



Salton Sea Authority Board of Directors Meeting

Thursday, March 28, 2019
10:00 a.m.

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



AGENDA: **BOARD OF DIRECTORS MEETING**
DATE: **Thursday, March 28, 2019**
10:00 a.m.
LOCATION: **Coachella Valley Water District**
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

SSA Director Ryan Kelley will be attending via teleconference from:
Imperial County Administration Building
940 Main Street, Suite 210
El Centro, CA 92243
(442) 265-1236

A copy of the complete agenda packet is available for viewing or download at:
<http://saltonseaauthority.org/events/ssa-board-of-directors-meeting-3/>

I. CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

II. BOARD MEMBER COMMENTS

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

III. PUBLIC COMMENTS

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

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

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

IV. CONSENT CALENDAR – Receive, Approve, and File

- A. Minutes of February 21, 2019
- B. Warrant Register Ratification for February 2019
- C. Internal Financial Report for: 7/01/2018 – 1/31/2018

V. PRESENTATIONS

- A. Presentation and Approval of Annual Audit – (Shannon Ayala, DavisFarr, LLP)

VI. ACTION ITEMS

- A. Consider approval of modifications to Board-approved 2019 SSA Board Meeting Schedule: Change of April meeting venue and June meeting date:
 - 1. Proposal to meet at Imperial Valley College April 25
 - 2. Proposal to move June meeting date from June 20 to June 27 (the last Thursday in FY 2018/2019)
- B. Consider SSA support for Letter of Intent filing by Torres Martinez Band of Desert Cahuilla Indians for Tribal Partnership Program (Army Corps of Engineers)
- C. Consider nomination to ACWA Region 9
- D. Consider approval of Federal advocacy support agreement

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 – (Bruce Wilcox, Assistant Secretary for Salton Sea Policy)
- C. Salton Sea State Recreation Area Update on Activities – (Ray Lennox, Acting Sector Superintendent, California State Parks)
- D. Audubon California – (Frank Ruiz, Salton Sea Program Director)
- E. Salton Sea Action Committee – (Juan DeLara, President)

VIII. ADJOURNMENT

NEXT MEETING TIME & LOCATION:

Thursday, April 25, 2019
10:00 a.m.

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

Or, if approved,
Imperial Valley College
Planetarium
380 E. Aten Road
Imperial, CA

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

February 21, 2019

I. CALL TO ORDER

The regularly scheduled meeting of the Salton Sea Authority (“Authority” or “SSA”) Board of Directors (“Board”) was called to order by Thomas Torte, Jr., President (“Chairman”), at 10:10 a.m., Thursday, February 21, 2019, at the Imperial Irrigation District, Bill Condit Auditorium, 1285 Broadway Avenue, El Centro, CA 92243, (760) 760-482-9618.

PLEDGE OF ALLEGIANCE

Director Cardenas led the Pledge of Allegiance

ROLL CALL:

DIRECTORS PRESENT

Thomas Torte, Jr., President
Alex Cardenas, Secretary
Luis A. Plancarte, Treasurer
James C. Hanks, Director
Ryan E. Kelley, Director *
G. Patrick O’Dowd, Director

AGENCY

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

Cástulo R. Estrada, Vice-President
Altrena Santillanes, Director
V. Manuel Perez, Director
Jeff Hewitt, Director

AGENCY

Coachella Valley Water District
Torres Martinez Desert Cahuilla Indians
Riverside County
Riverside County

SALTON SEA AUTHORITY STAFF PRESENT

Phil Rosentrater, Executive Director/General Manager
Carlos Campos, Best Best & Krieger, Legal Counsel

MEMBERS OF THE PUBLIC PRESENT

AGENCY

Sarah Lopez	IID
Vickie Doyle	IID
Kay Pricola	IVVGA/COLAB
Marisol Gomez	S.O.S.
Juan De Lara	Federated Insurance, S.S.A.C.
Eben Senft	S.O.S.
Brandon Gold	S.O.S.
Kynen Cauthron	Salvation by the Sea
Suzie Earp	WRI CSUSB
Esmeralda Perez	Supervisor Perez
Ray Lennox	California State Parks
Jeff Geraci	CRWQCB
Tom Sephton	Sephton Water Technology
Jessica Humes	IID
Patrick Waters	
Katie Burnworth	IID
Heron Vera	
Andy Horne	County of Imperial
Tom DuBose	DDG Inc.
Mark T. Gran	CalEnergy
Brea Mohamed	ICFB

II. BOARD MEMBER COMMENTS

A. Director Cardenas welcomed everyone to Imperial County.

III. PUBLIC COMMENTS

- A. Kay Pricola, Executive Director of Imperial Valley Vegetable Growers Association thanked the SSA Board and staff for their leadership that enabled the pilot project/grant as part of the 2014 bill, for their support toward the funding that is enabled in the 2018 Farm Bill and explained why the farming group is supportive of the Bill. She thanked those who had submitted written support and called upon environmental groups to provide written support for farm bill funding. She fielded questions from Director Hanks and Director O'Dowd.
- B. Marisol Gomez, a local artist, said she wants to represent the Sea through her art, to reach out to the public and get the youth involved. She said united we can make an impact, and she offered her support.

- C. Tom Sephton, board member of Ecomedia Compass, said their board had passed a resolution to do a letter-writing campaign in support of Farm Bill monies going to the Salton Sea, and would like some direction as to whom, exactly, those letters should be addressed. He advised that their letters will reflect support of the provision of the Stipulated Order that at least 50% of the projects on the ground be aquatic habitat - to preserve ecosystem and recreational opportunities at the Sea in addition to dust mitigation.

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

- A. Minutes of January 24, 2019
- B. Warrant Register Ratification for January 2019
- C. Internal Financial Report for: 7/01/2018 – 12/31/2018

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

V. **PRESENTATIONS**

- A. CNRA (California Natural Resources Agency) Action on Salton Sea projects
 - 1. Species Conservation Habitat (New River)
 - 2. Perimeter Lake Phase I (North Lake)

Bruce Wilcox, Assistant Secretary for Salton Sea Policy, reviewed the status of SSMP projects at the Salton Sea:

The goals of the Salton Sea Management Plan are dust mitigation, habitat, and then, secondarily, recreation where they can fit it in, so they have been focusing on how projects can meet those goals. They revamped the outreach committee to look closer at what the general public wants in the form of recreation, etc., in the areas of the Sea that have not yet been designed. He said it is hard to change the part of the south end of the Salton Sea east of the river because it has already been designed, but the rest of it isn't, and they want to hear from people about what they might want to put in.

He responded to a question by Director Ryan Kelley regarding modification of the Species Conservation Habitat to incorporate recreation. The State put out an RFQ a month or so ago asking for the design-build firms to look at combining all of the projects at the south end of the Salton Sea. Regarding boating, the largest deep pool in current plans is perhaps 1000 acres.

All of the SCH area is permitted currently and has CEQA/NEPA done on it. It can be modified for deeper water without too much difficulty, but it's more the size of the cells than the depth that govern its usefulness for boating. The two portions of SCH will probably be built together first, then the North Lake, then after that the rest of the south end.

The North Lake is not yet permitted, but they are currently working on the CEQA documentation for it and the Army Corps of Engineers permit, for which they will need NEPA. Riverside County has been a great partner in that, working diligently

with the state to get the concept design far enough along to go through the permitting process. It will take at least six more months for the permitting process, then the design-build contract process will probably take a year or a little more to get under contract, which is when the other documentation would be done.

Directors Kelley, O'Dowd, and Hanks expressed concern/displeasure that, even though the plan SSA submitted to the state – that the state then used for the SSMP – originally had a north and south lake and perimeter lake all of sufficient depth for boating, the state's plan does not have boating depth in the south or the perimeter even this late in the discussion. Mr. Wilcox responded that for a while there was very little if any discussion on recreation (while focus was on the first two priorities), but now they are back to discussing recreation, and yes, they will provide recreation.

Mr. Wilcox reviewed the various projects already slated for the Sea, the challenges, the requirements of Stipulated Order 2017-0134, and the Financial Assistance Program.

Kay Pricola (IVVGA), Mark Gran (Cal Energy), Matt Dessert (Imperial County Air Pollution Control), Jessica Humes (IID Environmental Mitigation), Jeff Geraci (Water Board), and Brandon Gold (local resident) made comments during Mr. Wilcox's presentation.

** Director Kelley left at 11:00, during discussion following the CNRA presentation*

B. Progress on EIFD's (Enhanced Infrastructure Financing Districts)

1. Imperial County

Andy Horne, Deputy County Executive Officer, County of Imperial, provided an update on progress to form an Enhanced Infrastructure Financing District (EIFD) around the Salton Sea in the Imperial County portion of the Sea.

He showed a map of the area around the Salton Sea being considered for an EIFD. The EIFD discussion came about because of discussions between SSA directors, but especially between directors Supervisor Kelley of Imperial County and Supervisor Perez of Riverside County as they discussed things the two counties needed to cooperate on for mutual benefit and greater good of other SSA partners around the Sea. Chief among these was the potential formation of EIFDs around the Sea. They are now working with So. Cal. Association of Governments (SCAG) who have a funding source to hire a consultant to help agencies within their area to look at this concept and do some preliminary feasibility analyses on various areas. Together they developed the study area shown on the map.

The purpose of the EIFD is to raise money locally (through county-collected property taxes and other sources) to be used for bonding for real economic growth. They are not planning to use any of that funding to restore the Salton Sea, believing that to be someone else's responsibility, but they will be using it for infrastructure improvements in the area that would help growth (infrastructure that would complement a Sea with a stable shoreline).

They expect to have a draft back from SCAG in March, and SCAG is proposing as a next step a stakeholder workshop that would bring people together to talk

about potential growth and development around the Sea and what types of priorities they should be establishing in terms of use of the funds that would be generated from the EIFD formation.

2. Riverside County

Brian Nestande, Deputy County Executive Officer, Riverside County reported that last October the Board of Supervisors passed a resolution of intent to form the EIFD. A corresponding EIFD Finance Authority Board was also created, and community members were appointed to this Authority to serve along with County Supervisors. At their next meeting they will be selecting a replacement for Supervisor Ashley who retired.

VI. REPORTS

A. General Manager's Report on Activities

Phil Rosentrater, GM/Executive Director, Salton Sea Authority, noted that the Board was provided with a written copy of the GM report in advance of the meeting, and referred the board to handouts that had been provided for them: a Federal Engagement Update, provided by Lisa Moore of Cultivating Conservation, that outlined many activities that had occurred over the last several years; a copy of the coalition letter signed earlier this year by every member of the SSA Board of Directors in conjunction with the California Natural Resources and including Kay Pricola representing Imperial Valley Vegetable Growers Association. Because these agencies were all working together, a series of unprecedented positive impacts in federal policy and funding were realized.

Andy Horne, of Imperial County, asked the GM to publish his report in the board packet for each meeting.

B. Federal and State Partner Reports:

1. FEDERAL: US Bureau of Reclamation (ABSENT)
2. STATE: Salton Sea Management Program (this was included in the presentation given by Bruce Wilcox, Assistant Secretary for Salton Sea Policy, in agenda item V.A)

C. Water Resources Institute (WRI)

Suzie Earp, Archivist and Director of Water Resources Institute, reported that WRI has a large water library at Cal State San Bernardino and an archive at the Palm Desert campus that focuses on the Salton Sea and the Whitewater watershed. More than 1,000 items have been digitized at the Salton Sea archives, and the archive received a significant collection of Salton Sea materials and reports from retiring USGS expert Doug Barnum. She shared recent and upcoming staff and intern activities and photos of the archive and of displays created by the interns.

D. Salton Sea State Recreation Area Update on Activities

Ray Lennox, Acting Sector Superintendent, California State Parks, reported that Desert X has added a second art exhibit at the Sea, and that there has been a great

increase in visitation. A visitor center volunteer recently saw a pair of long-tailed ducks, native to the arctic, at the Salton Sea.

E. Salton Sea Action Committee (SSAC)

Juan DeLara, SSAC President, told of recent bus tours and upcoming events.

VIII. ADJOURNMENT

There being no further comments from the Board or from the Public, Board President Thomas Torte, Jr., adjourned the meeting at 11:44 a.m.

NEXT MEETING TIME & LOCATION:

The regularly-scheduled meeting will be held

Thursday, March 28, 2019

10:00 a.m.

Coachella Valley Water District

Steve Robbins Administration Building

75515 Hovley Lane East

Palm Desert, CA 92260

(760) 398-2651

Checking Account Activity
Feb. 1, 2019 through Feb. 28, 2019



Warrant	Warrant	Vendor	
Date	Number	Name	Amount
Beginning Cash			\$ 278,199.49
02/05/2019	16466	Platinum Consulting Group LLC	-5,291.57
02/11/2019	EFT	Money Market Funds Transfer	50,000.00
02/14/2019	EFT	AMEX	-6,516.07
02/14/2019	EFT	Visa	-544.00
02/20/2019	16467	Best, Best & Krieger	-2,345.01
02/20/2019	16468	VOID	0.00
02/20/2019	16469	Riverside County	-100,000.00
02/20/2019	16470	VOID	0.00
02/20/2019	16471	SystemGo IT LLC	-699.50
02/20/2019	16472	Bravata, Lisa	-182.12
02/20/2019	16473	Rosentrater, Phil	-751.10
02/20/2019	EFT	Pitney Bowes	-20.00
02/25/2019	EFT	Verizon Wireless	-229.28
02/28/2019	EFT	Service Charge	-25.00
Net Activity			(66,603.65)
Ending Cash			\$ 211,595.84

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

	General Fund	Wetlands Grant 1	Wetlands 2	TOTAL
1 INCOME				
2 Local Government/Member Assessments	\$ 610,000	\$ -	\$ -	\$ 610,000
3 State of California Grants	-	-	-	-
4 Pooled Cash Allocated Interest	1,074	-	-	1,074
5 Miscellaneous Revenue	6,795	-	-	6,795
6 TOTAL INCOME	617,869	-	-	617,869
7 EXPENSE				
8 SSA Administration				
9 Salaries				
10 Salaries - GM / Executive Director	69,114	-	-	69,114
11 Executive Director Support	46,083	-	-	46,083
12 Due from Grant Funds	28,251	-	-	28,251
13 Admin Support B	22,172	-	-	22,172
14 Total Salaries	165,620	-	-	165,620
15 Employee Benefits				
16 Employee Benefits - GM / Exec. Dir.	22,476	-	-	22,476
17 Employee Benefits - Other SSA Staff	47,962	-	-	47,962
18 Total Employee Benefits	70,439	-	-	70,439
19 Audit/Accounting	43,242	-	-	43,242
20 Contract Attorney	17,279	-	-	17,279
21 Equipment Maintenance	5,147	-	-	5,147
22 Capital Equipment	-	-	-	-
23 Equipment Lease	267	-	-	267
24 Insurance	4,669	-	-	4,669
25 Office Exp/Operating Supplies	734	-	-	734
26 Office Exp/Online Services	1,288	-	-	1,288
27 Postage, Mail	285	-	-	285
28 Printing Services	937	-	-	937
29 Dues, Subscriptions	10,263	-	-	10,263
30 Communications	2,128	-	-	2,128
31 Travel/Mileage	40,961	-	-	40,961
32 Technical Support - Consultant	-	-	-	-
33 Technical Support - Engineering	-	-	-	-
34 Technical Support - General	-	-	-	-
35 Contract Svc / Website	-	-	-	-
36 Utilities	-	-	-	-
37 Grants & Advocacy	-	-	-	-
38 Project Manager	-	-	-	-

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

	General Fund	Wetlands Grant 1	Wetlands 2	TOTAL
39 Total SSA Administration	363,258	-	-	363,258
40 Wetlands Grant Administration				
41 Contract Svcs/Attorney	-	-	1,214	1,214
43 Total Wetlands Grant Administration	-	-	1,214	1,214
44 Wetlands Grant Technical				
45 Contract Svcs/LCP	-	-	-	-
46 Contract Svcs/Construction	-	-	-	-
47 Transfer In/Out Grant Administration	-	-	-	-
48 Total Wetlands Grant Technical	-	-	-	-
49 TOTAL EXPENSE	363,258	-	1,214	364,472
50 NET INCOME	\$ 254,611	\$ -	\$ (1,214)	\$ 253,397

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

Salton Sea Authority

Balance Sheets

As of January 31, 2019

General Fund	Wetlands Grant 1	Wetlands 2	702 Fish Clean Up Trust	TOTAL
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1 ASSETS

2 Local Government/Member Assessments

3 Checking/Savings

4	Cash - Checking	\$ 280,564	\$ -	\$ (2,364)	\$ -	\$ 278,199
5	Cash - Money Market	469,304	-	-	20,991	490,295
6	Cash - RivCo Fund	32,770	-	-	-	32,770
7	RivCo investment fund	1,608	-	-	-	1,608
8	Cash - Petty Cash	156	-	-	-	156

9	Total Checking/Savings	784,402	-	(2,364)	20,991	803,029
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10 Other Current Assets

11	Prepaid Items	3,632	-	-	-	3,632
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12	Total Other Current Assets	3,632	-	-	-	3,632
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13	Total Current Assets	788,034	-	(2,364)	20,991	806,661
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14	TOTAL ASSETS	788,034	-	(2,364)	20,991	806,661
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15 LIABILITIES & EQUITY

16 Liabilities

17 Current Liabilities

18	Accounts Payable	9,117	-	83	-	9,200
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19 Credit Cards

20	Credit Card Payable (Visa)	544	-	-	-	544
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21	Credit Card Payable (AE)	5,979	-	-	-	5,979
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22	Total Credit Cards	6,523	-	-	-	6,523
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23 Other Current Liabilities

24	Accrued Expenditures	95,744	-	-	-	95,744
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25	Accrued Payroll	5,701	-	-	-	5,701
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26	Accrued Vacation	9,239	-	-	-	9,239
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27	Total Other Current Liabilities	110,684	-	-	-	110,684
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28	Total Current Liabilities	126,324	-	83	-	126,407
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29	Total Liabilities	126,324	-	83	-	126,407
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30 Equity

31	Fund Balance	407,099	-	(1,233)	20,991	426,858
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32	Net Income	254,611	-	(1,214)	-	253,397
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33	Total Equity	661,710	-	(2,447)	20,991	680,254
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34	TOTAL LIABILITIES & EQUITY	\$ 788,034	\$ -	\$ (2,364)	\$ 20,991	\$ 806,661
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Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: March 28, 2019
Re: **Presentation and Approval - Audit Report for SSA FY 2017-2018**
CM No. V.A – 3/28/2019

GENERAL:

Transmitted herewith please find the Fiscal Year 2017-2018 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 March 28, 2019 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, 2018. 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 13, 2018. 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 2018. 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 are 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. Management has corrected all such misstatements. There was one uncorrected immaterial misstatement to decrease accounts payable and maintenance expense.

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 November 30, 2018.

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.

A handwritten signature in blue ink, appearing to read "Davis", followed by a horizontal line and a small flourish.

Irvine, California
November 30, 2018

Board of Directors
Salton Sea Authority
Indio, California

**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

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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2018.

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.

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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
November 30, 2018

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2018

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2018

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Board of Directors
Salton Sea Authority
Indio, California

Independent Auditor's Report

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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 November 30, 2018 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.



Irvine, California
November 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Salton Sea Authority provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. 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.

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

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>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Cash	\$ 451,409	415,456	35,953
Accounts receivable	45,733	226,025	(180,292)
Interest receivable	-	19	(19)
Prepaid items	<u>3,415</u>	<u>-</u>	<u>3,415</u>
Total assets	<u>\$ 500,557</u>	<u>641,500</u>	<u>(140,943)</u>
Liabilities:			
Accounts payable	\$ 31,566	223,902	(192,336)
Accrued expenditures	<u>42,133</u>	<u>4,480</u>	<u>37,653</u>
Total liabilities	<u>73,699</u>	<u>228,382</u>	<u>(154,683)</u>
Net position:			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	<u>405,867</u>	<u>392,127</u>	<u>13,740</u>
Total net position	<u>\$ 426,858</u>	<u>413,118</u>	<u>13,740</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>2018</u>	<u>2017</u>	<u>Change</u>
Revenues			
Member contributions	\$ 610,000	610,000	-
Intergovernmental	177,344	465,490	(288,146)
Miscellaneous	10,409	15	10,394
Interest	<u>1,199</u>	<u>1,239</u>	<u>(40)</u>
Total revenues	<u>798,952</u>	<u>1,076,744</u>	<u>(277,792)</u>
Expenditures			
Administration	614,637	609,147	5,490
Technical and project support	<u>170,575</u>	<u>316,168</u>	<u>(145,593)</u>
Total expenditures	<u>785,212</u>	<u>925,315</u>	<u>(140,103)</u>
Changes in net position	13,740	151,429	(137,689)
Beginning net position	<u>413,118</u>	<u>261,689</u>	<u>151,429</u>
Ending net position	<u>\$ 426,858</u>	<u>413,118</u>	<u>13,740</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 over budget by \$11,608. Miscellaneous revenues exceeded the budget as there were unexpected revenues from the Salton Sea Committee to run ads in favor of Proposition 68. Actual expenses were over budget by \$4,637. Administration expenses exceeded the budget as there were higher than anticipated travel and meeting costs.

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.

BASIC FINANCIAL STATEMENTS

SALTON SEA AUTHORITY
STATEMENT OF NET POSITION

June 30, 2018
(with comparative information for prior year)

	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash	\$ 451,409	415,456
Grants receivable	45,733	226,025
Interest receivable	-	19
Prepaid items	3,415	-
TOTAL ASSETS	<u>500,557</u>	<u>641,500</u>
LIABILITIES:		
Accounts payable	31,566	223,902
Accrued expenses	42,133	4,480
TOTAL LIABILITIES	<u>73,699</u>	<u>228,382</u>
NET POSITION:		
Restricted for:		
Specific grants	20,991	20,991
Unrestricted	405,867	392,127
TOTAL NET POSITION	<u>\$ 426,858</u>	<u>413,118</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
STATEMENT OF ACTIVITIES

Year ended June 30, 2018
(with comparative information for prior year)

Function	Expenses	Operating Grants	Totals	
			2018	2017
Administration	\$ 614,637	-	(614,637)	(609,147)
Technical and project support	<u>170,575</u>	<u>177,344</u>	<u>6,769</u>	<u>149,322</u>
Total	<u>\$ 785,212</u>	<u>177,344</u>	<u>(607,868)</u>	<u>(459,825)</u>
General revenues:				
Member contributions			610,000	610,000
Miscellaneous			10,409	15
Interest			<u>1,199</u>	<u>1,239</u>
Total general revenues			<u>621,608</u>	<u>611,254</u>
Change in net position			13,740	151,429
Net position, beginning of year			<u>413,118</u>	<u>261,689</u>
Net position, end of year			<u>\$ 426,858</u>	<u>413,118</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018
(with comparative information for prior year)

		Special Revenue			
	General	Wetlands	Fish Clean	Totals	
	Fund	Fund	Up Trust	2018	2017
			Fund		
ASSETS:					
Cash	\$ 430,418	-	20,991	451,409	415,456
Grants receivable	-	45,733	-	45,733	226,025
Due from other funds	46,966	-	-	46,966	50,934
Interest receivable	-	-	-	-	19
Prepaid items	3,415	-	-	3,415	-
TOTAL ASSETS	<u>\$ 480,799</u>	<u>45,733</u>	<u>20,991</u>	<u>547,523</u>	<u>692,434</u>
LIABILITIES:					
Accounts payable	\$ 31,566	-	-	31,566	223,902
Accrued expenses	42,133	-	-	42,133	4,480
Due to other funds	-	46,966	-	46,966	50,934
TOTAL LIABILITIES	<u>73,699</u>	<u>46,966</u>	<u>-</u>	<u>120,665</u>	<u>279,316</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	-	45,733	-	45,733	105,326
TOTAL DEFERRED INFLOWS					
OF RESOURCES	<u>-</u>	<u>45,733</u>	<u>-</u>	<u>45,733</u>	<u>105,326</u>
FUND BALANCES:					
Restricted for restoration activities	-	-	20,991	20,991	20,991
Unassigned	407,100	(46,966)	-	360,134	286,801
TOTAL FUND BALANCES (DEFICIT)	<u>407,100</u>	<u>(46,966)</u>	<u>20,991</u>	<u>381,125</u>	<u>307,792</u>
TOTAL LIABILITIES, DEFERRED					
INFLOWS OF RESOURCES AND					
FUND BALANCES	<u>\$ 480,799</u>	<u>45,733</u>	<u>20,991</u>	<u>547,523</u>	<u>692,434</u>

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, 2018

Fund balances of governmental funds	\$ 381,125
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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.

<u>45,733</u>

Net position of governmental activities	<u>\$ 426,858</u>
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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, 2018
(with comparative information for prior year)

		Special Revenue		Totals	
	General	Wetlands	Fish Clean	2018	2017
	Fund	Fund	Up Trust		
			Fund		
REVENUES:					
Member contributions	\$ 610,000	-	-	610,000	610,000
Intergovernmental	-	236,937	-	236,937	577,483
Miscellaneous	10,409	-	-	10,409	15
Interest	1,199	-	-	1,199	1,239
TOTAL REVENUES	621,608	236,937	-	858,545	1,188,737
EXPENDITURES:					
Administration	614,637	-	-	614,637	609,147
Technical and project support	-	170,575	-	170,575	316,168
TOTAL EXPENDITURES	614,637	170,575	-	785,212	925,315
Excess (deficiency) of Revenues over (under) Expenditures	6,971	66,362	-	73,333	263,422
OTHER FINANCING SOURCES (USES)					
Transfers in	55,163	-	-	55,163	50,934
Transfers out	-	(55,163)	-	(55,163)	(50,934)
TOTAL OTHER FINANCING SOURCES (USES)	55,163	(55,163)	-	-	-
Net changes in fund balance	62,134	11,199	-	73,333	263,422
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	344,966	(58,165)	20,991	307,792	44,370
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 407,100	(46,966)	20,991	381,125	307,792

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, 2018

Net changes in fund balances - total governmental funds	\$ 73,333
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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>59,593</u>

Change in net position of governmental activities

<u>\$ 13,740</u>

See accompanying notes to the financial statements.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2018

(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 powers 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 resources 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 that comprise its

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

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

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.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent

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

(1) Summary of Significant Accounting Policies (Continued)

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:

Nonspendable 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. 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)

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, 2018 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$451,409</u>
Total cash	<u>\$451,409</u>

Cash as of June 30, 2018 consisted of the following:

Demand deposits	<u>\$451,409</u>
Total cash	<u>\$451,409</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) **Due To/From Other Funds**

Due to/from Other Funds is the result of the general fund paying expenses on behalf of the Wetlands grant fund. This amount is expected to be reimbursed by the grant fund in fiscal year 18/19.

(4) **Transfers In/Out**

Transfers in/out is a result of the general fund paying expenses on behalf of the Wetlands grant fund.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(5) 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. Therefore, no provision has been made in the accompanying financial statements for such contingencies.

(6) Employee Benefits

The Authority's staff includes three employee 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.

(7) Fund Balance Deficit

The Wetlands Fund reports an ending fund balance deficit of \$46,966. The fund deficit will be cured in fiscal year 18/19 when reimbursements are received for grant expenses.

(8) Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the General Fund by \$4,637. Administration expenses exceeded the budget as there were higher 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, 2018

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Member contributions	\$ 610,000	610,000	610,000	-
Miscellaneous	-	-	10,409	10,409
Interest	-	-	1,199	1,199
TOTAL REVENUES	<u>610,000</u>	<u>610,000</u>	<u>621,608</u>	<u>11,608</u>
EXPENDITURES:				
Administration	<u>610,000</u>	<u>610,000</u>	<u>614,637</u>	<u>(4,637)</u>
TOTAL EXPENDITURES	<u>610,000</u>	<u>610,000</u>	<u>614,637</u>	<u>(4,637)</u>
Excess (deficiency) of Revenues over (under) Expenditures	-	-	6,971	6,971
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	55,163	55,163
TOTAL OTHER FINANCING SOURCES (USES)	-	-	55,163	55,163
Net changes in fund balance	-	-	62,134	62,134
FUND BALANCE AT BEGINNING OF YEAR	<u>344,966</u>	<u>344,966</u>	<u>344,966</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 344,966</u>	<u>344,966</u>	<u>407,100</u>	<u>62,134</u>

See accompanying notes to required supplementary information.

SALTON SEA AUTHORITY

Notes to Required Supplementary Information

Year ended June 30, 2018

(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: March 28, 2019
Re: **Consider approval of modifications to Board-approved 2019 SSA Board Meeting Schedule: Change of April meeting venue and June meeting date**
CM No. VIA – 3/28/2019

GENERAL:

From time to time, the SSA Board of Directors has chosen to adjust the routine meeting venue or date in order improve alignment of SSA policy activities with an important opportunity for special focus.

1. SSA staff and board members were approached by Imperial County at the February SSA Board meeting to consider a change of venue for the April SSA Board meeting from the typical IID Board room to the location of the annual Energy Summit held in that community at the same time. A workshop on EIFD preliminary findings for Imperial County that directly relate to the Salton Sea was also recommended as a prelude activity to the regular SSA board meeting. This is especially appropriate since the revitalization strategy for the Sea involves the integration of renewable energy resources in an EIFD scenario – a shared interest of the SSA and the stakeholders involved in the Energy Summit.
2. The second adjustment recommended for SSA board consideration involves a movement of the June 20 board meeting to the end of the month (June 27) in order to more closely align with the close of the Fiscal Year.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve these modifications to the previously-approved 2019 SSA Board meeting schedule.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: March 28, 2019
Re: **Consider SSA support for Letter of Intent filing by Torres Martinez Band of Desert Cahuilla Indians for Tribal Partnership Program (Army Corps of Engineers)**
CM No. VI.B – 03-28-2019

GENERAL:

Salton Sea Authority Directors generally supports the initiative of partner agencies to pursue grants funding for projects and programs that can enhance the overall efficacy of the shared revitalization efforts around the Salton Sea.

For the past four years, the SSA has consistently supported the Torres Martinez Desert Cahuilla Indian Tribe's pursuit of modest funding for planning efforts through the Army Corps of Engineers Tribal Partnership Program (TPP). The vehicle for this support has been a non-binding Letter of Interest to initiate the Army Corps review and potential determination that this planning support can be pursued.

If approved, the Army Corps would work with Torres Martinez Desert Cahuilla Indian (TMDCI) Tribe as the Sponsor for the Torres Martinez Section 203 Ecosystem Restoration Feasibility Study under Section 203 Tribal Partnership Program authority, in partnership with the U.S. Army Corps of Engineers (USACE), and the Salton Sea Authority to cooperatively investigate ecosystem restoration opportunities for tribal lands on the northern end of the Salton Sea.

It should be noted that the 2016 update to WRDA (which had authorized \$30 for projects at the Salton Sea through the Army Corps) designates the Salton Sea Authority as the preferred nonfederal partner for Army Corps projects at the Salton Sea.

In the event that the Army Corps decided to pursue the TPP with the Torres Martinez Tribe, the Torres Martinez Tribe would seek SSA support to sign a Feasibility Cost Sharing Agreement (FCSA) to initiate the study with USACE. The FCSA targets completion of the feasibility study within 3 years and that determining the overall cost of the study will be determined after a full review of available reports, data and research is completed particularly with work already completed and archived with the SSA in cooperation and consultation with the California Natural Resources Agency.

The USACE is amending the certified Initial Watershed Assessment to account for the new interest in an Ecosystem Restoration focused Feasibility Study, and a Project Management Plan will be developed with existing Tribal Partnership Program funds. The Project Management Plan would be developed and agreed upon by the TMDCI, SSA and USACE. The study would be conducted and managed by USACE. The cost-sharing for the study is based on a 50% contribution by the Federal government, with the SSA 50% contribution provided in cash, or by a portion or all of the contribution provided through in-kind non-monetary services.

The preliminary step to initiate these considerations requires the submittal of a letter of Interest from both SSA and the Torres Martinez Tribe. The LOI is an expression of intent to initiate a study partnership to address the specified water resources problems and is not a contractual obligation. The SSA further understands that work on the study cannot commence until an FCSA is signed. It is understood that SSA or the TM Tribe or USACE may opt to discontinue the study at any time after the FCSA is signed but will commit to work together as partners from the scoping phase, and subsequent decision points throughout the feasibility study, on providing the necessary support to risk-informed decision making. If it is determined that additional time or funding is necessary to support decisions to be made in order to complete the study, the TMDCI Tribe and SSA will work with USACE to determine the appropriate course of action.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve GM/Executive director action to sign the attached Letter of Interest in support of the Torres Martinez Tribe pursuit of support through the US Army Corps of Engineers Tribal Partnership Program.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director

Attachments: Copy of Draft LOI



March 29, 2019

Aaron C. Barta
Colonel, U.S. Army,
Commander and District Engineer
Los Angeles District
915 Wilshire Blvd., Suite 930
Los Angeles, CA 90017

Dear Colonel Barta:

The Salton Sea Authority is willing and able to participate as the Sponsor for the Salton Sea and Tributaries, in partnership with the U.S. Army Corps of Engineers (USACE), to cooperatively investigate the Salton Sea, one of California's most important resources, located in the Riverside and Imperial Counties.

The Torres Martinez Band of Desert Cahuilla Indians is one of the largest private landowners at the sea, with most of the tribe's property located at the northwestern corner of the Sea, adjacent to the Whitewater Channel.

The greater Salton Sea serves as a critical buffer against windblown dust emissions in the Imperial and Coachella valleys, a region that already suffers from some of the worst air quality in California and the nation. It is also one of the most significant habitats for migratory birds in the United States, and among the hundreds of species who reside at the Sea are numerous species listed as endangered or threatened under federal and state law.

Without restoration, the fishery at the Sea will die, which in turn will reduce and possibly eliminate the use of the Sea by piscivorous birds. Dust emissions from exposed playa will increase dramatically, with devastating effects for the region's air quality and significantly increased incidence of heart disease, asthma, lung cancer, and premature deaths in the Imperial and Coachella valleys. It is virtually impossible to overstate the threat to the Sea and to surrounding communities if no restoration plan is funded and implemented.

Absent restoration, over the next 30 years, air pollution in the form of windblown dust emissions will have a catastrophic impact on public health in the region, adding up to a cost of many tens of billions of dollars. Ecological impacts, particularly in the form of the death of fish and protected bird species, are likely to be nearly as significant. The recreational, aesthetic, and cultural values of the Sea will also deteriorate sharply.

From a national security standpoint, dust billowing from nearly 100 square miles of exposed playa (in a “Do Nothing” scenario) may severely impact the viability of military training use of the Chocolate Mountains region adjacent to the Salton Sea, where the US Navy and Marines conduct a majority of their desert training exercises on American soil.

Approximately 70% of all California’s bird species have been sighted at the Sea – and a substantial portion of those species use it as their main breeding ground. The Sea’s bird habitat has taken on added importance in light of the degradation of wetlands elsewhere in California and the region; indeed, more than 90 percent of California’s original wetlands have been lost due to development. In addition, the Colorado River Delta – which had long served as a principal bird habitat in the region – has been degraded significantly as a result of diversions in both the United States and Mexico, further heightening many species’ reliance on the Salton Sea habitat. The Sea is an important Indian cultural resource, particularly for the Torres Martinez Band of Cahuilla Indians.

The Salton Sea Authority understands that a feasibility study for comprehensive restoration of the Salton Sea cannot be initiated unless it is selected as a new start study with associated allocation of Federal funds provided through the annual Congressional appropriations process. If selected, we intend to sign a Feasibility Cost Sharing Agreement (FCSA) to initiate the study with USACE. It is our understanding the FCSA targets completion of the feasibility study within 3 years at a total cost of no more than \$3 million. After signing the FCSA, a Project Management Plan will be developed and agreed upon by the Salton Sea Authority (“Authority”) and USACE. The study will be conducted and managed by USACE. The cost-sharing for the study is based on a 50% contribution by the Federal government, with the Authority’s 50% contribution provided in cash, or by a portion or all of the contribution provided through in-kind non-monetary services.

The Salton Sea Authority is aware that this letter constitutes an expression of intent to initiate a study partnership to address the specified water resources problems and is not a contractual obligation. It is understood that we or USACE may opt to discontinue the study at any time after the FCSA is signed but will commit to work together as partners from the scoping phase, and subsequent decision points throughout the feasibility study, on providing the necessary support to risk-informed decision making. If it is determined that additional time or funding is necessary to support decisions to be made in order to complete the study, our agency will work with USACE to determine the appropriate course of action.

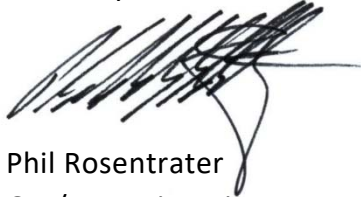
Colonel Aaron Barta

March 29, 2019

Page 3

If you require additional information, please contact: Phil Rosentrater at 760-863-2695 and/or PRosentrater@ssajpa.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Phil Rosentrater', with a stylized flourish extending from the bottom right.

Phil Rosentrater
GM/Executive Director

cc: Ed Demesa, Chief, Plan Formulation Branch, US Army Corps of Engineers;
Cheree Peterson, SES Director of Programs, South Pacific Division, US Army Corps of Engineers;
Joseph H. Redican, Acting Chief, Planning and Policy Division, US Army Corps of Engineers;
Cindy Barger, Environmental Planner, Project Planning and Review, Office of the Assistant Secretary of the Army (Civil Works);
Quana Higgins, Los Angeles District Tribal Liaison, US Army Corps of Engineers;
Lisa Morales, Senior Tribal Liaison and Tribal Nations Program Manager, US Army Corps of Engineers;
Hon. Tara Katuk Mac Lean Sweeney, Assistant Secretary – Indian Affairs, U.S. Department of the Interior

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM/Executive Director
Date: March 28, 2019
Re: Consider Nomination of SSA Representative for ACWA Region 9 Board
CM No. VI.C – 03-28-2019

BACKGROUND:

The Board of Directors of the Salton Sea Authority has an opportunity to assert a leadership role beneficial to the agencies comprising the Authority as well as the neighboring regions impacted by the Sea.

The Guiding Principles for Legislative Action adopted by the SSA Board of Directors calls for action to “ASSERT LOCAL LEADERSHIP” wherever feasible to advance the shared interests of the SSA and its partner agencies in revitalizing the Salton Sea. In addition, the Salton Sea is an issue that is certainly impactful on the region and the water agencies that share its watershed or rely upon Colorado River water.

California’s largest water advocacy organization, Association of California Water Agencies (ACWA) is opening nominations to fill positions on the board for Region 9, a portion of ACWA’s service area that includes water resource agencies in San Bernardino, Riverside and Imperial Counties. The Region 9 Board is looking for ACWA members who are interested in leading the direction of ACWA Region 9 for the 2019-2020 term. The Board is seeking candidates to fill two seats representing the arid desert regions of Region 9.

The leadership of ACWA’s ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 9 serve on ACWA’s Statewide Board of Directors and recommend all committee appointments for Region 9. The members of the Region 9 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA’s goals on behalf of members.

The SSA is a member in good standing with ACWA. The GM/Executive Director currently serves on the ACWA Region 9 Board of Directors in the capacity of Vice Chair. Typically this position succeeds into the Chairmanship role for the Region, if the incumbent is re-appointed. Both the Vice Chair and Chair of Region 9 serve on the statewide Board of Directors for ACWA. The SSA GM also serves on the Energy Committee and the State Legislative Committee for ACWA. In the past, he has served on ACWA’s Local Government Committee, and also as Chairman for the statewide Outreach Committee.

Board action is required in order to activate a nomination to the ACWA Region 9 Board. Passage of the attached Resolution would enable the Region 9 Board to consider this nomination for appointment. The final decision would be made by the Region 9 Board and announced to the membership.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve Resolution No. 19-04 nominating the SSA GM/Executive Director to fill a vacant seat on the ACWA Region 9 Board.

Respectfully submitted,

Phil Rosentrater
GM/Executive Director



**SALTON SEA AUTHORITY
RESOLUTION NO. 19-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SALTON SEA AUTHORITY
PLACING IN NOMINATION PHIL ROSENTRATER
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 9 BOARD OF DIRECTORS**

BE IT RESOLVED by the Board of Directors (Board) of the Salton Sea Authority (SSA), assembled in regular meeting this 28th day of March 2019, as follows:

A. Recitals:

- (i) Whereas, The Board of the SSA does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA);
- (ii) Whereas, The Board of the SSA has adopted Guiding Principles urging its staff and member agencies to “Assert Local Leadership” where feasible to advance the shared objectives of revitalizing the Salton Sea;
- (iii) Whereas, the SSA is a member in good standing with ACWA and;
- (iv) Whereas, SSA General Manager Phil Rosentrater is currently serving as Vice Chair for ACWA Region 9 Board of Directors and in this position also serves on the statewide Board of Directors for ACWA, and he also is a member of the State Legislative Committee and a member of the Energy Committee for ACWA and has indicated a desire and willingness to serve as a member of the Board of ACWA Region 9;

B. Resolves

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF
THE SALTON SEA AUTHORITY**

- (i) Does place its full and unreserved support in the nomination of Phil Rosentrater for the Board of ACWA Region 9.
- (ii) Does hereby determine that the expenses attendant with the service of Phil Rosentrater in ACWA Region 9 shall be borne by the Salton Sea Authority.

Adopted and approved this 28th day of March 2019...

Memorandum

To: Salton Sea Authority Board of Directors
From: Phil Rosentrater, GM /Executive Director
Date: March 28, 2019
Re: Consider Approval of Federal Advocacy Support Agreement
CM No. VLD – 03-28-2019

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.

In fact, 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 as well as advocates supported by nongovernmental institutions willing to work pro bono in coordination with the SSA.

Among the most productive of these pro bono relationships has been the development of a new and vitally important SSA/ USDA relationship with the Salton Sea through policy and procurement related to programs in the Farm Bill. The demonstrable success in navigating this complex path to success is due to the expertise, diligence and extensive background and familiarity with the USDA programs and staff by Grandview Consulting, under contract with a nongovernmental organization. While the NGO contract with Grandview Consulting to provide this support was abruptly eliminated by the sponsoring NGO, the Farm Bill opportunities for the Salton Sea require ongoing federal coordination now, and hold great prospects to benefit the Salton Sea in the future.

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. Specifically, with help from Grandview and consistent with the SSA Board-adopted federal platform, the SSA supported a successful \$1.5 million allocation from NRCS to provide funding through the CNRA to secure engineering review of the SSMP by the Army Corps of Engineers. Also with help from Grandview and consistent with the SSA Board-adopted legislative platform, SSA requested \$150 million in the USDA budget under the Watershed Act to be included in the budget Omnibus bill and that request was granted. Reinforcing these actions is progress in the House version of the Farm Bill which would make an additional \$350 million available annually in flexible mandatory funding through two programmatic tools available at the Salton Sea (RCPP and Watershed Act). In addition, the SSA and partners have sought (and gained in current Farm Bill language) modifications that allow these resources to be deployed directly on the playa.

SSA staff strongly recommends that the Board of Directors take action expeditiously to retain the principal consultant from Grandview, Lisa Moore, now working with Cultivating Conservation. Staff further recommends that action to enact this retainer under SSA Procurement Policy E4 (Procurement by noncompetitive proposals) is warranted due to the fact that this consultant has unreproducible experience in the efforts contemplated in the attached contract, where she has been engaged in these exact efforts on behalf of the Salton Sea since 2015.

To go out for bid would be to lose valuable time and experience. Further, due to the suddenness of the cutoff of funding support from the prior NGO sponsor, an emergency exists given the suddenness of the Walton Foundation's cut-off of funds, and an urgent need to stay engaged given the critical nature of negotiations involving the Salton Sea and prospects in the Farm Bill.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the vendor and award of contract for federal advocacy support to the Salton Sea Authority from Lisa Moore of Cultivating Conservation.

Respectfully submitted,

Phil Rosentrater
General Manager



Cultivating Conservation

600 Cameron Street
Suite 309
Alexandria VA 22314

Lisa Moore
lisa@cultivating.org
202-957-3466

January 28, 2019

Mr. Phil Rosentrater
Salton Sea Authority
82995 Highway 111
Suite 200
Indio, California 92201

RE: Retainer Agreement

Dear Phil:

Thank you for the opportunity to work on behalf of the Salton Sea Authority (SSA) to facilitate federal engagement at the Salton Sea. Cultivating Conservation has been engaged as a partner with SSA since 2014, facilitating the engagement of the Department of Agriculture (USDA), Environmental Protection Agency (EPA), Bureau of Reclamation (BOR), Army Corps of Engineers (Corps) and federal congressional representatives to support Salton Sea conservation.

This work has resulted in the initial establishment of a USDA Regional Conservation Partnership Project (RCPP) at the Sea (\$7.5 million), the re-establishment of a USDA Watershed Act infrastructure funding tool through the congressional appropriations process and successful application of that tool at the Sea (\$1.5 million), the establishment of a foundation for EPA engagement for Sea-related infrastructure funding, and the initial steps for streamlined SSMP Corps permitting.

Together we have successfully engaged the California congressional delegation to support these efforts, as evidenced by congressional support letters and federal appropriations language advocating for the Salton Sea.

Most recently, we worked to develop and secure bipartisan 2018 Farm Bill legislation that authorizes USDA to significantly expand its funding role at the Sea through multiple, streamlined USDA conservation program authorities that together are funded at over \$4 billion annually. In addition to our successful work together on behalf of the Salton Sea in the 2018 Farm Bill, Cultivating also secured an overall increase in Farm Bill conservation funding of \$2.6 billion through the development additional policy innovations. This is the first increase in federal Farm Bill conservation funding since 2002, and will help support our efforts to increase USDA Salton Sea funding.

Farm Bill funding is mandatory, meaning that no further federal appropriation or congressional action is required to authorize USDA to provide additional assistance to the Salton Sea. Robust administrative advocacy at USDA is required, however, to secure additional assistance. Strong congressional and stakeholder advocacy to encourage USDA to act is key.

Cultivating Conservation has extensive experience securing and leveraging federal investment to address agricultural, economic and natural resource concerns. Founded by former U.S. Senate leadership staff, Cultivating has over two decades of experience in developing successful legislative strategies, effective coalition building, project and policy development and implementation in the areas of water resource development, water conservation and quality, air quality, endangered species conservation, renewable energy and nutrition policy.

In the context of agricultural policy, we have been engaged in the development of every Farm Bill and its USDA implementation since 1996, successfully developing new bipartisan federal agricultural conservation programs to address emerging natural resource concerns. We design new legislative policies and strategies to grow Farm Bill conservation funding, and to bring together coalitions to craft, fund, and implement innovative conservation projects on the ground.

Since 2014, Cultivating Conservation has secured roughly \$100 million in USDA funding to implement locally framed and led conservation projects and initiatives across the nation. Cultivating has worked extensively with USDA DC leadership staff and state leadership staff throughout the West, including in California. Our 2018 Farm Bill legislation was developed in partnership with USDA. We have 100% success rate in securing USDA support for Cultivating-led projects and initiatives.

Again, thank you for the opportunity to assist you in your efforts to expand federal investment at the Salton Sea.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lisa Moore', is positioned above the printed name.

Lisa Moore
Cultivating Conservation

RETAINER AGREEMENT

This Retainer Agreement is entered into effective February 1, 2019 by and between Cultivating Conservation LLC, a Virginia corporation ("Cultivating Conservation") and the Salton Sea Authority, a California Joint Powers Authority, ("Client").

1. Scope of Work. In coordination with the Client and at the Client's direction:

1. Work with Client to frame and implement SSA's federal legislative agenda; attend lobby visits with Client; draft associated policy proposals and advocacy letters to congressional and agency policymakers.
2. Facilitate SSA's engagement with BOR, EPA, and Corps relating to the Salton Sea.
3. Capitalize on our successful 2018 Farm Bill work to mobilize USDA and partners to secure additional USDA support for Salton Sea conservation by drafting documents and advocacy pieces, advocacy with California's congressional delegation, USDA, and the State of California.
4. Facilitate SSA engagement in federal Drought Contingency Plan (DCP) discussions to ensure that DCP or related efforts do not undermine Salton Sea conservation.
5. Facilitate the implementation of current USDA Salton Sea pilots.

2. Term. The term of this Agreement shall begin on February 1, 2019 and end on January 31, 2020. 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 \$4,100 per month plus travel expenses upon approval by the client.

4. Professionals. Lisa Moore and Jonathon Lehman will jointly implement this contract for services. A firm description and professional bios are attached to this agreement.

5. Relationship of the Parties. Nothing in this Agreement shall be deemed to create any relationship of employer and employee between Client and any individuals employed by Cultivating Conservation to provide services under this agreement.

6. Disclaimer. Cultivating Conservation shall make its best effort to assist Client in pursuing the objectives described in this scope of work. Cultivating Conservation, however, gives no assurances and makes no representations as to the particular results of its services, or the response and timeliness of actions taken by relevant government officials or their staffs.

7. Disputes. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by non-administered arbitration under the International Institute for Conflict Prevention and Resolution Rules for Non-Administered Arbitration.

8. Indemnity. Each party agrees to indemnify and hold harmless the other party from and against any and all losses, claims, damages, legal fees, expenses, or liabilities that the indemnified party may incur arising from the indemnifying parties actions or failures to act in the performance of this agreement, including based upon the indemnifying party's information, representations, reports, data, or releases furnished or approved by the indemnifying party or its authorized representatives.

9. Termination. Either party may terminate this Agreement if the other party breaches any material obligation provided hereunder and the breaching party fails to cure such breach within fifteen days (15) from the receipt of notice of the breach. If such breach is not cured within that time period, the non-breaching party may immediately terminate this Agreement by providing written notice to the other party.

10. Full Agreement. This Agreement contains the entire understanding of the parties. While Cultivating Conservation has tendered this contract, it has done so as a matter of convenience to the parties, and it shall not be construed against either party, but shall be construed pursuant to the plain meaning on its terms. This contract may be changed only by written agreement.

In witness whereof the authorized representatives do hereby execute this contract.

Date: 1/28/19

By:



Lisa Moore
Cultivating Conservation

Date: _____

By:

Phil Rosentrater
Salton Sea Authority

Cultivating Conservation

Cultivating Conservation partners with agricultural producers, federal and state legislators and agencies, and tribes to build support for policies that benefit agriculture, communities and natural resources. We have over two decades of experience developing successful legislative strategies, effective coalition building and policy implementation in the areas of water resource development, water conservation and quality, air quality, endangered species conservation, renewable energy and nutrition policy.

In the context of agricultural policy, Cultivating has been engaged in the development of every Farm Bill since 1996, both on and off Capitol Hill, successfully developing new bipartisan federal agricultural conservation programs to address emerging natural resource concerns. We design new legislative policies and strategies to grow Farm Bill conservation funding, and to bring together coalitions to craft, fund, and implement innovative conservation projects on the ground. We believe that consensus driven and locally-led conservation solutions are the most durable, effective and appealing to policymakers. Since 2014, Cultivating Conservation has secured roughly \$100 million in USDA funding to implement locally framed and led conservation projects and initiatives across the nation. We have 100% success rate in securing USDA support for Cultivating-led projects and initiatives.

Cultivating's 2014-2018 Farm Bill strategy to support Salton Sea conservation was to build a durable network of producers, partners and policymaker supporters through strategic conservation project development that could then be mobilized to support expanded drought authority in the Farm Bill. Cultivating's successful work led to the creation of multiple USDA conservation pilot projects at the Salton Sea for a total of \$9 million, and establishing the initial USDA engagement needed to socialize the concept of a USDA leadership role at the Salton Sea. This project work was developed by Cultivating with philanthropic support. This philanthropic support has not been extended to expanding these initial USDA pilot efforts, and was not provided to support our Farm Bill advocacy on behalf of the Salton Sea.

Beginning in 2016, Cultivating developed a bipartisan coalition of congressional champions and producer supporters (including IID) from nine Western states to develop and secure drought legislation in the 2018 Farm Bill. With the enactment of this legislation, Cultivating secured access to over \$4 billion annually in flexible and mandatory conservation program funding for water conservation, watershed protection, fish and wildlife habitat conservation, and drought-related environmental mitigation - all of which is authorized to address Salton Sea conservation, but requires administrative action to secure.

Cultivating also developed and deployed a strategy to increase the total amount of funding available for conservation programs in the Farm Bill, resulting in an overall increase in conservation title funding of \$2.6 billion. This success reversed the trend of cuts to the title that occurred in the last two Farm Bill cycles, and was a necessary predicate to seeking significantly expanded conservation funding at the Salton Sea.

Cultivating's Farm Bill legislative policy development and advocacy on behalf of the Salton Sea was developed and executed entirely on a pro bono basis.

Management/Key People

Jonathon Lehman and Lisa Moore are the principal co-founders of Cultivating Conservation.

Jonathon has over 15 years experience in conservation policy, having served as principal counsel to Senate Democratic Leader Tom Daschle (D-SD) and as professional staff on the Senate Agriculture Committee under the leadership of Senator Tom Harkin (D-IA). Jonathon developed agricultural, energy, water resource, rural development and forestry legislation on behalf of the Leader, and was the principal negotiator of such legislation for the Democratic caucus. Jonathon developed successful bipartisan renewable energy legislation during his time on Capitol Hill, and now works extensively with agricultural producers and cooperatives to develop renewable fuel and other environmental markets for agricultural commodities. Jonathon holds a J.D. from Vermont Law School. Jonathon grew up on his family's dairy farm near Watertown, South Dakota.

Lisa Moore has over 20 years of experience in politics and policy development, having served as chief counsel and legislative director to Senate Democratic Leader Harry Reid (D-NV). In that role, Lisa developed the Leader's legislative strategy and managed his legislative team, oversaw federal appropriations work, and was responsible for negotiating legislation and nominations for the Democratic caucus with the Republican caucus and Republican White House. Prior to those roles, Lisa served as professional staff on the Senate Committee on Environment and Public Works handling fish, wildlife and endangered species, water resource development, and environmental issues affecting children's health. Lisa holds a J.D. from Georgetown Law School. Lisa's first job on Capitol Hill was agriculture and environment policy counsel to Senator Barbara Boxer (D-CA).

Salton Sea Authority

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

March 28, 2019

PURPOSE

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

MISSION CRITICAL OBJECTIVES FOR SSA – NEXT 6 MONTHS TO 1 YR:

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 ROI on every dollar and moment invested, we recognize we cannot do everything in this complex assignment. Accordingly, the following top priority imperatives must be accomplished within this fiscal year:

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

LEADERSHIP

Administration

The SSA staff has spent considerable time in the past month providing updates to various partner agencies at state and federal levels regarding new opportunities for progress through leveraging funding success achieved in the past year through the cooperative efforts of the Salton Sea stakeholders.

SSA remains dedicated to empowering local stakeholders to work "in cooperation and consultation with the Salton Sea Authority" as called for in AB 71 (M Perez) and to leverage these shared resources in a strategy that favors increased federal investment in a healthier, more prosperous Salton Sea.

SSA continues to assert local leadership, as called for in the SSA Board-adopted Guiding Principles, to expand funding to accelerate progress through a funding strategy that leverages multiple challenges/opportunities and the correlating partners and resources.

SSA staff have continued to work cooperatively with member agencies to provide outreach support to other local agencies and entities -- consistent with SSA Board-approved guiding principles and specific SSA board approval of the Resolution of Support – regarding the joint agency MOU calling for cooperative planning to develop and Perimeter Lake at Salton Sea.

Internal support for grants writing/admin and project management is underway in anticipation of additional workload related to bond funds and other grant sources that can drive project at the Sea.

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

DEVELOP REALISTIC REVITALIZATION STRATEGY

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

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

In a welcome development, the new administration has appointed Wade Crowfoot to serve as Resources Secretary, a water resources and environmental leader at Water Foundation where he helped develop a higher profile for Salton Sea issues in the prior administration. In the very first local visit beyond Sacramento after his appointment, the Secretary traveled to the Salton Sea to meet with local stakeholders. In addition to touring the Sea, Secretary Crowfoot spent time with stakeholders, including SSA staff and Directors, around the Sea and at the North Shore Yacht Club.

In more good news, the State Water Resources Control Board has experienced a change in leadership, with the appointment of local Coachella Valley native Joaquin Esquivel to serve as Chair of the SWRCB. Esquivel has lived and breathed the Sea issues since childhood and has applied his academic and professional acumen in addressing environmental challenges through service at the US Senate Environmental & Public Works Committee, and as state liaison for Resources in Washington prior to shifting to the State Board.

Both Commissioner Esquivel and Secretary Crowfoot traveled to the North Shore Yacht Club with Edward Garcia (also a locally raised leader from Coachella Valley) who serves as local Assemblyman and Chair of Assembly Water Parks & Wildlife Committee.

The presence of these three leaders on Salton Sea issues sent a strong message that the state of California is focused – not from afar, but right here at the Sea – on not just problems but also solutions.

To this end, within weeks of the initial tour, the SWRCB convened a workshop on March 19 at the North Shore Yacht Club on Salton Sea progress toward the SSMP 10 Year Plan. Commissioner Esquivel opened the State Board workshop by calling participants to focus on cooperative strategies, partnerships, tools and technologies that recognize the Sea as a resource rather than a sticky wicket to be avoided.

State staff provided updates on the performance in implementing the 10-Year Plan, admitting that while they are behind schedule, an aggressive buildup of staff resources has been recruited to catch up. The state representatives noted that progress is pending resolution of easement issues on its first SSMP project in the state priority list for SSMP (SCH, on the New River). In addition, resolution of permit issues with the Army Corps will need to be resolved prior to launch of the projects. SSMP Advisory Committee Chairs, largely volunteer staff from partnering local agencies and stakeholders, provided brief updates and representatives from the NGO community also provided comment ranging from ongoing concern over schedule lags, to a need for clarity in which agencies are best suited to lead restoration efforts such as North Lake/Perimeter Lake in cooperation and consultation with the state.

SSA staff continues to meet with numerous community organizations and stakeholder groups to provide updates consistent with SSA board policy, focusing on the real progress being accomplished on the ground in every instance where the locals served as project lead with proper funding to implement projects in cooperation and consultation with the state.

Significantly, the county member agencies of SSA have achieved historic progress in securing support for the joint county-coordinated development of Enhanced Infrastructure Finance Districts (EIFD) that can reinforce and accelerate public-private partnership investment at the Sea, leveraging the public infrastructure investments anticipated with the SSMP. The SSA and all of its member agencies, as well as cities across the Salton basin have also adopted Resolutions of support for this collaborative approach.

Progress in developing preliminary findings of an EIFD for Imperial County are tentatively scheduled to be presented at an SSA workshop on EIFD prior to the April SSA Board meeting. SSA Board action is anticipated at the March 28 board meeting to amend the April SSA Board meeting venue to accommodate the workshop in conjunction with the annual Energy Symposium produced Imperial Valley Economic Development Corp.

The EIFD rules call for investment in a specific defined infrastructure that establishes a clear nexus of benefit to the community or district that funds the infrastructure. The infrastructure associated with the Perimeter Lake, to be built in a manner that complements the state priorities

and investment in SSMP, is identified as the primary project to be supported by local agencies and tribes throughout the Imperial and Coachella valleys.

These SSMP 10-Year Plan first-phase projects have been proposed by the state with the expectation that they can be constructed quickly, delivering multiple benefits of air quality improvement through playa coverage, and habitat restoration, while also enhancing economic development potential that builds long-term financial sustainability into the projects across the watershed. As noted in the February 2019 SSA Board meeting by Asst Sec Bruce Wilcox, and subsequently at the March 19 State Board workshop, the Perimeter Lake concepts are now officially included in the SSMP.

At the federal level, SSA and the state are working cooperatively to address the lack of federal funding at the Sea that stands in stark contrast with the growing portfolio of state and local investments. In the context of drought conditions on the Colorado River system, federal agency investments commensurate with property ownership and public trust responsibilities at the Sea present a central concern for SSA and its member agencies.

SSA is committed to do its utmost to facilitate 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 existing grants for Projects at the Sea

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

SSA completed a Performance review of the Phase 1 TM Wetlands project in the past month and found all power/water production and delivery systems in excellent working order and functioning as designed. A seepage barrier will need to be installed as part of Phase 2 in order to reduce pumping burden required to offset seepage and evaporation losses, but other than that additional specification, the project has been found to be fully functional as designed and built.

The SSA and state have agreed upon terms of a draft funding agreement that will fulfill the objectives of Phase 2 consistent with the state Financial Assistance Program (FAP) and the project MOU agreed upon by the respective board and council of the SSA and TM Tribe. The state has requested additional detail in the workplan to define the specific checklist deliverables. The workplan has been updated, in preparation to move ahead with the next stages of bid prep upon acceptance of the agreement by the state DWR.

In addition, the SSA, with state and federal partners, have identified a feasible option to reduce seepage in the Phase 2 project that may reduce operational costs for water pumping and

transport. This cooperative effort is expected to yield result that can also lower operational costs and reduce water demand required to the Phase 1 wetlands project.

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

FUNDING

State –

- The state of California has budgeted \$30 million from Prop 1 funding to construct projects this year in accord with the Stipulated Order. The state will need to issue bonds from Prop 68 in order to provide \$200 million for SSMP projects, with \$20 million designated for direct SSA oversight and a potential \$10 million additional for treatment wetlands at the New River.

Federal –

- Army Corps of Engineers (ACOE) – The SSA is also seeking placement and funding for ACOE Work Plan for upcoming budgets, and eventual access to WRDA authorization (\$30 million). The SSA is working with the TM Tribe in support of the Tribal Partnership Program that may provide Army Corps engagement in projects in the Salton Sea watershed on Torres Martinez tribal lands. An SSA Board action item anticipated in the March 28 agenda would ratify this support from SSA.
- US Department of Agriculture – Every SSA Director along with leaders from stakeholder groups and the CNRA signed a series of joint letters to help reinforce successful passage of the Farm Bill which was passed and signed in December of 2018. SSA staff and partner agencies have spent great effort for several years to align this opportunity and continue to work in good faith with partners to find positive opportunities to deploy and expand federal match funds potentially available in this program.
- Environmental Protection Agency (EPA) -- An SSA-supported LOI for WIFIA submitted for Salton Sea on behalf of the state in first round was scored exceptionally well on program compatibility and technical planning/design criteria but fell short on the element of loan repayment. Discussions are on-going among potential local partners in EIFD strategies that may offer a solution to this challenge in subsequent rounds of WIFIA. The EPA Water Infrastructure Finance and Innovation Act (WIFIA) provides a federal loan and guarantee program that aims to accelerate investment in the nation's water infrastructure by providing long-term, low-cost supplemental loans for

regionally and nationally significant projects, including many county water infrastructure projects. Prospective borrowers seeking WIFIA credit assistance must submit a letter of interest (LOI) to EPA to initiate the process. SSA and the state stepped out of the most recent round and will reconsider options in upcoming rounds based upon the outcomes of the pending state bond measures as well as initiatives being considered locally such as IFD strategies.

SELF HELP STRATEGIES

IFD/EIFD

Riverside County and Imperial County are both moving ahead with strategies to generate local capital through EIFD scenarios that may jump-start infrastructure investments consistent with the SSMP. The counties, who are member agencies of the SSA, recognize the value of coordinating projects within the shared watershed that may be funded in part with locally leveraged finances.

Riverside County Board of Supervisors have taken action to establish an EIFD boundary to fund projects – primarily a Riverside County portion of a larger Perimeter Lake extending into Imperial County -- in that district related to Salton Sea, and have appointed a finance board to oversee the funding. Approval by property owners within the EIFD is still required to fully activate the EIFD. Imperial County is following suit with a feasibility analysis commissioned in partnership with the SoCal Association of Governments. This prelim report will be unveiled for public review at a workshop to be held prior to the SSA Board meeting in April.

Underscoring this EIFD progress is an historic joint county MOU to memorialize the spirit of cooperation between Riverside and Imperial Counties for the benefit of their communities around the Salton Sea has been adopted by each of the member agencies of the SSA and was endorsed by the SSA Board at the Sept 20, 2018 meeting. To date, all member agencies of the SSA have signed on in support. Cities and tribes in the region are following suit.

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

The IFD concept in the SSA Financial Feasibility Action Plan assumes the primary benefits to the property values would be derived from infrastructure built in the sea that would create a stable shoreline with water distribution for dust control and deep-water habitat in addition to restored recreational value for marina communities and renewable energy development. A subsequent

report by Tourism Economics, based on far more conservative assumptions, still supports the findings that significant revenues may be generated from a project that creates deep water habitat on the north end of the Sea.

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

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