

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

This memorandum provides a brief summary of recent actions and legislation that has been introduced which the Authority will be able to influence to the benefit of the Salton Sea Region.

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 climate resiliency bond proposal forward during this year's legislative session. On Friday, Assemblymember Eduardo Garcia introduced legislation, AB 1500, that would place a \$6.7 billion general obligation bond before voters. As part of that bond, \$240 million would be invested in the Salton Sea. Of this amount, \$30 million would be made available to the Salton Sea Authority. Note, of this \$30 million, \$2 million would be set aside for projects developed and prioritized using a public participatory budgeting process.

Previously, Senator Ben Allen had introduced SB 45, a measure placing a \$5.5 billion-dollar general obligation bond before voters. As part of this measure, \$185 million would be invested in the Salton Sea. Specifically, \$165 million would be allocated to the Natural Resources Agency for the Salton Sea Management Program. The remaining \$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.

Legislation

Last week, Senator Melissa Melendez introduced SB 527, a measure that will redirect funding from the state's high speed rail project to the restoration of the Salton Sea. Under current law, California continuously appropriates 25% of the annual proceeds of Greenhouse Gas Reduction Fund ("Cap and Trade") to the High-Speed Rail Authority. Under Senator Melendez's legislation, California would redirect, on a continuous basis, this 25% set aside to the Salton Sea

Restoration fund for purposes of meeting the state's legal obligation to the region and restoring the Salton Sea.

Lithium

This month, the Speaker of the Assembly agreed to create a Select Committee on California's Lithium Economy with the goal of exploring how the state can enable the creation of California's Lithium Valley in the Salton Sea region. Assemblymember Eduardo Garcia will chair the Committee. Topics that will be investigated include state tools to help finance manufacturing or other lithium enabling infrastructure, as well as identifying and streamlining regulatory hurdles that could hamper the development of the Lithium Valley.

With over a thousand bills introduced last week, Ollin Strategies continues to review these bills and we will continue to highlight measures of relevance to the Salton Sea region as we identify them.