by this MOU are subject to legislative appropriation. Nothing herein shall constitute, or be deemed to constitute, an obligation of future appropriations by the Legislature of the State of California, where creating such an obligation would be inconsistent with Article XVI, sections 1 and 7, of the Constitution of the State of California. Nothing in this MOU is intended or shall be construed to authorize or require the obligation, appropriation, reprogramming, or expenditure of any funds by any Party. Any funding commitment or services, if pursued, will be handled in accordance with applicable laws, regulations, and procedures.
5. Nonbinding. This MOU is legally nonbinding and in no way: (i) impairs any Party from continuing its own planning or project implementation; (ii) limits a Party from exercising its authority in any matter; (iii) infers that a Party will act in any particular manner on a project; or (iv) gives any of the Parties any authority over matters within the jurisdiction of any other Party. Nothing in this MOU creates any legal rights, obligations, benefits, or trust responsibilities, substantive or procedural, enforceable at law or in equity, by a Party against any other Party, a Party's officers, or any person. Nothing in this MOU authorizes anyone not a Party to this MOU to maintain an action at law or in equity under the provisions of this MOU.
6. Counterparts. This MOU may be signed in two or more counterparts each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

[Insert signature blocks]

Excerpt from the Joint Powers Agreement Creating the Salton Sea Authority, Article IV - Governing Body:

4.3 In order to assist in coordinating the duties and activities of the Authority with other governmental entities, the following may be ex-officio (non-voting) MEMBERS of the Authority:

- A. Coachella Valley Association of Governments (CVAG)
- B. Imperial Valley Association of Governments (IVAG)
- C. Southern California Association of Governments (SCAG)
- E. California State Secretary of Resources
- F. California Department of Fish and Game (CDFG)

# **Salton Sea Authority**

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

**February 20, 2020**

### **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: MAINTAIN LOCAL PRIORITIES IN STATE/FEDERAL PARTNERSHIPS;**
- INTEGRITY/PERFORMANCE: DEVELOP & DELIVER PROJECTS ON TIME, UNDER BUDGET;**
- SECURE SIGNIFICANT FUNDING TO IMPROVE CONDITIONS IN/AROUND THE SEA; and,**
- LAUNCH SELF-HELP REVENUE STRATEGIES: Develop projects and partnerships (local/state/federal & public/private) that will generate new investments/revenues from Enhanced Infrastructure Financing District (EIFD) and Renewable Energy.**

### **LEADERSHIP**

#### **Administration**

SSA staff, in coordination with contracted CPA firm Platinum Consulting Group, has completed the annual independent audit of SSA finances earlier than has been the case in previous years. The auditors will present reports and findings to the SSA Board of Directors at the February SSA Board meeting. The SSA has been recognized in the annual independent audit for consistently operating at the highest standards in the industry and for its open, transparent and accurate accounting of public funds entrusted to the SSA.

SSA staff are also working to develop internal capacity for swift, transparent and efficient procurement procedures to streamline bidding for contracts associated with project development associated with funds to be allocated to the SSA from the CA Prop 68 state bond.



A measure to affirm this forward-leaning approach for SSA staff was approved by the SSA Board in December 2019.

The SSA purchasing policy is modeled after the broad authorities and policies of the Coachella Valley Water District, one of the member agencies of the Joint Powers Authority. In review of SSA policy, staff explored the feasibility of contracting with previously pre-qualified firms to save both time and money for upcoming SSA projects. This common practice, known as “piggybacking”, allows public agencies to “piggyback” on contracts that have already been competitively bid and awarded by other public agencies. In effect, the public agencies that competitively bid the services perform procurement services and then all other public agencies can utilize those services without having to go through the same procurement process. These types of services are allowed by CVWD and other local public agencies.

SSA has, subsequent to SSA board action to align purchasing policy for appropriate authorization, engaged the free services of EZIQ to secure competitive, pre-qualified bidding services.

The Salton Sea Authority has recruited new talent from universities to build bench strength and new ideas to ensure fresh local perspective and new energies are infused into the SSA and its coordination of SSMP plans for a revitalized Salton Sea. The Cal State University program through Water Resources Institute (SSA is a supporter for the WRI Salton Sea Archives). SSA staff is also working with CNRA to secure state funding for local staff to support interagency coordination and implementation of SSMP projects.

SSA continues to coordinate 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**

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

Staff and consultants continue to meet with counterparts at CNRA to advance the shared priorities of the state and SSA Board-approved state legislative platform. SSA staff and consultants remain intensively focused upon the state budget commitments necessary to move SSMP projects forward in a manner consistent with SSA board-approved priorities outlined in the

SSA board-approved resolutions supporting the Perimeter Lake and subsequent urgency items in the SSA Resolution supporting Imperial County's Emergency Declarations.

CNRA staff has responded with production of draft MOUs; and joint project funding agreements that, respectively, clarify financial mechanisms for drawdown of the \$20M Prop 68 funding designated by California voters for SSA oversight on SSMP projects at the Salton Sea, as well as Prop 1 funds which will allow the state to participate as a partnering contributor toward the SSA joint agency project to re-establish access to the Salton Sea. SSA staff and counsel have refined the interagency agreements and provided final drafts as action items for SSA Board consideration in the February board meeting agenda.

In addition to the funding coordination pursued by SSA staff, SSA Directors also raised issues in the December 2019 board meeting that require state coordination of information and consultation on next steps for implementation of the SSMP's immediate, intermediate and long term components.

In recognition of the state law (AB 71) requirement for CNRA to develop Salton Sea revitalization plans and projects *"in coordination and consultation with the Salton Sea Authority"*, SSA has offered CNRA staff a higher profile for participation in SSA board meetings with a seat on the dais with the SSA board. This physical proximity provides a level of interaction more prominent than the current Standing Report for state.

The standing reports for state and federal representatives were established in 2013 in consultation between SSA, CNRA and BOR (respectively), and subsequently ratified by SSA board. The reports allow state and federal partner agencies opportunity for presentation/report/discussion as may be necessary to help the SSA board understand state or federal positions in respect to shared challenges at the Salton Sea.

State efforts to launch Species Conservation Habitat (SCH), a 3,770-acre wetlands project located at the New River have reached a key milestone with project design-build criteria sufficiently developed to allow RFP response (s) from bidder (s) by May 2020. This project is the most nearly shovel-ready of all the projects identified in the state's priority list. As this Southern Perimeter Lake component approaches its RFP launch into design-build, the state is preparing to develop feasible designs for a Northern Perimeter Lake offering a recreational deep-water habitat lake in the northern portion of the Sea.

While the state continues to invest in SCH and the draft Governor's budget includes \$28 Million toward implementation of New River improvement projects, the Governor's budget has yet to provide other for other portions of SSMP – as listed in the state response letter to the Emergency Declaration. SSA staff and consultants are continuing to work with administrative and legislative staff to ensure final state budgets and bond proposals reflect the priorities espoused by the SSA. The MOU to be considered by the SSA Board on the Feb 20 agenda opens the door for the release

of these monies by refining the CNRA/SSA expectations for coordinated expenditure of these funds.

SSA staff continue to meet with numerous community organizations and stakeholder groups to provide updates consistent with SSA Board policy. SSA staff reports strong consensus on the shared conceptual project of the Perimeter Lake. The SSA and all its member agencies, as well as cities and tribes across the Salton Basin, have also adopted Resolutions of Support for this collaborative approach.

At the federal level, SSA launched the New Year with a series of briefings with federal partner agency staff on the SSA Board-approved federal legislative platform for 2020. The platform generally calls for federal agency investments commensurate with property ownership and public trust and tribal trust responsibilities at the Sea.

In demonstration of progress toward these shared objectives, the US Bureau of Reclamation and SSA are working together in an executed project funding agreement to re-establish research vessel access needed for that agency to fulfill its mandated responsibilities. This effort has provided a feasible approach for other mandated state and federal activities to proceed as well as research institutions needing access to the Sea for monitoring and reporting activities. A similar funding agreement with Coachella Valley Mountains Conservancy was executed with the SSA. The state CNRA, faced with similar mandated duties to monitor and report on Sea conditions, has publicly pledged support to fund a share of this project. SSA staff have shared budget, scope and draft agreements with state staff since last summer and will continue to follow up to ensure state has full opportunity to participate as a valuable partner and contributor to the rehabilitation of the harbor with Sea access, as contemplated by the signatories of the QSA.

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**

Progress to restore access to the Salton Sea via the existing launch ramp facilities at the North Shore Yacht Club is moving forward according to schedule. Harbors that once provided access to the Sea are now unable to continue that function due to lowered Sea elevations and silt drift that has blocked ingress/egress from the harbors. For more than a year, there has been no functional point of access anywhere around the Sea for launching boats.

At the start of the New Year, SSA completed the first physical improvements on the ground for this important joint agency project. The work consisted of repairing damage from erosion and flash flood impacts that prevented safe access for vehicles and equipment to engage in further restoration work on the ramp and marina. This work, which was completed on time and within budget, was prerequisite to launching additional steps of the larger project to restore Sea access at the North Shore Yacht Club,

Federal and state agencies with mandated responsibilities to monitor and report on conditions at the Salton Sea have previously requested help at SSA Board meetings to re-establish Sea access for research vessels. University research teams have approached the SSA with similar requests. This issue was pointedly raised by state partner agencies in a Salton Sea roundtable discussion held June 26 last year in the Governor's conference room, organized by Assemblymember Garcia. SSA offered to assist in coordinating a solution beneficial to all parties involved.

The North Shore Yacht Club is a highly desirable option for restoration of Sea access. The North Shore Yacht Club offers optimal access and a combination of amenities for this purpose found nowhere else around the Sea: safe and swift public access via state highway; an attractive, historically significant landmark facility offering clean restrooms, running water, air-conditioned meeting areas and ample parking. In addition to the existing launch ramp and marina with a short fetch to the open Sea, the Yacht Club grounds feature an architectural attraction with picnic areas offering unparalleled views of the vast Salton Sea.

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 consists of cleaning debris from the ramp and clearing silt from the marina channel leading to the Salton Sea.

The North Shore Yacht Club is only 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.

SSA with property owner Riverside County, duly coordinated and consulted with state and federal agencies, as well as a critical local partner, the Coachella Valley Mountains Conservancy, to develop and scope to re-establish research vessel access needed for state and federal agencies to fulfill their mandated responsibilities.

Staff from US Bureau of Reclamation are working diligently with SSA and the Project Management Office at the Economic Development Agency of Riverside County (property owner) to complete the preliminary work to allow dredging necessary 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. Both agencies have executed cooperative agreements for their share of the project that were ratified by the SSA Board at the September Board meeting. Coachella Valley Mountains Conservancy has also contributed funding to restore research vessel access needed to monitor the habitat health that is central to their mission.

As of the February 2020, SSA Board meeting, the state has formally committed, and the SSA board is expected to ratify, funding agreements to allow the state to contribute its share toward this project that helps the state fulfill its mandated responsibilities for monitoring and reporting on Sea conditions.

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

New interim administrators at the Torres Martinez tribe are working with SSA and the state to re-energize this project that has been on hiatus for the past year after an impressive completion of Phase 1, which was built according to specifications and delivered on time and under budget. Progress to move forward on implementing the Phase 2 proposal for expansion of the TM Wetlands is pending project manager action to demonstrate continuous functionality of the project by flooding cells that are part of Phase 1. At that point, installation of a seepage barrier requested by the TM project managers for both Phase 1 (retrofit) and Phase 2 may commence.

SSA has confirmed available surplus seepage barrier material at Owens Lake that can be made available at very low cost for the tribe. The seepage barrier, while costly up front, should reduce potential pumping burden required to offset seepage and evaporation losses.

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.

## **FUNDING**

### **State:**

- In accord with SSA Board direction, SSA has engaged with CNRA to develop guidance regarding the process for defining projects eligible for state funding (\$30 Million) designated to the SSA for direct oversight role in implementing SSMP projects, including \$10 million designated for improvements on the New River. The draft Governor's budget would allocate \$18 Million for New River projects but is silent on appropriations for SSMP priorities.

- The SSA appreciates and is thankful for a pledge in the Governor's Climate budget for future bond allocation of \$220 million to address critically important needs and state obligations at the Sea. SSA Board adoption in December 2019 of a Resolution in support of an Emergency Declaration by Imperial County raises concern that the state's response to the emergency declarations calling for immediate action at the Sea is to provide funding deferred by at least two years (Bond proposed for passage November 2020, but dollars won't be appropriated nor made available until the following year's budget cycle in 2021).

#### **Federal:**

- In response to SSA Board direction to staff to raise the profile of Salton Sea issues in the context of federal roles, responsibilities and partnership opportunities, the SSA is working with its federal consultant to confirm commitments for additional hearings in Washington, DC, likely to occur in the spring of 2020.
- US Department of Agriculture – Through the unified efforts among the SSA, its partner agencies and key stakeholders, existing programs in USDA are now successfully aligned to allow partnership with tribes, irrigation districts and the state to deploy and expand federal match funds in projects at the Salton Sea that would help the agricultural community weather Sea changes in a manner that protects the environment. This enormous progress was achieved in part because 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 last year. Now that funding has been secured, SSA and partner agencies are focused upon development and promotion of projects in the SSMP that will meet the eligibility requirements for this funding.
- Army Corps of Engineers (ACOE) – In accord with SSA board direction, the SSA has requested ACOE cooperation in expediting permit processing for the larger series of SSMP projects based upon the existing federal permits approved as part of the state's SCH project (the first major project moving ahead in the SSMP 10-Year Plan list). SSA is pursuing placement and funding for the ACOE Work Plan for upcoming budgets, and the eventual access to WRDA authorization (\$30 million). The SSA is working with the Torres Martinez 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) – SSA is supporting policies that empower local partner agencies to maximize state and federal investments at the Salton Sea in a Water Infrastructure Finance and Innovative Act (WIFIA) strategy. 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. Discussions are on-going among potential local partners in EIFD strategies for application in subsequent rounds of WIFIA.

## SELF HELP STRATEGIES

### IFD/EIFD

SSA member agencies have taken historic steps to support financial strategies that can generate new and sustainable local investment in infrastructure around the Sea that can accelerate and sustain progress in partnership with the state and federal governments. Specifically, the counties are moving forward with EIFD proposals that can reinforce and accelerate public-private partnership investment at the Sea, leveraging the public infrastructure investments anticipated with the SSMP.

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 the SSA, and all counties, cities and tribes throughout the Imperial and Coachella Valleys. This is fully consistent with the letter and spirit of state law as expressed in AB 71 (Perez). The Perimeter Lake is also internally consistent with the SSMP 10-Year Plan which includes the SCH on the New River and Northern Perimeter Lake on Whitewater, respectively as the first and second major projects that can anchor a series of additional SSMP projects. The objective is to establish a stable shoreline covering dusty playa and restoring aquatic habitat in a manner that enhances economic opportunity in recreation and renewable energy development - keys to yielding a healthier and more prosperous Salton Sea in the long term.

The SSA state legislative platform states:

***“Coupled with the SSMP is a stipulated State Water Board Order between the state and the parties of the QSA establishing accountable performance to implement the SSMP. The SSA, along with every county, city, water agency and tribe in the Salton Basin, are united in supporting a Perimeter Lake strategy that will accomplish all of these State obligations in a manner that builds opportunity for economic development that can help establish a healthier, more prosperous Sea.”***

SSMP inclusion of the stable shoreline anticipated in a Perimeter Lake represents a significant step toward establishing viable EIFD’s in the respective county jurisdictions. Properly configured and expeditiously timed in coordination with SSA and member agencies, the state funding

deployed 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.

The SSA Board approved a resolution to recognize this historic level of local unity on the Perimeter Lake concept at the May 2019 Board of Directors meeting. The Perimeter Lake concept – which includes SCH and North Lake projects as the first and second steps (respectively) toward a series of additional projects providing the benefits of a stable shoreline – is universally supported by local governments around the Salton Sea. Both counties, all SSA member agencies, all cities in both Imperial and Coachella Valleys plus all major Tribal nations have approved letters or resolutions of support for the Perimeter Lake. As noted, the CNRA has officially included Perimeter Lake concepts of the SCH and North Lake in the SSMP 10-Year Plan. This unified action provides a major boost toward establishing viable EIFD's around the Salton Sea.

SSA initiated preliminary action on IFD strategies by completing its contract – on time, and under budget – with the CNRA (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. Riverside County and Imperial County are both advancing 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.

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.

Riverside County Board of Supervisors authorized creation of an EIFD for the Salton Sea area in October 2018, and its newly appointed Finance Authority Board held a workshop at the North



Shore Yacht Club (Oct 15, 2019). The District is a Riverside County portion surrounding a northern section of a Perimeter Lake extending into Imperial County.

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 of each county. A Salton Sea EIFD would instead direct a portion of these improved revenues to productive projects at the Salton Sea in potential partnership with private sector, as well as state and federal governments.

The SSA will continue to cooperate and consult 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.



February 4, 2020

California Natural Resources Agency  
Director of the Governor's Water Portfolio Program  
Nancy Vogel  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814  
Submitted via e-mail to: [input@waterresilience.ca.gov](mailto:input@waterresilience.ca.gov)

**RE: Governor Newsom's Water Resilience Portfolio**

Dear Director Vogel:

The Salton Sea Authority (SSA) applauds significant progress in drafting a water resource resiliency portfolio that recognizes the diverse and unique challenges faced by regions of California in developing a resilient, comprehensive water resources management strategy that can meet the needs of California's communities, economy and the environment through the 21st Century.

A California Water Resilience Portfolio that incorporates a successful Salton Sea restoration plan is absolutely essential to facilitate water agreements regarding the Colorado River that are necessary for water resiliency but are difficult to achieve without a resolution of the Salton Sea conundrum.

The SSA further applauds the recognition that the state role should be to support local and regional water managers with tools and resources that can assist them in finding the optimum water management strategies given local opportunities and constraints.

The SSA is a Joint Powers Authority empowered under state statute to work in coordination and consultation with the California Natural Resources Agency on matters related to the revitalization of the Salton Sea. Its members include California's two largest importers of Colorado River water – Coachella Valley Water District and Imperial Irrigation District – as well as the two major land use authorities around the Sea (Riverside and Imperial Counties) as well as the major tribal landowner, the Torres Martinez band of Desert Cahuilla.

The SSA takes seriously its responsibility to partner with the state of California in developing effective strategies that deliver greater certainty in water resource management to deal with Climate change.

Governor Newsom's Executive Order N-10-19 identifies important water resilience principles on which the portfolio is based, and upon which the SSA Board would agree, in light of their own principles:

- *"Encourage regional approaches among water users sharing watersheds" and,*
- *"Prioritize multi-benefit approaches that meet several needs at once"*

Guiding Principles adopted seven years ago by the SSA Board are aligned with the Governor's Resiliency precepts. Those are included as an attachment at the end of this comment letter.

The SSA Board clearly realizes that locals cannot afford to be passive or single-focused in a watershed beset with a multitude of challenges compounded at a level of severity found nowhere else. The SSA Guiding Principles declare that locals must cooperatively assert a leadership role in partnership with state and federal agencies to develop projects that address obligations, needs and priorities. State law through AB 71-Perez empowers the SSA and the state to formally establish the political partnership absolutely essential to resilient outcomes.

At the planning and implementation level, projects and programs that deliver multiple benefits from a single, coordinated investment present integrated watershed planning as the appropriate strategy necessary to create a healthy future for the Sea community, Pacific flyway, and resulting water security for regional, state, federal and international water interests inextricably linked to the Sea. As a subset of a concentric ring of larger watersheds extending all the way to the Colorado River Basin, the Salton Sea Management Plan provides the framework for a multi-benefit strategy consistent with Resiliency principles.

The SSA principles envision a healthier, more prosperous Salton Sea configured in a Perimeter Lake in order to maximize benefits to local, regional, state, federal and international stakeholders. This shared, multi-benefit approach embraced by the SSA Guiding Principles, and consistent with the Governor's principles in the Resiliency portfolio, recognizes that limited resources (chiefly water and funding) should be integrated to deliver a best return on investment. The SSA Board for many years has insisted upon a multi-benefit strategy capable of addressing a multitude of severe challenges that must be addressed to fulfill the state legal and contractual (QSA, Stipulated orders) obligations at the Salton Sea.

Accordingly, the SSA would like to raise the following points for consideration as the Administration refines the current January 2020 draft in preparation for the release of the final document.

The language substitution (underlined) that SSA respectfully requests below would apply to the current draft on page 22, section 17:

**17. Minimize air pollution and restore habitat at the Salton Sea in a manner that enhances economic development opportunities and financially sustainable restoration efforts.**

Fish & Game Code Section 2081.8) provides that the Resources Agency shall undertake the necessary activities to assess the protection of recreational opportunities, including, but not limited to, hunting, fishing, boating, and birdwatching, and the creation of opportunities for improved local economic conditions, surrounding the Salton Sea. As a resiliency measure, recognizing that developing economic opportunities at the Salton Sea can result in a more financially sustainable strategy for Sea restoration and operation with less collateral cost burden for the state

**17.1 Support achievement of milestones within the 10-year Salton Sea Management Plan, including the Stipulated Order adopted by the SWRCB to minimize air pollution and preserve fish and wildlife habitat.**

Stipulated Order adopted Nov 7, 2017 by the State Water Resources Control Board requires coverage of 30,000 acres of exposed playa with 50% of that acreage amount restored as habitat. As a resiliency

measure intended to maintain public trust necessary for continuance of water transfers that are critical to water security and resiliency in California, the state must fulfill legal and contractual obligations by meeting agreed-upon milestones in the Stipulated Water Orders.

***17.2 Develop criteria and a monitoring plan to evaluate Salton Sea improvements to local air quality and environmental habitat.***

***17.3 Complete an independent feasibility analysis of water importation options for the Salton Sea building upon previously performed work and not duplicating efforts.***

Water Import Feasibility analysis has already been conducted – repeatedly – at considerable cost and effort by state staff and stakeholders. Rather than duplicate previously reviewed and evaluated proposals, the state should build upon and utilize previously performed work, not reinvent the wheel. An ecosystem stretched thin with lack of resources becomes less resilient when those resources are expended in ways that duplicate previous work without contributing a healthier, more sustainable outcome.

***17.4 Preserve the flexibility of the Salton Sea functions for federally designated agricultural drainage and stormwater management.***

Presidential orders in 1924 and 1928 designated the Salton Sea as a federally recognized sump for agricultural drainage and stormwater. The Salton Sea serves a vital function in regional water resource management for the Coachella and Imperial Valleys, serving as the terminus for stormwater and as a federally designated receiving body for agricultural drainage waters. Imported Colorado River water and agricultural drainage systems are essential elements of a U.S. Bureau of Reclamation program that helped to reclaim hundreds of thousands of acres of saline lands around the Salton Sea for beneficial use. This agricultural production provides two thirds of the fresh vegetables consumed in the United States during winter, and the irrigated agricultural drainage to the Sea helps sustain the Pacific Flyway. The Resilience Portfolio should preserve the Salton Sea's role receiving stormwater and agricultural drainage water by avoiding requirements that would make it technically or economically infeasible to use the Salton Sea for these purposes.

The SSA understands that development of multi-benefit channels and floodplain preservation/restoration projects require careful planning to balance tradeoffs and costs with other water resource management, economic and social needs of our local communities. These decisions are best left to local and regional management agencies. While flood management facilities may be modified to enhance habitat, water quality treatment, trails and park functions in addition to flood management, incorporation of such multi-use features works best when planning for new infrastructure. The state is encouraged to engage potential project partners in the scoping stage of new projects to ensure multi-benefit uses are accommodated in flood management facilities where reasonable and feasible.

To sum up the SSA position, restoration of the Salton Sea in a manner that contributes resiliency for water security (through water transfers within California established in the QSA and Stipulated Orders) is best achieved through a strategy that delivers multiple benefits from scarce resources. Resiliency is achieved when those benefits – protection of human health (AQ), restoration of wildlife habitat, and revitalization (recreation and renewable energy) -- are integrated in plans and projects that are both

drought and climate-change resistant. Every SSA agency, county, city and tribal council in the regions surrounding this Sea support a Perimeter Lake concept as the most effective answer to this challenge, and recommend this approach should be acknowledged more broadly as a part of the water supply solution that the Governor's Water Resiliency Portfolio is outlining for California's future.

We appreciate the opportunity to provide comment and your consideration of our feedback to the draft portfolio. Thank you for providing a transparent and thorough public comment process.

Yours for a healthier and more prosperous Salton Sea,



Phil Rosentrater  
GM / Executive Director  
Salton Sea Authority

attachment

cc:     The Honorable Wade Crowfoot, Secretary, California Natural Resources Agency  
          The Honorable Jared Blumenthal, Secretary, California Environmental Protection Agency  
          The Honorable Karen Ross, Secretary, California Department of Food and Agriculture  
          The Honorable Eduardo Garcia, Assemblymember, 56<sup>th</sup> California Assembly District  
          The Honorable Benjamin Hueso, Senator, 40<sup>th</sup> California State Senate District