



# Salton Sea Authority Board of Directors Meeting

Thursday, December 17, 2020  
10:00 a.m.

Via Zoom Webinar



**AGENDA:** BOARD OF DIRECTORS MEETING  
**DATE:** Thursday, December 17, 2020  
10:00 a.m.  
**LOCATION:** Via Zoom Webinar

*In the interest of public health, and in cooperation with government COVID-19 meeting recommendations, this meeting will be conducted via Zoom Webinar. The public will be able to view the meeting live at 10:00 a.m. December 17. Please [click here](#) to join or see the meeting login information at <http://saltonsea.com/ssa-board-of-directors-meeting-18>.*

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

*A copy of the complete agenda packet is available for viewing or download at: <http://saltonsea.com/ssa-board-of-directors-meeting-18/>*

II. **PUBLIC COMMENTS**

*To ensure that members of the public have an opportunity to be heard before the Salton Sea Authority Board pursuant to State Law, this Public Comments period is included at the beginning of every agenda.*

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

***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.*

*Please email your public comment c/o SSA's Board Secretary at [info@ssasaltionsea.com](mailto:info@ssasaltionsea.com) (subject line "Public Comment, 12/17/20 SSA board meeting"), or hand-deliver your comment, in an envelope addressed to "Board Secretary, Salton Sea Authority" to the security officer at the public defenders' office at 82995 Highway 111, Suite 200, Indio, CA 92201 (downstairs, glass entry next to the statue of justice at the west end of the building) by Wednesday morning, December 16, to be read aloud during the board meeting. A mail slot is available at the above address for dropping off comments before or after office hours.*

*In your comment, please include your name and address (addresses will be redacted), and the agenda item number and topic to which your question or comment applies – or whether it is for this general public comment section. (Anonymous comments will not be read.)*

### **III. BOARD MEMBER COMMENTS**

*This is a time set aside for members of the Board to share their thoughts and concerns regarding general Authority matters not on the agenda, ask questions of staff, and request that items be added to an agenda at a later date.*

*The Brown Act expressly prohibits lengthy Board Member discussion of matters not on the agenda. The Board may at its discretion add items deemed to be an emergency to the agenda (by 4/5 vote) in order to engage in public discourse.*

### **IV. ACTION ITEMS**

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

1. Minutes of SSA Board Meeting October 29, 2020
2. Minutes of SSA Special Board Meeting November 12, 2020
3. Warrant Register Ratification for October 2020
4. Warrant Register Ratification for November 2020
5. Internal Financial Report for: 7/01/2020 – 10/31/2020

#### **B. DISCUSSION ITEM (*see attached*)**

1. Presentation of SSA Annual Audit Findings. Recommendation: Receive and File

### **V. REPORTS**

#### **A. FEDERAL**

1. Federal Activities – (Lisa Lehman, Partner, Cultivating Conservation)

#### **B. STATE**

1. Salton Sea Management Program – (Gail Sevrens, Salton Sea Program Manager, California Dept. of Fish & Wildlife)
2. State Advocacy Report – (Oracio Gonzalez, Principal, Ollin Strategies)
3. Salton Sea State Recreation Area Update on Activities – (Steve Quartieri, District Superintendent, California State Parks)

#### **C. LOCAL**

1. Salton Sea Action Committee – (Juan DeLara, President)

#### **D. GENERAL MANAGER’S REPORT AND COMMENTS – (G. Patrick O’Dowd, Executive Director/GM, Salton Sea Authority)**

### **VI. ADJOURNMENT**

**NEXT MEETING TIME & LOCATION:**

Thursday, January 28, 2020

10:00 a.m. via Zoom

or at ....

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

*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**  
**October 29, 2020**

**I. CALL TO ORDER**

The regularly scheduled meeting of the Salton Sea Authority (“Authority” or “SSA”) Board of Directors (“Board”) was called to order by Alex Cardenas, President, at 10:04 a.m., Thursday, October 29, 2020, via Zoom.

**PLEDGE OF ALLEGIANCE**

Director Plancarte led the Pledge of Allegiance

**ROLL CALL:**

**DIRECTORS PRESENT**

Alex Cárdenas, President  
V. Manuel Perez, Vice-President  
Altrena Santillanes, Treasurer \*\*  
Luis A. Plancarte, Secretary  
James C. Hanks, Director  
Thomas Torte, Director  
Cástulo R. Estrada, Director  
Jeff Hewitt, Director \*  
Arturo Delgado, Ex-Officio Member

**AGENCY**

Imperial Irrigation District  
Riverside County  
Torres Martinez Desert Cahuilla Indians  
Imperial County  
Imperial Irrigation District  
Torres Martinez Desert Cahuilla Indians  
Coachella Valley Water District  
Riverside County  
California Natural Resources Agency

\* *Director Hewitt arrived at 10:36, as noted in the text.*

\*\* *Director Santillanes left at 11:22 as noted in the text.*

*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**

Ryan E. Kelley, Director  
(new director yet to be appointed)

**AGENCY**

Imperial County  
Coachella Valley Water District

## **SALTON SEA AUTHORITY STAFF PRESENT**

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

## **MEMBERS OF THE PUBLIC PRESENT**

There were 47 members of the public present.

## **II. PUBLIC COMMENTS**

- A. Jeff Miner of South Lake Tahoe inquired regarding SSA's and State of California's consideration of water importation.
- B. Marvin F. Jensen, MD, DDS, shared an idea for getting water from the Gulf of California to the Salton Sea via the Laguna Salada and ways the community could benefit from the process and the completion.
- C. Nikola Lakic, Graduate Engineer Architect, Geothermal Worldwide, Inc., called for the Salton Sea Authority to stop supporting the current course of action and to stop ignoring his multi-faceted proposal.
- D. Layton Jones, a Palm Desert High School senior who recently kayaked across the Salton Sea with two others, told of her interest in the Salton Sea, her journey, and her goal of a lesson plan that teaches the history and parameters of the Sea to local high school and middle schools.
- E. Ron Spears, chairman of the Salton Sea Restoration committee and president of the Bahia del Mar property owners' association at Desert Shores asked the Assistant Secretary of the California Natural Resources Agency (CNRA) the legal definition of "public benefit" in the Desert Shores channel restoration project and use of Prop 68 funds, asked SSA board or legal department what is the legal reason that funds from Prop 68 are being considered for the North Lake project and are not being allocated to the Desert Shores channel restoration project for the same reason, and what legal definition in Prop 68 gives the Salton Sea Authority authorization to appropriate funds from Prop 68 to supplement their 10% reduction in contributions to the Salton Sea operations voted on by the member agencies, and has this been approved by the CNRA?
- F. Tom Sephton asked the Salton Sea Authority Board's position on the Desert Shores project and asked to discuss with Torres Martinez Chairman Torte water access for the project across Torres Martinez property.
- G. Neil Smith asked when the last feasibility study was done on pumping water from the Gulf of California to the Salton Sea via the Laguna Salada and canals, and what the current position of the SSA is on that concept.
- H. Art Gertz, vice mayor of West Shores and resident of Desert Shores, asked what is being done to exploit and use existing ground water within the area of West Shores – specifically, artesian wells within Desert Shores that are not being utilized, and a very large aquifer dome in the general area of Salton City - to reduce the salinity and create habitats within the west shores area.

- I. Kristen Nelson of Indian Wells expressed her appreciation for allowing the public to join in on these discussions; Indian Wells is very interested in how all of this is being done and how they can be good partners for the SSA and the Salton Sea in general. She asked if it would be possible to aggregate the responses to the questions submitted in public comment so that all of the attendees and those who were not able to attend today could review the responses of the SSA?

### **III. BOARD MEMBER COMMENTS**

- A. Director Estrada responded, regarding the groundwater in the Desert Shores and perhaps Salton City areas, that the groundwater in that area is not very high in quality; it is still very salty. He didn't know how its salinity would compare to the Salton Sea and whether it would create any benefit, but wanted to note that waters brought into that area, whether for drinking purposes or other purposes, are from further away – from La Quinta. He speculated that that's why one doesn't see much farming in that vicinity either.

- B. Director Hanks commented that several years ago there was a very thorough report done by Lawrence Livermore Labs when groundwater was being looked at as a solution to control the salinity of the Salton Sea. Several agencies were involved, and Hanks said it was probably the most thorough document he'd seen having to do with ground water in the Salton Sea basin.

He suggested that the Natural Resources Agency and the Salton Sea Authority look into getting someone from Lawrence Livermore to follow up on it – there is a huge amount of water in that basin – and recommended looking up Lawrence Livermore Salton Sea Basin Report online to see the documentation.

- C. Director Torte: suggested that Tom Sephton reach out to staff so they can give him his information. The tribe has been approached before by other entities about that same project. They're still more than willing to hear what they propose as far as Torres Martinez and working with mitigating that area.

- D. Director Perez commended Layton Jones and her friends on bringing awareness to the Salton Sea through their kayaking venture, and for their vision to have Salton Sea lesson plans in the schools in both the Coachella Valley and Imperial County. He, also, would like to see the youth of today – tomorrow's leaders – learn about the Salton Sea in our school districts.

He asked to agendaize an update from the state on their findings or recommendations from their study or RFP on the feasibility of water importation - to start thinking about what next steps might be taken, if any. He reported, though, that when he asks current leadership in Baja California about this idea of the sea-to-sea concept, they are unfamiliar with it. Mr. Delgado responded that he thinks they could give a brief update on where they are on the feasibility study they are planning to conduct.

Director Perez also asked to agendaize discussion regarding support for the Desert Shores concept.

- E. Director Hewitt, also, liked the idea of getting education on the Salton Sea into the local schools. He would be in favor of preliminary discussions to see how the

government of Baja California al Norte feel about water imporation to the Salton Sea from south of the border.

- F. President Cardenas thanked Lisa Moore and Mr. Delgado from the state for helping with the congressional hearing, and a special thanks to Torres Martinez and Director Tortez for his testimony. He felt the message was loud and clear. He also expressed appreciation to Congressman Raul Ruiz and Congressman Juan Vargas for their great effort to let the SSA be involved in the congressional hearing.

*\* Director Hewitt arrived at 10:36 during board member comments.*

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

- A. Minutes of September 17, 2020 Board Meeting
- B. Minutes of October 1, 2020 Special Board Meeting
- C. Warrant Register Ratification for September 2020
- D. Internal Financial Report for: 7/01/2020 – 8/30/2020
- E. Approval of proposed 2021 SSA Board Meeting Schedule

*On motion by Director Perez and second by Director Hewitt, the Consent Calendar was approved by the following vote:*

**Ayes:** Cardenas, Hanks, Perez, Hewitt, Tortez, Santillanes, Plancarte ♦  
(♦ per SSA bylaws, carrying both votes for his agency in the absence of a second director from that agency)

**Noes:** None

**Absent:** Kelley, (2<sup>nd</sup> director from CVWD not yet appointed), Estrada (for this vote)

**Motion Passed: 8-0**

#### **V. PRESENTATIONS**

- A. “Science be Dammed: CII” – Eric Kuhn, Retired GM, Colorado River Water Conservation District, and John Fleck, Director, Water Resources Program, University of New Mexico gave an overview of historic Colorado River water supply issues: how policies based on politics and wishful thinking instead of science combined to create the current water crisis facing Southern California – specifically our desert region and the Salton Sea.

*\*\* Director Santillanes left the meeting at 11:22 a.m.*

#### **VI. ACTION ITEMS**

- A. Consideration of approval of Resolution of support for principles of federal partnership at the Salton Sea.

Introduced by SSA GM/Executive Director and discussed by the Board, with motion to approve by Director Perez and second by Director Hewitt and further discussion: Out of courtesy to fellow directors who wanted their agencies to review the principles prior to SSA board approval, Directors Perez and Hewitt rescinded their motion and



second. The proposed principles for federal partnership at the Salton Sea will be circulated to the directors to present to their agencies for review and comment, then brought back to SSA board for further discussion and action.

- B. Consideration of candidates for nomination to CEC Blue Ribbon Commission on Lithium Extraction.

*On motion by Director Plancarte and second by Director Estrada, the proposed recommendations for nomination to the CEC Blue Ribbon Commission on Lithium Extraction were **approved** by the following vote to be forwarded to the CEC:*

**Ayes:** Cardenas, Hanks, Perez, Hewitt, Tortez ♦, Plancarte ♦, Estrada ♦  
(♦ per SSA bylaws, carrying both votes for his agency in the absence of a second director from that agency)

**Noes:** None

**Absent:** Kelley, Santillanes, (2nd director from CVWD not yet appointed)

**Motion Passed: 10-0**

- C. Consideration of approval of Minute Order authorizing SSA GM to draw down Prop 68 funds for North Lake Pilot Project

*On motion by Director Estrada and second by Director Perez, the Board authorized Salton Sea Authority's GM/Executive Director to enter into a funding agreement with the California Department of Water Resources to receive a Proposition 68 Local Assistance grant in the approximate amount of \$19,250,000 to implement the SSMP project for a North Lake Pilot Demonstration Project on terms acceptable to the President of the Board and Authority Legal Counsel.*

**Approved by the following vote:**

**AYES:** Cardenas, Hanks, Perez, Hewitt, Tortez ♦, Plancarte ♦, Estrada ♦  
(♦ per SSA bylaws, carrying both votes for his agency in the absence of a second director from that agency)

**NOES:** None

**ABSENT:** Santillanes, Kelley, (2nd Director from CVWD not yet appointed)

**Motion Passed: 10-0**

- D. Leadership recognition of retiring SSA GM/Executive Director Phil Rosentrater

The Board acknowledged the resignation of GM/Executive Director Phil Rosentrater and expressed their appreciation for his many contributions to the Salton Sea Authority. The floor was opened to others to comment to him also.

*On motion by Director Perez and second by Director Plancarte, the Board approved SSA Resolution No. 20-03 in recognition and appreciation of Mr. Rosentrater's leadership.*

**Approved by the following vote:**

**AYES:** Cardenas, Hanks, Perez, Hewitt, Tortez ♦, Plancarte ♦, Estrada ♦

( ♦ per SSA bylaws, carrying both votes for his agency in the absence of a second director from that agency)

**NOES:** None

**ABSENT:** Santillanes, Kelley, (2nd Director from CVWD not yet appointed)

**Motion Passed: 10-0**

## **VII. REPORTS**

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

Phil Rosentrater, GM/Executive Director, Salton Sea Authority submitted a written GM report in the agenda packet. Per public comment request from the previous meeting, he included an additional report on the North Lake pilot demonstration project.

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

#### **1. STATE:**

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

CNRA Assistant Secretary Arturo Delgado expressed his thanks and his pleasure to have worked with Mr. Rosentrater. Gail Sevrens, Salton Sea Program Manager, California Dept. of Fish & Wildlife, expressed her congratulations and appreciation to Mr. Rosentrater, then gave an update on state activities since her last report. She said the information compiled from the public workshops is available on [saltonsea.ca.gov](http://saltonsea.ca.gov).

#### **2. FEDERAL:**

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

Genevieve Johnson, BOR’s Program Manager for the Salton Sea, expressed her appreciation for Mr. Rosentrater and his vision on how to work together to get things done, and gave a comprehensive report on Bureau activities. The Bureau is pulling together information on the projects they funded around the Salton Sea in 2020 and report that, since the MOU in 2016, the Bureau has provided about \$11 million for Salton Sea projects and programs.

##### **b) Federal Activities**

Lisa Lehman, Partner, Cultivating Conservation, reminisced about when she first started working with Mr. Rosentrater and the lack up support from the Federal legislators at the time for suggested Salton Sea area improvements - and the progress made under Mr. Rosentrater’s leadership with the directors’ support. She is continuing to work on Federal legislation, including the resolution included in this board packet.

C. Salton Sea State Recreation Area Update on Activities

Steve Quartieri, District Superintendent, California State Parks, was unable to be present to give today's report.

**VIII. CLOSED SESSION**

Government Code Section 54957: Public Employment; Title General Manager

PERSONNEL: Consideration of nomination for temporary General Manager for SSA

**IX. REPORT OUT and ADJOURNMENT**

The Board Secretary reported at 1:15 p.m. that the Salton Sea Authority Board of Directors had completed their closed session and reported out that they had unanimously appointed G. Patrick O'Dowd as General Manager/Executive Director of Salton Sea Authority. Mr. O'Dowd had previously resigned from the Authority's Board of Directors. That concluded the meeting, which was adjourned at 1:16 p.m.

**NEXT REGULARLY-SCHEDULED  
MEETING TIME & LOCATION:**

Thursday, December 17, 2020

10:00 a.m.

Via Zoom



**OFFICIAL  
MINUTE ORDER  
of the  
SALTON SEA AUTHORITY  
BOARD OF DIRECTORS MEETING  
October 29, 2020**

**ITEM NO.: VI.C**

**APPROVED ACTION:**

On *motion by Director Estrada* and *second by Director Perez*, the Board authorized Salton Sea Authority's GM/Executive Director to enter into a funding agreement with the California Department of Water Resources to receive a Proposition 68 Local Assistance grant in the approximate amount of \$19,250,000 to implement the SSMP project for a North Lake Pilot Demonstration Project on terms acceptable to the President of the Board and Authority Legal Counsel.

**Approved by the following vote:**

**AYES:** Cardenas, Hanks, Perez, Hewitt, Tortez♦, Plancarte♦, Estrada♦.  
(♦ per SSA bylaws, carrying both votes for their agency in the absence of a second director from that agency)

**NOES:** None

**ABSENT:** Santillanes, Kelley, (2<sup>nd</sup> Director from CVWD not yet appointed)

**Motion Passed: 10-0**

I hereby attest that the foregoing is a true and correct copy of action taken by the Board of Directors of said Salton Sea Authority at a regular meeting thereof duly held and convened on the 29th day of October 2020, at which meeting a quorum of said Board was present and acting throughout.

Dated this 25th day of November 2020.

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Linda Thill  
Board Secretary  
Salton Sea Authority



**OFFICIAL PROCEEDINGS**  
**SALTON SEA AUTHORITY**  
**SPECIAL BOARD OF DIRECTORS MEETING**  
**November 12, 2020**

**I. CALL TO ORDER**

The special meeting of the Salton Sea Authority (“Authority” or “SSA”) Board of Directors (“Board”) was called to order by Alex Cardenas, president, at 3:31 p.m., November 12, 2020, via Zoom webinar.

**II. PLEDGE OF ALLEGIANCE**

SSA Executive Director/GM G. Patrick O’Dowd led the Pledge of Allegiance

**III. ROLL CALL**

**DIRECTORS PRESENT    AGENCY**

Alex Cárdenas, President	Imperial Irrigation District
V. Manuel Perez, Vice-President	Riverside County
Luis A. Plancarte, Secretary	Imperial County
James C. Hanks, Director	Imperial Irrigation District
Thomas Tortez, Director	Torres Martinez Desert Cahuilla Indians
Cástulo R. Estrada, Director*	Coachella Valley Water District

*(\*Director Estrada was present for initial roll call but was called away shortly after that and was not present for any of the votes.)*

*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**

Altrena Santillanes, Treasurer  
Ryan E. Kelley, Director  
Jeff Hewitt, Director  
(new director yet to be appointed)

**AGENCY**

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

## SALTON SEA AUTHORITY STAFF PRESENT

G. Patrick O'Dowd, Executive Director/GM  
Bob Hargreaves, Best Best & Krieger, Legal Counsel

## MEMBERS OF THE PUBLIC SHOWN AS PRESENT

Bob Ross, Julie Casserly, Juan M. De Lara, Noel Ragsdale

### IV. ACTION ITEMS

President Cardenas invited SSA Executive Director/GM G. Patrick O'Dowd to state his request for an item to add to the agenda. Mr. O'Dowd shared his vision and request to move \$15,000 of unused funds from the travel budget to the communications budget.

Counsel advised that a 4/5ths vote of the board was required in order to add the item to the agenda, after which it could be discussed.

President Cardenas recapped the need to add the item to the agenda before it could be discussed and pointed out that it appeared to be a revenue-neutral request on the budget.

*President Cardenas made a **motion** to add this request to the agenda. **Seconded** by Director Perez. A roll call vote was taken. Unanimously **carried** by those present: Directors Cardenas, Perez, Plancarte, Hanks, and Torte. (Director Estrada was not present.) The item was added to the agenda as Action Item C.*

#### A. Consider nomination to ACWA Region 9

SSA's new Executive Director G. Patrick O'Dowd was serving as chairman of ACWA's Federal Affairs Committee as a representative of CVWD when he transferred from CVWD to SSA. This transfer CVWD authorization is invalidated and ACWA requires the SSA board's authorization board for him to represent the SSA at ACWA in order for him to continue to serve.

*Director Hanks **moved** to approve resolution 20-04, in which SSA supports G. Patrick O'Dowd's nomination to the ACWA Region 9 Board. **Seconded** by Directors Perez. Unanimously **carried** via roll call vote. (Director Estrada was not present.)*

#### B. Consider approval of resolution updating signatories on SSA's bank and credit card accounts

At Chairman's request, SSA's Executive Director introduced the item which updates bank signatories to include the new Executive Director and removes the previous Executive Director. The Chairman invited a motion.

*Director Hanks made a **motion** to approve the addition of SSA's current Executive Director to SSA's bank accounts and credit cards. **Seconded** by Director Plancarte. Unanimously **carried** via roll call vote. (Director Estrada was not present.)*

#### C. Consider approval to transfer \$15,000 from SSA's travel budget to SSA's communications budget.

Executive Director/GM G. Patrick O'Dowd, at Chairman's invitation, gave a quick recap on the budget transfer request.

*Director Hanks made a **motion** to transfer \$15,000 from SSA’s travel budget to SSA’s communications budget. **Seconded** by Director Perez. Unanimously **carried** via roll call vote. (Director Estrada was not present.)*

**V. ADJOURNMENT**

Director Cardenas welcomed SSA Executive Director/GM G. Patrick O’Dowd. There being no further business, Board President Cardenas adjourned the meeting at 3:47 p.m.

**NEXT MEETING TIME & LOCATION:**

The regularly scheduled meeting will be held  
Thursday, December 17, 2020  
10:00 a.m.  
Via Zoom

DRAFT

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## Checking Account Activity

October 1, 2020 through October 31, 2020



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<b>Warrant Date</b>	<b>Warrant Number</b>	<b>Vendor Name</b>	<b>Amount</b>
		<b>Beginning Cash</b>	<b>\$ 555,442.71</b>
10/05/2020	EFT	Pitney Bowes	(10.00)
10/19/2020	1156	Best, Best & Krieger	(18,636.80)
10/19/2020	1157	County of Riverside Facilities Management	(34,485.52)
10/19/2020	1158	Cultivating Conservation	(7,000.00)
10/19/2020	1159	Eide Bailly LLP	(6,756.25)
10/19/2020	1160	OfficeTeam	(10,229.60)
10/19/2020	1161	SystemGo IT LLC	(704.00)
10/19/2020	1162	V John White & Associates	(4,000.00)
10/20/2020	1163	Ollin Strategies	(5,000.00)
10/23/2020	EFT	Verizon Wireless	(260.34)
10/23/2020	EFT	AMEX Payment	(113.98)
10/23/2020	EFT	VISA Payment	(427.60)
10/30/2020	Deposit	Reimbursement	240.76
		<b>Net Activity</b>	<b>(87,383.33)</b>
		<b>Ending Cash</b>	<b>\$ 468,059.38</b>

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## Checking Account Activity

November 1, 2020 through November 30, 2020



<b>Warrant Date</b>	<b>Warrant Number</b>	<b>Vendor Name</b>	<b>Amount</b>
		<b>Beginning Cash</b>	<b>\$ 468,059.38</b>
11/03/2020	EFT	Pitney Bowes	(10.00)
11/10/2020	Deposit	BOR Grant Receipt	4,122.35
11/10/2020	Deposit	CVMC Grant Receipt - August	9,814.94
11/16/2020	EFT	AMEX Payment	(462.81)
11/16/2020	EFT	VISA Payment	(417.51)
11/23/2020	1164	Best, Best & Krieger	(8,454.00)
11/23/2020	1165	County of Riverside Facilities Management	(9,694.94)
11/23/2020	1166	CSDA	(1,482.00)
11/23/2020	1167	Cultivating Conservation	(7,000.00)
11/23/2020	1168	Davis Farr LLP	(6,560.00)
11/23/2020	1169	Eide Bailly LLP	(5,349.60)
11/23/2020	1170	OfficeTeam	(14,236.37)
11/23/2020	1171	Ollin Strategies	(5,000.00)
11/23/2020	1172	V John White & Associates	(8,000.00)
11/23/2020	1173	Secretary of State	(6.50)
11/23/2020	1174	County of Riverside Facilities Management	(3,226.00)
11/25/2020	EFT	Verizon Wireless	(260.34)
		<b>Net Activity</b>	<b>(56,222.78)</b>
		<b>Ending Cash</b>	<b>\$ 411,836.60</b>

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

Year to Date through October 31, 2020

	General Fund	NSBYC Grant	TOTAL
<b>1 INCOME</b>			
2 Local Government/Member Assessments	\$ 549,000	\$ -	\$ 549,000
3 Grant Funding	-	43,867	43,867
4 State of California Grants	-	-	-
5 Pooled Cash Allocated Interest	5	-	5
6 Miscellaneous Revenue	75	-	75
7 <b>TOTAL INCOME</b>	<b>549,080</b>	<b>43,867</b>	<b>592,947</b>
<b>8 EXPENSE</b>			
9 <b>SSA Administration</b>			
10 <b>Salaries</b>			
11 Salaries - GM / Executive Director	54,050	-	54,050
12 Grant Support	25,658	780	26,438
13 Executive Director Support	11,017	-	11,017
14 Admin Support A	17,020	-	17,020
15 Admin Support B	13,626	38	13,664
16 <b>Total Salaries</b>	<b>121,371</b>	<b>818</b>	<b>122,189</b>
17 <b>Employee Benefits</b>			
18 Employee Benefits - GM / Exec. Dir.	23,185	-	23,185
19 Employee Benefits - Other SSA Staff	19,332	25	19,357
20 <b>Total Employee Benefits</b>	<b>42,518</b>	<b>25</b>	<b>42,542</b>
21 <b>Audit/Accounting</b>	10,646	968	11,614
22 <b>Contract Attorney</b>	42,325	-	42,325
23 <b>Equipment Maintenance</b>	3,343	-	3,343
24 <b>Capital Equipment</b>	-	-	-
25 <b>Equipment Lease</b>	-	-	-
26 <b>Insurance</b>	4,232	-	4,232
27 <b>Office Expense/Operating Supplies</b>	850	-	850
28 <b>Office Expense/Online Services</b>	697	-	697
29 <b>Postage, Mail</b>	881	-	881
30 <b>Printing Services</b>	-	-	-
31 <b>Dues, Subscriptions</b>	4,513	-	4,513
32 <b>Communications</b>	1,267	-	1,267
33 <b>Travel/Mileage</b>	5,483	-	5,483
34 <b>Technical Support - Consultant</b>	-	-	-
35 <b>Technical Support - Engineering</b>	-	-	-
36 <b>Technical Support - General</b>	-	-	-
37 <b>Contract Services / Website</b>	-	-	-
38 <b>Technical Support - Environmental</b>	-	-	-
39 <b>Technical Support - Fiscal</b>	-	-	-

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

Year to Date through October 31, 2020

	General Fund	NSBYC Grant	TOTAL
40 <b>Communications &amp; Outreach</b>	-	-	-
41 <b>Utilities</b>	-	-	-
42 <b>Grants &amp; Advocacy</b>	58,406	-	58,406
43 <b>Project Manager</b>	-	-	-
44 <b>Total SSA Administration</b>	296,532	1,810	298,342
45 <b>Wetlands Grant Administration</b>			
46 <b>Contract Services/Attorney</b>	-	-	-
48 <b>Total Wetlands Grant Administration</b>	-	-	-
49 <b>Wetlands Grant Technical</b>			
50 <b>Contract Services/LCP</b>	-	-	-
51 <b>Contract Services/Construction</b>	-	-	-
52 <b>Transfer In/Out Grant Administration</b>	-	-	-
53 <b>Total Wetlands Grant Technical</b>	-	-	-
54 <b>North Shore Grant</b>			
55 <b>EDA Salaries</b>	-	12,226	12,226
56 <b>Grant Expenses - Contractors</b>	-	29,834	29,834
57 <b>Total North Shore Grant</b>	-	42,060	42,060
58 <b>TOTAL EXPENSE</b>	296,532	43,870	340,402
59 <b>NET INCOME</b>	<b>\$ 252,548</b>	<b>\$ (3)</b>	<b>\$ 252,545</b>

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

# Salton Sea Authority

## Balance Sheets

(Unaudited)

As of October 31, 2020

	General Fund	702 Fish Clean Up Trust	NSBYC Grant	TOTAL
<b>1 ASSETS</b>				
<b>2     Checking/Savings</b>				
<b>3         Cash - PW Checking</b>	\$ 444,223	\$ 20,991	\$ 2,845	\$ 468,059
<b>4         Cash - RivCo Fund</b>	46,690	-	(4,830)	41,859
<b>5         RivCo investment fund</b>	5,060	-	-	5,060
<b>6         Cash - Petty Cash</b>	153	-	-	153
<b>7     <b>Total Checking/Savings</b></b>	<b>496,126</b>	<b>20,991</b>	<b>(1,986)</b>	<b>515,131</b>
<b>8     <b>Other Current Assets</b></b>				
<b>9         Due from Grant Funds</b>	881	-	-	881
<b>10        Prepaid Items</b>	9,538	-	-	9,538
<b>11        Grant Receivable</b>	-	-	38,241	38,241
<b>12     <b>Total Other Current Assets</b></b>	<b>10,419</b>	<b>-</b>	<b>38,241</b>	<b>48,660</b>
<b>13 <b>TOTAL ASSETS</b></b>	<b>506,545</b>	<b>20,991</b>	<b>36,255</b>	<b>563,792</b>
<b>14 <b>LIABILITIES &amp; EQUITY</b></b>				
<b>15     <b>Liabilities</b></b>				
<b>16        <b>Current Liabilities</b></b>				
<b>17           Accounts Payable</b>	-	-	-	-
<b>18           <b>Credit Cards</b></b>				
<b>19             Credit Card Payable (Visa)</b>	259	-	-	259
<b>20             Credit Card Payable (AE)</b>	3,225	-	-	3,225
<b>21           <b>Total Credit Cards</b></b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>634</b>
<b>22           <b>Other Current Liabilities</b></b>				
<b>23             Due to Other Funds</b>	-	-	881	881
<b>24             Accrued Payroll</b>	12,323	-	-	12,323
<b>25             Due to EDA for NSBYC Grant</b>	-	-	36,520	36,520
<b>26             Accrued Vacation</b>	15,725	-	-	15,725
<b>27           <b>Total Other Current Liabilities</b></b>	<b>28,049</b>	<b>-</b>	<b>37,401</b>	<b>65,450</b>
<b>28           <b>Total Current Liabilities</b></b>	<b>28,682</b>	<b>-</b>	<b>37,401</b>	<b>66,083</b>
<b>29     <b>Total Liabilities</b></b>	<b>28,682</b>	<b>-</b>	<b>37,401</b>	<b>66,083</b>
<b>30     <b>Equity</b></b>				
<b>31         Fund Balance</b>	225,315	20,991	(1,143)	245,163
<b>32         Net Income</b>	252,548	-	(3)	252,545
<b>33         <b>Total Equity</b></b>	<b>477,863</b>	<b>20,991</b>	<b>(1,146)</b>	<b>497,708</b>
<b>34 <b>TOTAL LIABILITIES &amp; EQUITY</b></b>	<b>\$ 506,545</b>	<b>\$ 20,991</b>	<b>\$ 36,255</b>	<b>\$ 563,792</b>

# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** G. Patrick O'Dowd, Executive Director/GM  
**Date:** December 17, 2020  
**Re:** **Presentation and Approval - Audit Report for SSA FY 2018-2019**  
**CM No.** IVA - 12-17-2020

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## **GENERAL:**

Transmitted herewith please find the Fiscal Year 2019-2020 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 December 21, 2020 SSA Board meeting.

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

## **RECOMMENDATION:**

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

Respectfully submitted,

G. Patrick O'Dowd  
Executive Director/GM

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, 2020. 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 September 25, 2020. 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 2020. 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.
- Estimates involving collectability of grant receivables.
- We evaluated the key factors and assumptions used to develop certain estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's judgement that there is no pension or OPEB liabilities related to the Authority's staffing.

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

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

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

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted one uncorrected misstatement to record a revenue and receivable related to grants. Management has determined that the effect of the uncorrected misstatement is immaterial to the financial statements taken as a whole.

### ***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 25, 2020.

### ***Management Consultations with Other Independent Accountants***

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

### ***Other Audit Findings or Issues***

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

### ***Other Matters***

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

### ***Restriction on Use***

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

DavisFarrLLP

Irvine, California  
November 25, 2020

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

**Independent Auditor's Report**

Board of Directors  
Salton Sea Authority  
Indio, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2020, 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 25, 2020.

**Internal Control Over Financial Reporting**

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

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

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

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



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

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

#### **Recommendation**

Policies and procedures are instrumental in supporting a system of internal controls. Absence of policies may result in an increased risk for fraud. We recommend the Authority implement written policies and procedures for credit card usage, including purchase limits and guidance on allowable and unallowable transactions.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

DavisFarrLLP

Irvine, California

November 25, 2020

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

Year ended June 30, 2020

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

Year ended June 30, 2020

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## **Independent Auditor's Report**

Board of Directors  
Salton Sea Authority  
Indio, California

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2020, 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.

Board of Directors  
Salton Sea Authority

### **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, 2020, 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 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 25, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
November 25, 2020

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

The following discussion and analysis of the financial performance of the Salton Sea Authority (the Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **Reporting the Authority as a Whole**

The accompanying **government-wide financial statements** include two statements that present financial data for the Authority as a whole. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The *Statement of Net Position* and the *Statement of Activities* report information about the Authority as a whole and about its activities in a way that helps answer this question. The *Statement of Net Position* includes *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.



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

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>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets:</b>			
Cash	\$ 297,839	477,419	(179,580)
Grants receivable	66,584	-	66,584
Interest receivable	71	-	71
Prepaid items	<u>18,112</u>	<u>14,049</u>	<u>4,063</u>
Total assets	<u>\$ 382,606</u>	<u>491,468</u>	<u>(108,862)</u>
<b>Liabilities:</b>			
Accounts payable	\$ 33,616	49,131	(15,515)
Grants Payable	49,012	-	49,012
Accrued expenditures	<u>54,813</u>	<u>34,449</u>	<u>20,364</u>
Total liabilities	<u>137,441</u>	<u>83,580</u>	<u>53,861</u>
<b>Net position:</b>			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	<u>224,174</u>	<u>386,897</u>	<u>(162,723)</u>
Total net position	<u>\$ 245,165</u>	<u>407,888</u>	<u>(162,723)</u>

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

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

Statement of Activities			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Revenues</b>			
Member contributions	\$ 610,000	610,000	-
Intergovernmental	185,689	-	185,689
Interest	2,447	2,342	105
Other revenue	786	7,830	(7,044)
Total revenues	<u>798,922</u>	<u>620,172</u>	<u>178,750</u>
<b>Expenditures</b>			
Administration	822,767	637,569	185,198
Technical and project support	<u>138,878</u>	<u>1,573</u>	<u>137,305</u>
Total expenditures	<u>961,645</u>	<u>639,142</u>	<u>322,503</u>
<b>Other financing sources</b>			
Transfers in	6,644	-	-
Transfers out	<u>(6,644)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	(162,723)	(18,970)	(143,753)
Beginning net position	<u>407,888</u>	<u>426,858</u>	<u>(18,970)</u>
Ending net position	<u>\$ 245,165</u>	<u>407,888</u>	<u>(162,723)</u>

The increase in intergovernmental revenues and technical and project support expenses is related to the new North Shore Beach and Yacht Club (NSBYC) Grant from the Bureau of Reclamation and the Coachella Mountain Valley Conservancy.

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.

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

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.

Restoring North Shore Marina Access to Monitor Desert Pupfish and Water Quality at Salton Sea (NSBYC Grant Fund)

This project provides needed access for Reclamation to continue monitoring and habitat management activities for the endangered species and water quality. In addition, this project will provide access needed to assist in the recovery of endangered species, restore aquatic and migratory bird ecosystems, improves conditions for fish passage, and will provide additional recreational and economic benefit to local communities at the Sea.

GENERAL FUND BUDGET

Actual revenues were under budget by \$115,167. Actual expenses were under budget by \$30,625.

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, 2020  
(with comparative information for prior year)

	2020	2019
<b>ASSETS:</b>		
Cash	\$ 297,839	477,419
Grants receivable	66,584	-
Interest receivable	71	-
Prepaid items	18,112	14,049
TOTAL ASSETS	382,606	491,468
<b>LIABILITIES:</b>		
Accounts payable	33,616	49,131
Grants payable	49,012	-
Accrued expenses	54,813	34,449
TOTAL LIABILITIES	137,441	83,580
<b>NET POSITION:</b>		
Restricted for:		
Clean up activities	20,991	20,991
Unrestricted	224,174	386,897
TOTAL NET POSITION	\$ 245,165	407,888

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2020  
(with comparative information for prior year)

Function	Expenses	Operating Grants	Net Revenue (Expense)	
			2020	2019
Administration	\$ 822,767	51,792	(770,975)	(637,569)
Technical and project support	138,878	133,897	(4,981)	(1,573)
Total	<u>\$ 961,645</u>	<u>185,689</u>	<u>(775,956)</u>	<u>(639,142)</u>
General revenues:				
	Member contributions		610,000	610,000
	Interest		2,447	2,342
	Other revenue		786	7,830
	Total general revenues		<u>613,233</u>	<u>620,172</u>
	Change in net position		(162,723)	(18,970)
	Net position, beginning of year		<u>407,888</u>	<u>426,858</u>
	Net position, end of year		<u>\$ 245,165</u>	<u>407,888</u>

See accompanying notes to the basic financial statements.

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

June 30, 2020  
(with comparative information for prior year)

	General Fund	Special Revenue			Totals	
		Wetlands Fund	Fish Clean Up Trust Fund	NSBYC Fund	2020	2019
<b>ASSETS:</b>						
Cash	\$ 276,848	-	20,991	-	297,839	477,419
Grants receivable	-	-	-	66,584	66,584	-
Interest receivable	71	-	-	-	71	-
Due from other funds	17,228	-	-	-	17,228	2,806
Prepaid items	18,112	-	-	-	18,112	14,049
<b>TOTAL ASSETS</b>	<b>\$ 312,259</b>	<b>-</b>	<b>20,991</b>	<b>66,584</b>	<b>399,834</b>	<b>494,274</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 32,129	-	-	1,487	33,616	49,131
Grants payable	-	-	-	49,012	49,012	-
Accrued expenses	54,813	-	-	-	54,813	34,449
Due to other funds	-	-	-	17,228	17,228	2,806
<b>TOTAL LIABILITIES</b>	<b>86,942</b>	<b>-</b>	<b>-</b>	<b>67,727</b>	<b>154,669</b>	<b>86,386</b>
<b>FUND BALANCES:</b>						
Restricted for restoration activities	-	-	20,991	-	20,991	20,991
Unassigned	225,317	-	-	(1,143)	224,174	386,897
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>225,317</b>	<b>-</b>	<b>20,991</b>	<b>(1,143)</b>	<b>245,165</b>	<b>407,888</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 312,259</b>	<b>-</b>	<b>20,991</b>	<b>66,584</b>	<b>399,834</b>	<b>494,274</b>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**

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

June 30, 2020

Fund balances of governmental funds	\$ 245,165
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>                  -</u>
Net position of governmental activities	<u><u>\$ 245,165</u></u>

See accompanying notes to the basic financial statements.



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

Year ended June 30, 2020  
(with comparative information for prior year)

	General Fund	Special Revenue			Totals	
		Wetlands Fund	Fish Clean Up Trust Fund	NSBYC Fund	2020	2019
<b>REVENUES:</b>						
Member contributions	\$ 610,000	-	-	-	610,000	610,000
Intergovernmental	-	-	-	185,689	185,689	45,733
Interest	2,447	-	-	-	2,447	2,342
Other revenue	786	-	-	-	786	7,830
<b>TOTAL REVENUES</b>	<b>613,233</b>	<b>-</b>	<b>-</b>	<b>185,689</b>	<b>798,922</b>	<b>665,905</b>
<b>EXPENDITURES:</b>						
Administration	770,975	-	-	51,792	822,767	637,569
Technical and project support	-	3,838	-	135,040	138,878	1,573
<b>TOTAL EXPENDITURES</b>	<b>770,975</b>	<b>3,838</b>	<b>-</b>	<b>186,832</b>	<b>961,645</b>	<b>639,142</b>
Excess (deficiency) of Revenues over (under) Expenditures	(157,742)	(3,838)	-	(1,143)	(162,723)	26,763
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	6,644	-	-	6,644	-
Transfers out	(6,644)	-	-	-	(6,644)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,644)</b>	<b>6,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net changes in fund balance	(164,386)	2,806	-	(1,143)	(162,723)	26,763
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<b>389,703</b>	<b>(2,806)</b>	<b>20,991</b>	<b>-</b>	<b>407,888</b>	<b>381,125</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 225,317</b>	<b>-</b>	<b>20,991</b>	<b>(1,143)</b>	<b>245,165</b>	<b>407,888</b>

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, 2020

Net changes in fund balances - total governmental funds	\$ (162,723)
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>-</u>
Change in net position of governmental activities	<u>\$ (162,723)</u>

See accompanying notes to the basic financial statements.

# SALTON SEA AUTHORITY

## Notes to the Basic Financial Statements

Year ended June 30, 2020

### (1) Summary of Significant Accounting Policies

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

#### (a) Reporting Entity

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

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

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

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

Financial reporting is based upon all GASB pronouncements.

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

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

## SALTON SEA AUTHORITY

### Notes to the Basic Financial Statements

(Continued)

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

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

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

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

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

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

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

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within the “availability period” established by that local government. The Authority’s availability period is 183 days.

# SALTON SEA AUTHORITY

## Notes to the Basic Financial Statements

(Continued)

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

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

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

#### (c) Fund Classifications

The Authority reports the following major governmental funds:

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

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

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

**NSBYC Grant fund** – This fund accounts for the United States Department of the Interior Bureau of Reclamation and the Coachella Valley Mountains Conservancy grant activity related to restoring access to the Marina at North Shore Beach and Yacht Club.

#### (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.

#### (h) Fund Balance

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

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

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

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

# SALTON SEA AUTHORITY

## Notes to the Basic Financial Statements

(Continued)

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

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) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### (k) 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, 2020 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$297,839</u>
Total cash	<u>\$297,839</u>

Cash as of June 30, 2020 consisted of the following:

Demand deposits	<u>\$297,839</u>
Total cash	<u>\$297,839</u>

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

#### (3) Commitments and Contingencies

The Authority has been a recipient of State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Authority had not complied with the rules and regulations governing the grants, the Authority's rights to grant money received may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.



## **SALTON SEA AUTHORITY**

### **Notes to the Basic Financial Statements**

**(Continued)**

**(4) Employee Benefits**

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

**(5) Fund Balance Deficit**

The NSBYC Grant Fund reports an ending fund balance deficit of \$1,143 due to expenditures reimbursable by the grant. The fund deficit will be cured in fiscal year 20/21 with a transfer from the general fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SALTON SEA AUTHORITY**

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

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES:				
Member contributions	\$ 610,000	610,000	610,000	-
Intergovernmental	115,900	115,900	-	(115,900)
Interest	1,500	1,500	2,447	947
Other revenue	1,000	1,000	786	(214)
TOTAL REVENUES	728,400	728,400	613,233	(115,167)
EXPENDITURES:				
Administration	801,600	801,600	770,975	30,625
TOTAL EXPENDITURES	801,600	801,600	770,975	30,625
Excess (deficiency) of Revenues over (under) Expenditures	(73,200)	(73,200)	(157,742)	(84,542)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(6,644)	(6,644)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(6,644)	(6,644)
Net changes in fund balance	(73,200)	(73,200)	(164,386)	(91,186)
FUND BALANCE AT BEGINNING OF YEAR	389,703	389,703	389,703	-
FUND BALANCE AT END OF YEAR	\$ 316,503	316,503	225,317	(91,186)

See accompanying notes to required supplementary information.

**SALTON SEA AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NSBYC GRANT FUNDS**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 425,000	425,000	185,689	(239,311)
TOTAL REVENUES	425,000	425,000	185,689	(239,311)
EXPENDITURES:				
Administration	100,000	100,000	51,792	48,208
Technical and project support	325,000	325,000	135,040	189,960
TOTAL EXPENDITURES	425,000	425,000	186,832	238,168
Excess (deficiency) of Revenues over (under) Expenditures	-	-	(1,143)	(1,143)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net changes in fund balance	-	-	(1,143)	(1,143)
FUND BALANCE AT BEGINNING OF YEAR	18,185	18,185	-	18,185
FUND BALANCE AT END OF YEAR	\$ 18,185	18,185	(1,143)	17,042

See accompanying notes to required supplementary information.

## **SALTON SEA AUTHORITY**

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

Year ended June 30, 2020

#### **(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.

## MEMO

TO: SSA Directors and General Manager Patrick O'Dowd  
FROM: Lisa Moore and Lowry Crook  
RE: **Federal Update**  
DATE: December 11, 2020

This memo provides a brief update on SSA federal activities, the legislative outlook and transition activities.

### **(1) Water Resources Development Act (WRDA 2020) SSA-Requested Salton Sea Provision**

On December 8, 2020, the House of Representatives passed WRDA 2020 which includes a provision requested by SSA authorize a Corps feasibility study for a Salton Sea perimeter lake or subset thereof. While the Salton Sea has been heavily studied, a Corps-approved feasibility study is a legal prerequisite to securing such construction funding.

While Congress strictly limits the authorization of new studies, we were able to modify a WRDA Salton Sea provision in an older WRDA law to authorize this new perimeter lake provision. The new authorization included in WRDA 2020 allows the Corps to initiate a federal study of the perimeter lake, or to approve a similar study conducted by state or local authorities.

SSA requested this provision to ensure that the Corps could approve state or locally-conducted studies of a perimeter lake, thereby opening the door to Corps construction funding for that project. It also would allow the Corps to undertake such a study itself, which would have the same effect. One option moving forward would be for SSA to seek such a Corps-funded study on the larger perimeter lake or another piece of it as the North Lake pilot proceeds. We would need to secure federal appropriations and a “new start” authorization for the Corps to directly undertake a feasibility study of a larger perimeter lake project. Those studies are generally cost-shared 50/50 between the Corps and the local sponsor, and can cost up to a maximum of \$3 million.

The new Salton Sea provision was originally included in the House version of the bill by Congressmen Ruiz and Vargas, but was not included in the Senate version of the bill. During conference negotiations to arrive at a final bill, the Senate agreed to include the Salton Sea provision. The final bill must still be approved by the Senate and signed by President Trump.

In the Senate, the bill has encountered some late objections. While the timing of further consideration in the Senate is now unclear, the final bill would be the starting point for moving the bill in the next Congress if it fails to pass the Senate before Congress adjourns in December. WRDA 2020 may be found through the link below. The Salton Sea provision is at page 162. <https://docs.house.gov/billsthisweek/20201207/BILLS-116s1811-SUS.pdf>

## **(2) Ruiz Salton Sea Legislation Introduced**

At the September 24, 2020 Salton Sea hearing, witnesses for the state of California unequivocally expressed the need for greater federal engagement at the Salton Sea. For example, at the hearing CNRA Secretary Crowfoot told Congress that “without federal funding ... we’re not actually going to be able to materialize these projects in the timeframe that we need.”

On November 17, 2020, Congressmen Ruiz and Vargas introduced the Salton Sea Public Health and Environmental Protection Act (H.R. 8775) to mobilize this federal engagement. The legislation may be found at <https://ruiz.house.gov/media-center/press-releases/ruiz-introduces-legislation-bring-major-federal-investment-salton-sea>

The bill requires the federal government to restore exposed Salton Sea playa, to convene a Salton Sea Management Council to expedite federal permitting and funding for the Salton Sea, and directs other federal agencies like the U.S. Department of Agriculture to target funding to the sea. This is the first Salton Sea legislative measure to squarely create a federal mandate to contribute to Salton Sea management. SSA consulted with Congressman Ruiz in the drafting of the legislation.

## **(3) Congressman Ruiz Elected Chair of Congressional Hispanic Caucus**

On December 8, 2020, Congressman Ruiz was elected to lead the Congressional Hispanic Caucus (CHC). The CHC was founded in 1976 as a House of Representatives legislative service organization. The CHC is a politically important organization that frames and advances a legislative agenda to address issues affecting Hispanics in the United States, Puerto Rico, and the Commonwealth of the Northern Mariana Islands. Congressman Ruiz’s new role provides the opportunity to elevate such issues in the Salton Sea region.

## **(4) Biden Transition**

The Biden transition has begun announcing nominees for Cabinet and other high-level positions. With the exception of USDA and OMB, President-elect Biden has not yet announced nominees of high relevance to the Salton Sea. The Secretary of the Interior, the Commissioner of Reclamation, the Assistant Secretary for Civil works for the Corps and the Administrator of the Environmental Protection Agency have not been announced.

The Biden transition team did announce the nomination of Tom Vilsack to be USDA Secretary. Vilsack served as Secretary for all eight years of the Obama Administration. California Department of Food and Agriculture Secretary Ross served as Vilsack’s Chief of Staff. Vilsack undertook several initiatives to address western drought during his tenure and took an expansive view of USDA’s role in conservation.

The Biden transition has telegraphed that it will raise the profile of environmental justice concerns through its selections to the Council on Environmental Quality, a high-level office that manages big picture administration environmental priorities. This will likely provide us with the opportunity to raise the profile of Salton Sea concerns.

The Senate would typically conduct hearings on Biden nominees in advance of the inauguration on January 20, 2021 so that the Senate could approve the Biden Cabinet on that day. Several Republican Senate Committee chairs have not committed to holding such hearings in advance of the inauguration. This could result in the situation that cabinet-level nominees are not in place at the start of the new administration. Two Georgia Senate elections will take place on January 5, 2021, which may impact the control of the Senate and affect the consideration of President-elect Biden's nominees.

**(5) *Looking Ahead: Economic Stimulus and Infrastructure Legislation***

Economic stimulus and infrastructure legislation will likely be a leading priority for the new administration in 2021. The Obama Administration took office in the midst of a recession and quickly worked with Congress to craft the American Recovery and Reinvestment Act of 2009, which was enacted shortly after Obama took office. How quickly stimulus legislation will move in 2021 will be somewhat dependent on the outcome of the Georgia Senate races which will determine control of the Senate. Regardless, SSA may have the opportunity to advance its legislative priorities in the stimulus and infrastructure debate.



TO: Salton Sea Authority Board of Directors  
FROM: Oracio Gonzalez, Ollin Strategies  
DATE: October 2021  
SUBJECT: California State of Play

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This memorandum provides a brief summary of the dynamics and issues areas that will be in play during the coming year in Sacramento and that the Authority will be able to influence to the benefit of the Salton Sea Region.

### **State Budget**

In November, the State's Department of Finance announced that as a result of a surprisingly fast economic rebound advantaging higher-income Californians, and the conservative budget assumptions used to craft the last budget, the state would experience a one-time budget surplus of \$25 billion. While the Department noted a level of uncertainty was inherent in its forecast because of the ongoing pandemic, it felt confident the surplus would be within \$12 and \$40 billion. As of December, however, the state is forecasting a more modest surplus of only \$15 billion. The Governor will use the \$15 billion surplus figure to develop his proposed budget, which he will release on January 10, 2020. As the state continues to deal with the COVID-19 pandemic, and the likely devastating impact the most recent round of shut down orders will have on our economy, there will be strong resistance to authorizing spending on new programs. Instead, to the extent spending is increased, it will be to reverse the aggressive trigger cuts to education and health and human services programs that were put in place during the last budget, as well as replenishing the state's Rainy-Day Fund.

### **General Obligation Bonds**

During the previous legislative session, Governor Newsom proposed an investment of \$220 million for the Salton Sea Management Plan as part of a general obligation bond. The bond, which he included as part of his state budget proposal, would have gone before voters if it was adopted and passed by the legislature.

Independent of the Governor's proposal, Assemblymember Eduardo Garcia and Senator Ben Allen introduced separate bond proposals that would also invest heavily in the Salton Sea. Unfortunately, as a result of the COVID-19 pandemic and the economic devastation it caused to the state, the Governor withdrew his bond proposal. Separately, the Legislature moved to squash the bond proposals of Mr. Garcia and Mr. Allen on the grounds that only items dealing directly with the COVID-19 pandemic would be allowed to move forward.

There is considerable interest in moving a bond proposal forward during this year's legislative session. Already, a measure has been introduced in the Senate, SB 45, that would place a \$5.5 billion general obligation bond before voters. Included in this bond is language allocating \$185 million for the Salton Sea. Specifically, \$165 million would be allocated to the Natural Resources Agency for the Salton Sea Management Program. In addition, \$20 million would be

allocated to the Salton Sea Authority for purposes consistent with the New River Water Quality, Public Health, and River Parkway Development Program.

It is anticipated a similar bond will also be introduced in the Assembly.

As the legislative session progresses, we will have the opportunity to engage in these bond negotiations to ensure they reflect the priorities of the Salton Sea Authority.

### **Lithium Blue Ribbon Commission**

On December 9, 2020, the California Energy Commission appointed the following members to the Lithium Blue Ribbon Commission:

1. **Manfred Scott**, Quechan Indian Tribe – General member
2. **Jonathan Weisgall**, Berkshire Hathaway Energy – Represents the lithium extraction industry
3. **Roderic Dolega**, Ford EV Purchasing – Represents a national vehicle manufacturer organization
1. **Frank Ruiz**, Salton Sea Program Director for Audubon California – Represents a local environmental organization
2. **Ryan E. Kelley**, County of Imperial – Represents a local city or county government in the Salton Sea geothermal resource area
3. **James C. Hanks**, Imperial Irrigation District – Represents a local public electric utility
4. **Luis Olmedo**, Comite Civico Del Valle, Inc. – Represents disadvantaged and low-income communities in the Salton Sea geothermal resource area
5. **Arthur Lopez**, Torres Martinez Desert Cahuilla Indians – Represents a local tribal community
6. **Rod Colwell**, Controlled Thermal Resources – Member with knowledge of economics and the effectiveness of local, state, and federal incentives.

There are five remaining slots that have yet to be filled. Specifically, the California Public Utilities Commission, the California Natural Resources Agency, the State Senate, the State Assembly and the Governor are expected to make their appointments (five total) once the bill creating the commission becomes law in January. As the Commission commences its work, the Authority should monitor the Commission's progress to ensure its work reflects the Authority's priorities.

### **Energy Procurement**

Closely related to the work of the Lithium Commission is ensuring geothermal energy from the Salton Sea region is procured as part of any effort to accelerate the State's Renewable Portfolio Standard. In addition, there is an emerging consensus about the need to create a central procurement entity to ensure grid reliability for the whole state, which could enable geothermal procurement. The Authority should stay abreast of any legislation to effectuate these goals to ensure it reflects the Authority's priorities for the Salton Sea Region.