



Salton Sea Authority Board of Directors Meeting

Thursday, October 28, 2021
10:00 a.m.

Via Zoom Webinar



AGENDA:
DATE:
LOCATION:

BOARD OF DIRECTORS MEETING
Thursday, October 28, 2021
10:00 a.m.
Via Zoom Webinar

VIRTUAL MEETING

Pursuant to Assembly Bill 361, this meeting may be conducted by Zoom webinar and there will be no in-person public access to the meeting location.

The public will be able to view the meeting live at 10:00 a.m. October 28. Please see the meeting login information at <http://SaltonSea.com/meetings>, or access www.zoom.us, click "Join Meeting," and enter Webinar ID 857 5656 4496 and Passcode 419267.

I. CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

*A copy of the agenda and supplemental materials will be available for viewing or download at:
<http://SaltonSea.com/meetings>*

II. PUBLIC COMMENTS

This Public Comments time is reserved for matters not included under "Action Items" or otherwise not on the agenda.

*Any member of the public may address the Board relating to any matter within the Authority's jurisdiction and are invited to speak to any specific **Action Item** listed in the agenda at the time it is called; **all other agenda items should be addressed during this general public comment period.** California law prohibits members of the Board from taking action on matters not on the agenda.*

Remarks shall be limited to a maximum of three (3) minutes.

*Public comment may be delivered **verbally** during the meeting. To do so, use Zoom's "raised hand" feature, or by phone press *9 to be acknowledged.*

*You may also **email your comments to info@saltonsea.com** (include in your subject line "Public Comment, 10/28/21 SSA board meeting.") Hand-delivered comments should be placed in an envelope addressed to "Board Secretary, Salton Sea Authority," delivered to 82995 Highway 111, Suite 200, Indio, California, and left with the attending security officer.*

*All written comments should include your name, address (addresses will be redacted), and whether it is for general public comment or a specific agenda item (number and topic). Comments received in writing, either by email or written, will be distributed to the Board, posted on the Salton Sea Authority website for public review and, if received **before noon on Wednesday October 27**, will be acknowledged during public comments. Written comments will not be read aloud into the public record.*

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 – Approve, Receive, and File
 - 1. AB 361 Remote Meeting Authorization for October 28, 2021
 - 2. Minutes of Salton Sea Authority Board Meeting September 23, 2021
 - 3. Warrant Register Ratification for September 2021
 - 4. Internal Financial Report for: 7/01/2021 – 8/31/2021
 - 5. Change December 2021 meeting date from the 16th to the 9th
 - 6. Approve 2022 Meeting Schedule
- B. Presentation and Approval: Audit Report for Salton Sea Authority FY 2020-2021 – Shannon Ayala, CPA, Partner, Davis Farr
- C. Review North Lake Demonstration Project Contract with County – Robert Hargreaves, Esq. – Staff Recommendation: approve as submitted

V. SPECIAL PRESENTATIONS AND RECOGNITIONS

- A. State report on vegetation projects on West Shore and East Bombay Beach – Evon P. Willhoff, Program Manager I, CDWR Salton Sea Program
- B. Presentation by Lauren Elachi, Senior Design Coordinator, Kounkuey Design Initiative (KDI)
- C. Presentation of Leadership Recognition Plaque to Director Alex Cárdenas

VI. DISCUSSION ITEMS

- A. Standardized procedure regarding letters of support for for-profit and non-profit enterprises doing work at or around the Sea. Discussion and possible action/board direction.

Staff Recommendation: Adopt proposed resolution and template letters of support as an ongoing policy in support of such efforts, or as the Board may otherwise direct.

VII. REPORTS

A. Federal

1. Federal Activities – Lisa Moore Lehman, Partner, Cultivating Conservation
2. US Bureau of Reclamation – Genevieve Johnson, Program Manager for the Salton Sea

B. State

1. State Advocacy Report – Oracio Gonzalez, Principal, Ollin Strategies
2. State of California – Evon Willhoff, Program Manager 1, Salton Sea Program, Department of Water Resources
3. Salton Sea State Recreation Area Update on Activities – Steve Quartieri, District Superintendent, California State Parks

C. Local

1. Salton Sea Action Committee (SSAC) – Alan Pace, SSAC President

D. General Manager's Report and Comments

1. GM Report – G. Patrick O'Dowd, Executive Director/GM, Salton Sea Authority

VIII. ADJOURNMENT

NEXT MEETING TIME & LOCATION:

(Subject to board action on October 28, 2021)

Thursday, December 9, 2021, at 10:00 a.m.

Location:

County of Imperial Board of Supervisor Chambers
County Administration Center
940 West Main Street, Suite 211
El Centro, CA. 92243

Participation will also be available via Zoom

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.

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: AB 361 Remote Meeting Authorization for October 28, 2021
CM No. IV.A.1 - 10-28-2021

GENERAL:

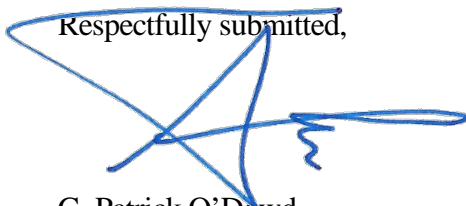
AB 361 (Government Code Section 54953(e)) provides that a local agency may employ remote teleconferencing upon a monthly finding by the governing board that certain circumstances exist, among those that there is a Governor-declared emergency and state or local officials are recommending social distancing. Both of those circumstances currently exist.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board authorize this meeting to be held remotely via Zoom webinar by adopting the following finding:

The Board of Directors of the Salton Sea Authority hereby finds that the State of California continues in a Governor-declared state of emergency to combat the Covid epidemic and state and local health officials are recommending social distancing, and consequently the Authority Board and its other Brown-Act bodies will continue to employ remote teleconferencing under Government Code Section 54953(e).

Respectfully submitted,



G. Patrick O'Dowd
Executive Director/GM



OFFICIAL PROCEEDINGS

SALTON SEA AUTHORITY

BOARD OF DIRECTORS MEETING

September 23, 2021

I. CALL TO ORDER

The regularly scheduled meeting of the Salton Sea Authority (“Authority”) Board of Directors (“Board”) was called to order by V. Manuel Perez, President, at 10:00 a.m., Thursday, September 23, 2021, via Zoom webinar.

PLEDGE OF ALLEGIANCE

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

ROLL CALL:

DIRECTORS PRESENT

V. Manuel Perez, President
Luis A. Plancarte, Vice-President
Altrena Santillanes, Secretary*
Anthony Bianco, Treasurer*
Ryan E. Kelley, Director*
Thomas Tortez, Director
Alex Cárdenas, Director
Jeff Hewitt, Director
Arturo Delgado, Ex-Officio Member

AGENCY

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

** Directors Santillanes, Kelley, and Bianco arrived at 10:07, 10:08, and 10:17 respectively, prior to IV. Action Items.*

DIRECTORS ABSENT

Cástulo R. Estrada, Director
Norma S. Galindo, Director

AGENCY

Coachella Valley Water District
Imperial Irrigation District

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

SALTON SEA AUTHORITY STAFF PRESENT

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

MEMBERS OF THE PUBLIC PRESENT

There were 40 public attendees present via Zoom and 21 participants including the board members and staff.

II. PUBLIC COMMENTS

Written comments: (none)

Verbal comments:

- Mr. Chuck Parker expressed concerns regarding Red Hill Bay.
- Mr. Tom Sephton echoed Mr. Parker's concerns, and provided additional comments on a possible US Army Corps of Engineers' feasibility study.
- Ms. Feliz Nunez expressed her concerns regarding community health and the safety of the Alamo and New rivers.

III. BOARD MEMBER COMMENTS

- SSA President Perez welcomed the newly elected officers, thanked his predecessor Director Cardenas for his service, recognized the remaining board members, and shared a list of goals for this next year.
- Director Cardenas welcomed the public and directors and said he was looking forward to the discussion regarding establishing a policy regarding resolutions and letters of support.
- Director Kelley shared that a media day would be held on October 1 at the south Salton Sea at Energy Source to educate the media and others on geothermal, mineral extraction, and their impacts.
- Director Plancarte congratulated President Perez on his first meeting, looks forward to a very productive year and serving together with him and all directors, agencies, and members of the public.

IV. ACTION ITEMS

A. CONSENT CALENDAR – Approve, Receive, and File

1. Minutes of SSA Board Meeting June 24, 2021
2. Warrant Register Ratifications for June 2021
3. Warrant Register Ratifications for July 2021
4. Warrant Register Ratifications for August 2021

5. Internal Financial Report for: 7/01/2020 - 6/30/2021

6. Internal Financial Report for: 7/01/2021 - 7/31/2021

On motion by Plancarte and second by Cardenas, the Board approved the Consent Calendar to be received and filed.

(Public comment was invited, none received.)

Approved by the following vote:

AYES: Directors Perez, Hewitt, Plancarte, Kelley, Santillanes, Tortez, Bianco*, Cardenas*

NOES: None

ABSENT: Directors Estrada* and Galindo*

ABSTAINED: None

MOTION PASSED: Unanimously

**In keeping with the Salton Sea Authority bylaws, a single director carries the vote of both directors of the agency when the second director of the same agency is absent.*

B. Update Facsimile Signature Policy

The Executive Director recommended the board's adoption of the policy submitted by Salton Sea Authority's counsel and reviewed by staff as to useability to provide a formalized, board-approved policy addressing the use of electronic signatures in current-day office practices.

On motion by Bianco and second by Santillanes, the Board approved the policy.

(Public comment was invited, none received.)

Approved by the following vote:

AYES: Directors Perez, Hewitt, Plancarte, Kelley, Santillanes, Tortez, Bianco*, Cardenas*

NOES: None

ABSENT: Directors Estrada* and Galindo*

ABSTAINED: None

MOTION PASSED: Unanimously

**In keeping with the Salton Sea Authority bylaws, a single director carries the vote of both directors of the agency when the second director of the same agency is absent.*

C. Consideration of Ad Hoc Committee Appointments for FY 2021-2022

President Perez invited the directors to volunteer to serve on one or more committees.

Executive Director O'Dowd introduced the ad hoc committee appointments.

The following are the proposed committee selections:

- ♦ Executive: Chair – President V. Manuel Perez, Vice-President Luis A. Plancarte
- ♦ Finance: Chair – Treasurer Anthony Bianco, members Director Alex Cardenas, and Director Jeff Hewitt.
- ♦ Personnel: Chair – Vice-President Luis A. Plancarte, members President V. Manuel Perez and Director Cástulo Estrada. (Director Estrada was selected in absentia and advised afterward.)
- ♦ Projects Committee: Chair – Director Ryan Kelley, members Director Altrena Santillanes, Director Alex Cardenas, and Ex-Officio member CNRA Assistant Secretary Arturo Delgado.

Brown Act quorum concerns were discussed and alleviated by Counsel.

On motion by Hewitt and second by Kelley, the Board approved the ad hoc committee appointments.

(Public comment was invited, none received.)

Approved by the following vote:

AYES: Directors Perez, Hewitt, Plancarte, Kelley, Santillanes, Tortez, Bianco*, Cardenas*

NOES: None

ABSENT: Directors Estrada* and Galindo*

ABSTAINED: None

MOTION PASSED: Unanimously

**In keeping with the Salton Sea Authority bylaws, a single director carries the vote of both directors of the agency when the second director of the same agency is absent.*

V. DISCUSSION ITEMS

A. Salton Sea Authority Policy Regarding Resolutions and Letters of Support

Executive Director O'Dowd asked the board to direct staff to develop a formalized procedure regarding letters of support that could be applied to private and non-profit enterprises.

President Perez agreed that the board should have such a policy and invited Director Cardenas to share his thoughts, as he had brought it up as well.

The discussion included suggestions:

- That the letters of support would not advocate for the project per se, but for the principles and policies consistent with the Authority's objectives, and provide support that would not be unique to an individual project
- That the policy would include that the Authority's purpose is to protect our environment and protect public health (their proposals must follow those guidelines)

- That the authority to decide whether to provide a letter or resolution of support would lie with the *ad hoc* Executive Committee, rather than with the Executive Director.

Chairman Perez recapped that this item does not require a vote and gave the Executive Director direction to work with Counsel on a draft procedure for future board consideration.

B. Board Meeting Dates, Times, and Locations in Consideration of COVID-19 Protocols

Discussion covered:

- * The possibility of in-person meetings, while there's still an expectation that social distancing and COVID constraints might continue for some time;
- * Meeting options in light of the fact that the executive order that made way for remote meetings expires October 1;
- * Include an evening meeting in Riverside County and an evening meeting in Imperial County;
- * Check with member agencies CVWD and Imperial County Supervisors (as well as other venues) re: use of their facilities.

VI. PRESENTATIONS

A. Monitoring Implementation Plan (MIP)

Dr. Ramona Swenson, Restoration Ecology Program Manager with Environmental Science Associates, an environmental consulting firm, is project manager for this effort. She briefed the board on the Monitoring Implementation Plan that is being developed by the Salton Sea Management Program. The MIP is not "yet another study," but is an ongoing monitoring of conditions to guide priorities and provide current data for the work being done.

VII. REPORTS

C. Local

(At the request of the Chairman, and the approval of the full board, Item C was taken out of order.)

1. Salton Sea Action Committee (SSAC)

Juan M. DeLara, immediate past president of Salton Sea Action Committee, reported on recent and upcoming SSAC activities on behalf of new SSAC President Alan Pace. They are recruiting members in Imperial County and will soon be filming a virtual tour of the Salton Sea to put on their website. Mark Grant is their new Vice-President.

A. Federal

1. Federal Activities

Lisa Moore Lehman, Partner, Cultivating Conservation, reported on progress on behalf of the Salton Sea made during the summer hiatus. (Her written report can be viewed at this meeting's web page.)

2. US Bureau of Reclamation – (none)

B. State

1. State Advocacy Report

Oracio Gonzalez, Principal, Ollin Strategies, reported that as the budget was being finalized in late August, it was discovered that funds that had been committed to the Salton Sea were not included in the budget. Immediate advocacy efforts were successful in getting \$40 million for the Salton Sea back into the final budget before it closed. The governor's commitment was for \$220 million; if the remaining \$180 million is not included in January's budget, he recommends immediate action to get it reinstated

2. State of California

Evon Willhoff, Program Manager 1, Salton Sea Management Program (SSMP), Department of Water Resources, provided an update on SSMP project status, upcoming plans and events, and on two new hires: James Newcom – Assistant Deputy Director of the California Department of Water Resources Salton Sea Program, based out of Sacramento, and Public Affairs Officer Miguel Hernandez, California Natural Resources Agency, based out of Imperial. Mr. Hernandez unmuted and announced the upcoming community engagement committee meeting.

3. Salton Sea State Recreation Area (none)

D. General Manager's Report and Comments

1. G. Patrick O'Dowd, Executive Director/GM, Salton Sea Authority, welcomed Miguel Hernandez to his new role and referred attendees to the GM report in the board packet, highlighting progress on the North Lake Pilot Demonstration Project.

VIII. ADJOURNMENT

There being no additional board member comments, Board President Perez adjourned the meeting at 11:56 a.m.

There being no objection, on motion by Director Santillanes and second by Director Kelley, the Chairman adjourned the meeting.

NEXT MEETING TIME & LOCATION:

SSA board meetings will be held via Zoom until further notice.

Thursday, October 28, 2021
10:00 a.m. via Zoom

Checking Account Activity

September 1, 2021 through September 30, 2021



Warrant Date	Warrant Number	Vendor Name	Amount
Beginning Cash			\$ 372,384.96
09/03/2021	EFT	Pitney Bowes	(10.00)
09/13/2021	EFT	Pacific Western Payment	(1,164.99)
09/19/2021	EFT	VISA Payment	(225.96)
09/16/2021	EFT	Pitney Bowes	(67.46)
09/20/2021	1252	Best, Best & Krieger	(4,170.00)
09/20/2021	1253	Cultivating Conservation	(7,000.00)
09/20/2021	1254	Eide Bailly LLP	(3,172.49)
09/20/2021	1255	OfficeTeam	(7,046.72)
09/20/2021	1256	Ollin Strategies	(5,000.00)
09/20/2021	1257	SystemGo IT LLC	(691.00)
09/20/2021	1258	Thill, Linda	(54.34)
Net Activity			(28,602.96)
Ending Cash			\$ 343,782.00



Salton Sea Authority Profit & Loss Budget to Actual

(Unaudited)

Year to Date through August 31, 2021

	General Fund	DWR - Prop 68 Grant	TOTAL	FY 21-22 Budget	% of Budget	\$ Variance
1 INCOME						
2 Local Government/Member Assessments	\$ 610,000	\$ -	\$ 610,000	\$ 610,000	100%	\$ -
3 Ex Officio State Dues	-	-	-	150,000	0%	(150,000)
4 Sponsorships	-	-	-	50,000	0%	(50,000)
5 Other Grants	-	-	-	80,000	0%	(80,000)
6 State of California Grants (Prop 68)	-	-	-	250,000	0%	(250,000)
7 Pooled Cash Allocated Interest	-	-	-	1,000	0%	(1,000)
8 Miscellaneous Revenue	-	-	-	-	0%	-
9 TOTAL INCOME	\$ 610,000	\$ -	\$ 610,000	\$ 1,141,000	53%	\$ (531,000)
10 EXPENSE						
11 SSA Administration						
12 Salaries & Benefits						
13 Total Salaries	\$ 48,089	\$ -	\$ 48,089	\$ 371,800	13%	\$ (323,711)
14 Total Employee Benefits	20,065	-	20,065	166,200	12%	(146,135)
15 Total Salaries & Benefits	68,154	-	68,154	538,000	13%	(469,846)
16 Contract Service / Professional						
17 DC Advocates	14,000	-	14,000	84,000	17%	(70,000)
18 Sacramento Advocate	10,000	-	10,000	60,000	17%	(50,000)
19 Grant Administration	-	-	-	100,000	0%	(100,000)
20 Contract Attorney	1,290	-	1,290	319,000	0%	(317,710)
21 Audit & Accounting	3,172	-	3,172	75,000	4%	(71,828)
22 Contract Service / Professional	28,462	-	28,462	394,000	7%	(365,538)
23 Equipment Maintenance	1,382	-	1,382	12,000	12%	(10,618)
24 Capital Equipment	-	-	-	2,400	0%	(2,400)
25 Insurance	1,544	-	1,544	9,300	17%	(7,756)
26 Office Expense/Operating Supplies	1,840	-	1,840	6,000	31%	(4,160)
27 Office Expense/Online Services	459	-	459	3,000	15%	(2,541)
28 Dues, Subscriptions	2,324	-	2,324	10,000	23%	(7,676)
29 Public Relations	-	-	-	-	0%	-
30 Travel/Mileage	1,360	-	1,360	84,000	2%	(82,640)
31 Technical Support - Consultant	-	-	-	24,000	0%	(24,000)
31 Utilities	-	-	-	3,000	0%	(3,000)
33 Total SSA Administration	105,526	-	105,526	1,085,700	10%	(980,174)
34 Grant Expenses						
35 EDA Salaries	-	-	-	-	0%	-
36 Contractors	-	-	-	-	0%	-
37 Total Grant Expenses	-	-	-	-	0%	-
38 TOTAL EXPENSE	105,526	-	105,526	1,085,700	10%	(980,174)
39 NET INCOME	\$ 504,474	\$ -	\$ 504,474	\$ 55,300		\$ 449,174

* 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 August 31, 2021

	General Fund	702 Fish Clean Up Trust	DWR - Prop 68 Grant	TOTAL
1 ASSETS				
2 Checking/Savings				
3 Cash - PW Checking	\$ 351,394	\$ 20,991	\$ -	\$ 372,385
4 Cash - RivCo Fund	71,503	-	-	71,503
5 RivCo investment fund	5,127	-	-	5,127
6 Cash - Petty Cash	-	-	-	-
7 Total Checking/Savings	428,023	20,991	-	449,014
8 Other Current Assets				
9 Due from Grant Funds	10,708	-	-	10,708
10 Prepaid Items	13,435	-	-	13,435
11 Interest Receivable	-	-	-	-
12 Grant Receivable	24,143	-	10,708	34,851
13 Total Other Current Assets	24,143	-	10,708	34,851
14 TOTAL ASSETS	\$ 452,166	\$ 20,991	\$ 10,708	\$ 483,866
15 LIABILITIES & FUND BALANCE				
Liabilities				
16 Accounts Payable	\$ -	\$ -	\$ -	\$ -
17 Credit Cards				
18 Credit Card Payable (Visa)	67	-	-	67
19 Credit Card Payable (Pac West)	1,165	-	-	1,165
20 Total Credit Cards	1,232	-	-	1,232
21 Other Current Liabilities				
22 Accrued Expenditures	10,172	-	-	10,172
23 Deferred Revenue	-	-	-	-
24 Accrued Payroll	-	-	-	-
25 Due to Other Funds	-	-	10,708	10,708
26 Due to EDA	-	-	-	-
26 Accrued Vacation	21,610	-	-	21,610
28 Total Other Current Liabilities	31,783	-	10,708	42,491
29 Total Liabilities	33,015	-	10,708	43,723
30 Fund Balance	419,152	20,991	-	440,143
31 TOTAL LIABILITIES & FUND BALANCE	\$ 452,166	\$ 20,991	10,708	\$ 483,866

* 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.

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: Change December 2021 meeting date from the 16th to the 9th
CM No. IV.A.5 - 10-28-2021

GENERAL:

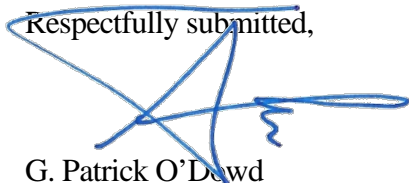
The previously approved Salton Sea Authority board meeting date of December 16, 2021, has been found to be in conflict with the CRWUA conference, which many of the directors regularly attend.

To avoid difficulty in obtaining a quorum, it is recommended that the meeting date be moved.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve moving the December 16, 2021, board meeting to December 9, 2021.

Respectfully submitted,



G. Patrick O'Dowd
Executive Director/GM

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: Approval of 2022 Meeting Schedule
CM No. IV.A.6 – 10-28-2021

GENERAL:

The recommended meeting schedule for next year is presented herewith. The dates were previously distributed to each member agency, and it was determined that the proposed dates were acceptable to the majority of board members.

In order to reduce the summer gap, the September meeting has been moved to August. This further allows the incoming Board President to timely appoint committees and provide direction and appropriate guidance to Staff.

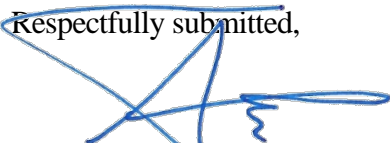
Proposed 2022 Board meeting dates:

January 27	May 26	September – no meeting
February 24	June 23	October 27, 2021
March 24	July – no meeting	November – no meeting
April 21	August 25	December 8

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the 2022 meeting schedule.

Respectfully submitted,



G. Patrick O'Dowd
Executive Director/GM

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: **Presentation and Approval - Audit Report for Salton Sea Authority FY 2020-2021**
CM No. **IV.B - 10-28-2021**

GENERAL:

Transmitted herewith please find the Fiscal Year 2020-2021 Audit Report prepared by the firm of Davis Farr LLP for your consideration, review and comment.

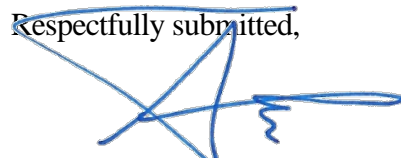
Ms. Shannon Ayala of Davis Farr LLP will present the Audit Report at the October 28, 2021, SSA Board meeting.

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, 2021. 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 August 23, 2021. 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 2021. 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. There were no such misstatements.

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 October 20, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Restriction on Use

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

DavisFarr LLP

Irvine, California
October 20, 2021

**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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salton Sea Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

October 20, 2021

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2021

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2021

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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, 2021, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2021, 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 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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, NSBYC Grant Fund, and Prop 68 DWR Grant 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 October 20, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
October 20, 2021

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, 2021. 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>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Cash	\$ 428,598	297,839	130,759
Grants receivable	30,974	66,584	(35,610)
Interest receivable	-	71	(71)
Prepaid items	5,296	18,112	(12,816)
Total assets	<u>\$ 464,868</u>	<u>382,606</u>	<u>82,262</u>
Liabilities:			
Accounts payable	\$ 17,929	33,616	(15,687)
Grants payable	12,346	49,012	(36,666)
Unearned revenue	460,000	-	460,000
Accrued expenditures	38,924	54,813	(15,889)
Total liabilities	<u>529,199</u>	<u>137,441</u>	<u>391,758</u>
Net position:			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	(85,322)	224,174	(309,496)
Total net position	<u>\$ (64,331)</u>	<u>245,165</u>	<u>(309,496)</u>

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

Statement of Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Member contributions	\$ 549,000	610,000	(61,000)
Intergovernmental	151,418	185,689	(34,271)
Interest	72	2,447	(2,375)
Other revenue	<u>251</u>	<u>786</u>	<u>(535)</u>
Total revenues	<u>700,741</u>	<u>798,922</u>	<u>(98,181)</u>
Expenditures			
Administration	866,155	822,767	43,388
Technical and project support	<u>144,082</u>	<u>138,878</u>	<u>5,204</u>
Total expenditures	<u>1,010,237</u>	<u>961,645</u>	<u>48,592</u>
Changes in net position	(309,496)	(162,723)	(146,773)
Beginning net position	<u>245,165</u>	<u>407,888</u>	<u>(162,723)</u>
Ending net position	<u>\$ (64,331)</u>	<u>245,165</u>	<u>(309,496)</u>

The decrease in intergovernmental revenue is due to lower reimbursement amount related to the North Shore Beach and Yacht Club (NSBYC) Grant as the project wraps up. The increase in technical and project support expenses is related to the continued NSBYC Grant from the Bureau of Reclamation, the Coachella Mountain Valley Conservancy, and the new DWR grant for the North Lake Demonstration Project.

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.

North Lake Demonstration Project for Proposition 68 from the Department of Water Resources (Prop 68 DWR Grant Fund)

The project will construct an approximately 156-acre lake at the northern end of the Salton Sea. The project provides for habitat enhancement and expansion located at the North end of the Salton Sea. The Project will have shallow habitat running along over one mile of shoreline and approximately 30 acres will be developed as deep-water habitat for fish.

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

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 \$1,877 due to lower than average interest income. Actual expenses were over budget by \$394,344 due to the delayed start of Prop 68 Grant activity.

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, 2021
(with comparative information for prior year)

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash	\$ 428,598	297,839
Grants receivable	30,974	66,584
Interest receivable	-	71
Prepaid items	<u>5,296</u>	<u>18,112</u>
TOTAL ASSETS	<u>464,868</u>	<u>382,606</u>
LIABILITIES:		
Accounts payable	17,929	33,616
Grants payable	12,346	49,012
Unearned revenue	460,000	-
Accrued expenses	<u>38,924</u>	<u>54,813</u>
TOTAL LIABILITIES	<u>529,199</u>	<u>137,441</u>
NET POSITION:		
Restricted for:		
Clean up activities	20,991	20,991
Unrestricted	<u>(85,322)</u>	<u>224,174</u>
TOTAL NET POSITION	<u>\$ (64,331)</u>	<u>245,165</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
STATEMENT OF ACTIVITIES

Year ended June 30, 2021
(with comparative information for prior year)

Function	Expenses	Operating Grants	Net Revenue (Expense)	
			2021	2020
Administration	\$ 866,155	25,735	(840,420)	(770,975)
Technical and project support	144,082	125,683	(18,399)	(4,981)
Total	<u>\$ 1,010,237</u>	<u>151,418</u>	<u>(858,819)</u>	<u>(775,956)</u>
General revenues:				
Member contributions			549,000	610,000
Interest			72	2,447
Other revenue			<u>251</u>	<u>786</u>
Total general revenues			<u>549,323</u>	<u>613,233</u>
Change in net position			(309,496)	(162,723)
Net position, beginning of year			<u>245,165</u>	<u>407,888</u>
Net position, end of year			<u>\$ (64,331)</u>	<u>245,165</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021
(with comparative information for prior year)

	General Fund	Special Revenue			Totals	
		Prop 68 DWR Grant Fund	Fish Clean Up Trust Fund	NSBYC Grants Fund	2021	2020
ASSETS:						
Cash	\$ 407,607	-	20,991	-	428,598	297,839
Grants receivable	-	18,327	-	12,647	30,974	66,584
Interest receivable	-	-	-	-	-	71
Due from other funds	18,628	-	-	-	18,628	17,228
Prepaid items	5,296	-	-	-	5,296	18,112
TOTAL ASSETS	\$ 431,531	18,327	20,991	12,647	483,496	399,834
LIABILITIES:						
Accounts payable	\$ 17,929	-	-	-	17,929	33,616
Grants payable	-	-	-	12,346	12,346	49,012
Unearned revenue	460,000	-	-	-	460,000	-
Accrued expenses	38,924	-	-	-	38,924	54,813
Due to other funds	-	18,327	-	301	18,628	17,228
TOTAL LIABILITIES	516,853	18,327	-	12,647	547,827	154,669
FUND BALANCES:						
Restricted for restoration activities	-	-	20,991	-	20,991	20,991
Unassigned	(85,322)	-	-	-	(85,322)	224,174
TOTAL FUND BALANCES (DEFICIT)	(85,322)	-	20,991	-	(64,331)	245,165
TOTAL LIABILITIES AND FUND BALANCES	\$ 431,531	18,327	20,991	12,647	483,496	399,834

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, 2021

Fund balances of governmental funds	\$ (64,331)
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Amounts reported for governmental activities in the statement of
net position are different because:

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

-

Net position of governmental activities	<u>\$ (64,331)</u>
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See accompanying notes to the basic financial statements.

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

Year ended June 30, 2021
(with comparative information for prior year)

	Special Revenue				Totals	
	General	Prop 68	Fish Clean	NSBYC	2021	2020
	Fund	DWR Grant	Up Trust	Grants		
	Fund	Fund	Fund	Fund		
REVENUES:						
Member contributions	\$ 549,000	-	-	-	549,000	610,000
Intergovernmental	-	18,327	-	133,091	151,418	185,689
Interest	72	-	-	-	72	2,447
Other revenue	<u>251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251</u>	<u>786</u>
TOTAL REVENUES	<u>549,323</u>	<u>18,327</u>	<u>-</u>	<u>133,091</u>	<u>700,741</u>	<u>798,922</u>
EXPENDITURES:						
Administration	858,744	-	-	7,411	866,155	822,767
Technical and project support	<u>-</u>	<u>18,327</u>	<u>-</u>	<u>125,755</u>	<u>144,082</u>	<u>138,878</u>
TOTAL EXPENDITURES	<u>858,744</u>	<u>18,327</u>	<u>-</u>	<u>133,166</u>	<u>1,010,237</u>	<u>961,645</u>
Excess (deficiency) of Revenues over (under) Expenditures	(309,421)	-	-	(75)	(309,496)	(162,723)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	1,218	1,218	6,644
Transfers out	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,218)</u>	<u>(6,644)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,218)</u>	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(310,639)	-	-	1,143	(309,496)	(162,723)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>225,317</u>	<u>-</u>	<u>20,991</u>	<u>(1,143)</u>	<u>245,165</u>	<u>407,888</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ (85,322)</u>	<u>-</u>	<u>20,991</u>	<u>-</u>	<u>(64,331)</u>	<u>245,165</u>

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, 2021

Net changes in fund balances - total governmental funds	\$ (309,496)
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Amounts reported for governmental activities in the statement of
activities are different because:

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

-

Change in net position of governmental activities	<u>\$ (309,496)</u>
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See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
Notes to the Basic Financial Statements
Year ended June 30, 2021

(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.

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

(1) Summary of Significant Accounting Policies (Continued)

The operations of each fund are accounted for with a separate set of self-balancing accounts 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's availability period is 180 days.

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 180 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.

Prop 68 DWR Grant fund – This fund accounts for the Department of Water Resources Proposition 68 grant activity related to providing habitat enhancement and expansion at the North end of the Salton Sea.

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. The government does not report any deferred inflows of resources.

(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, 2021 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$428,598</u>
Total cash	<u>\$428,598</u>

Cash as of June 30, 2021 consisted of the following:

Demand deposits	<u>\$428,598</u>
Total cash	<u>\$428,598</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 General Fund reports an ending fund balance deficit of \$85,322 due to the reduction of member dues by 10% compared to prior year and the delayed start of Prop 68 DWR grant activity.

REQUIRED SUPPLEMENTARY INFORMATION

SALTON SEA AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2021

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES:				
Member contributions	\$ 549,000	549,000	549,000	-
Interest	1,500	1,500	72	(1,428)
Other revenue	700	700	251	(449)
TOTAL REVENUES	<u>551,200</u>	<u>551,200</u>	<u>549,323</u>	<u>(1,877)</u>
EXPENDITURES:				
Administration	<u>464,400</u>	<u>464,400</u>	<u>858,744</u>	<u>(394,344)</u>
TOTAL EXPENDITURES	<u>464,400</u>	<u>464,400</u>	<u>858,744</u>	<u>(394,344)</u>
Excess (deficiency) of Revenues over (under) Expenditures	86,800	86,800	(309,421)	(396,221)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,218)</u>	<u>(1,218)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,218)</u>	<u>(1,218)</u>
Net changes in fund balance	86,800	86,800	(310,639)	(397,439)
FUND BALANCE AT BEGINNING OF YEAR	<u>225,317</u>	<u>225,317</u>	<u>225,317</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 312,117</u>	<u>312,117</u>	<u>(85,322)</u>	<u>(397,439)</u>

See accompanying notes to required supplementary information.

SALTON SEA AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PROP 68 DWR GRANT FUNDS**

Year ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance-
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive <u>(Negative)</u>
REVENUES:				
Intergovernmental	\$ 750,000	750,000	18,327	(731,673)
TOTAL REVENUES	<u>750,000</u>	<u>750,000</u>	<u>18,327</u>	<u>(731,673)</u>
EXPENDITURES:				
Technical and project support	<u>366,600</u>	<u>366,600</u>	<u>18,327</u>	<u>348,273</u>
TOTAL EXPENDITURES	<u>366,600</u>	<u>366,600</u>	<u>18,327</u>	<u>348,273</u>
Excess (deficiency) of Revenues over (under) Expenditures	383,400	383,400	-	(383,400)
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 383,400</u>	<u>383,400</u>	<u>-</u>	<u>(383,400)</u>

See accompanying notes to required supplementary information.

SALTON SEA AUTHORITY

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

Year ended June 30, 2021

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 79,600	79,600	133,091	53,491
TOTAL REVENUES	<u>79,600</u>	<u>79,600</u>	<u>133,091</u>	<u>53,491</u>
EXPENDITURES:				
Administration	-	-	7,411	(7,411)
Technical and project support	<u>79,600</u>	<u>79,600</u>	<u>125,755</u>	<u>(46,155)</u>
TOTAL EXPENDITURES	<u>79,600</u>	<u>79,600</u>	<u>133,166</u>	<u>(53,566)</u>
Excess (deficiency) of Revenues over (under) Expenditures	-	-	(75)	(75)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>1,218</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>1,218</u>
Net changes in fund balance	-	-	1,143	1,143
FUND BALANCE AT BEGINNING OF YEAR	<u>(1,143)</u>	<u>(1,143)</u>	<u>(1,143)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	\$ <u>(1,143)</u>	<u>(1,143)</u>	<u>-</u>	<u>1,143</u>

See accompanying notes to required supplementary information.

SALTON SEA AUTHORITY

Notes to Required Supplementary Information

Year ended June 30, 2021

(1) Budgets and Budgetary Data

The Authority is only required to adopt an annual budget for the general fund and each major 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.

(2) Excess of Expenditures Over Appropriations

The General, Prop 68 DWR, and NSBYC Grant Funds report an excess of expenditures over appropriations of \$396,221, \$383,400, and \$75 respectively. The General Fund and Prop 68 DWR Fund report actual expenditures greater than budgeted due to the delayed start of Prop 68 DWR grant activity. The NSBYC Grant Fund reports actual expenditures greater than budgeted due to increased technical support expenses relating to the wrap up of the project.

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: Review of North Lake Demonstration Project Contract with County
CM No. IV.C - 10-28-2021

GENERAL:

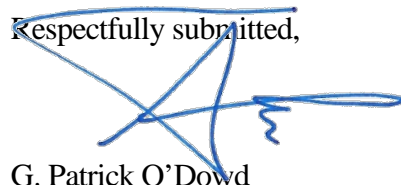
The North Lake Pilot Demonstration Project grant agreement between the Salton Sea Authority (the Authority) and the State of California Department of Water Resources (DWR) was signed on April 26, 2021 of this year, making available \$19.25 million for the design and construction of an approximate 156 acre lake (the "Project") to be situated in the vicinity of the North Shore Beach Yacht Club. Since then, the Authority and the County of Riverside ("County") have been negotiating an agreement to allow the County to act as the "Implementing Agency" for the design and construction of the Project.

That agreement was recently finalized, approved by the County Board of Supervisors by a 5-0 vote on October 19, 2021, and is attached hereto for your consideration.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the North Lake Demonstration Project Contract between the Salton Sea Authority and the County of Riverside as submitted.

Respectfully submitted,



G. Patrick O'Dowd
Executive Director/GM

1 AGENCY REIMBURSEMENT AGREEMENT
2 BY AND BETWEEN SALTON SEA AUTHORITY AND THE COUNTY OF RIVERSIDE
3 SALTON SEA NORTH LAKE PILOT DEMONSTRATION PROJECT
4 IN THE COUNTY OF RIVERSIDE
5

6 This Agency Reimbursement Agreement ("AGREEMENT") is entered into by and between the
7 County of Riverside, a political subdivision of the State of California, ("COUNTY" or "AGENCY") and
8 the Salton Sea Authority, a California joint powers authority ("SSA"). COUNTY and SSA are sometimes
9 hereinafter referred to individually as "PARTY" and collectively as "PARTIES". This made with reference
10 to the following background facts and circumstances:

11 RECITALS

- 12 A. The "Salton Sea North Lake Pilot Demonstration Project", is the first phase component of
13 the larger North Lake Project. This demonstration Project will be the first phase of a project
14 in the Whitewater Area identified in the Salton Sea Management Program: Phase 1 10-Year
15 Plan; and
- 16 B. Senate Bill 839 authorized the State of California Department of Water Resources ("DWR")
17 to lead the Salton Sea restoration efforts for projects at the Salton Sea; and
- 18 C. Proposition No. 68 Chapter 8 Section 80110 (a) allocated 30 million dollars (\$30,000,000)
19 to the Salton Sea Authority capital outlay projects that provide air quality and habitat benefits
20 and that implement the California Natural Resources Agency's Salton Sea Management
21 Program. Of this amount, not less than 10 million dollars (\$10,000,000) shall be allocated to
22 the New River, Water Quality, Parkway Development Program; and
- 23 D. On April 26, 2021, the SSA entered into a Grant Agreement with the State of California
24 (DWR), Agreement No. 4600013991, Proposition 68 Local Assistance Grant ("GRANT
25 AGREEMENT") (attached hereto as Exhibit 1) in the amount of 19.25 Million dollars
26 (\$19,250,000) for the construction of the North Lake Demonstration Pilot Project (herein
27 identified as the "Project") at the north end of the Salton Sea, located within the County of
28

Riverside. The Project would consist of an approximately 156-acre lake with both shallow and deep-water fish and bird habitat and would also incorporate recreational uses; and

E. The Grant Agreement includes the following exhibits, among others:

1. Exhibit A – Work Plan, which describes a series of tasks and deliverables
2. Exhibit B – Budget, for each budget category, which includes multiple tasks
3. Exhibit C – Schedule, including start and end dates for the various tasks
4. Exhibit D – Standard Conditions
5. Exhibit F – Report Formats and Requirements
6. Exhibit G – Requirements for Statewide Monitoring and Data Submittal
7. Exhibit H – State Audit Document Requirements for Grantees
8. Exhibit I – Monitoring and Maintenance Plan Components
9. Exhibit J – Project Preliminary Alternative Locations

F. The Work Plan (Exhibit A to GRANT AGREEMENT) designates the SSA as “Grantee” and the County of Riverside as the “Implementing Agency.” Some of the tasks under the work plan are allocated to either “Grantee” or “Implementing Agency”. Other tasks are not specifically allocated to either. The purpose of this AGREEMENT is to provide a framework for SSA and the COUNTY in consultation with the DWR, to develop specific Task Orders that will more clearly define responsibilities of the COUNTY in implementing the Work Plan, including tasks, budgets, schedules, and deliverables. Task Orders issued by the SSA, and countersigned by the COUNTY, will be considered amendments to this AGREEMENT, and will incorporate the terms of this AGREEMENT and the GRANT AGREEMENT.

TERMS

NOW, THEREFORE, in consideration of the mutual promises contained herein, the PARTIES hereto agree as follows:

1. The program embodied in this AGREEMENT for the reimbursement of funds by SSA shall apply only to the Salton Sea North Lake Pilot Demonstration Project.

2. The Project is generally described as, and consists of, the following: the Project is the first phase of a project in the Whitewater Area identified in the Salton Sea Management Program: Phase 1 10-Year Plan, consisting generally of an approximately 156-acre lake with both shallow and deep-water fish and bird habitat that would also incorporate recreational uses.
3. The scope of work of the Project is more particularly described in Exhibit "A" of the GRANT AGREEMENT (i.e. the Work Plan), attached hereto as part of the GRANT AGREEMENT and made a part hereof by this reference. The cost estimate for the Project is more particularly described in Exhibit "B" of the GRANT AGREEMENT, also attached hereto as part of the GRANT AGREEMENT. Each Task Order issued under the AGREEMENT shall include a budget intended to allow AGENCY to recover an amount representing the amount of time its employed staff will work on the Project, as well as, the amount AGENCY shall pay to outside contractors in connection with the Project.
4. AGENCY shall be responsible for initial payment of all covered costs under the Task Orders as they are incurred. Following payment of such costs, AGENCY shall submit invoices and other documentation to SSA requesting reimbursement of one hundred percent (100%) of those eligible costs associated with the Task Orders, in a manner consistent with the requirements of the GRANT AGREEMENT and this AGREEMENT. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to AGENCY, and documents evidencing AGENCY's payment of the invoices or demands for payment.
5. Pursuant to Section 16 of the GRANT AGREEMENT, prior to issuance of a construction contract, COUNTY and SSA will ensure that satisfactory arrangements have been made to fund costs of post-construction operation, maintenance, and monitoring and to amend this AGREEMENT to identify funding advances or other suitable financing arrangements for the construction contract and post-construction obligations.
6. Upon receipt of an invoice and any required accompanying documentation from AGENCY, SSA may request additional documentation or explanation of the Project costs. Undisputed

1 reimbursement amounts shall be paid by SSA to AGENCY within thirty (30) days of receipt
2 of corresponding funds from the DWR. AGENCY acknowledges that DWR will withhold
3 10% of the funds requested for reimbursement of the eligible project costs until the overall
4 project is completed pursuant to Section D.36) of Exhibit D, "Standard Conditions" of the
5 GRANT AGREEMENT.

6 7. The SSA and AGENCY agree to work together in good faith to clarify and/or rectify any
7 disputed invoices or reimbursements in a timely manner.

8 8. Prior to any final payment to AGENCY by SSA, a final report shall be submitted to SSA by
9 AGENCY containing a record of all payments made for said Project and the source of funds
10 of all such payments, together with a record of all change orders, cost over-runs, and other
11 expenses incurred. Final payment will thereafter be paid by SSA in accordance with its
12 rules, regulations and policies concerning project cost determination and expense eligibility.

13 9. The PARTIES agree, that should unforeseen circumstances arise, which result in new work
14 performed, not covered under individual Task Orders, an increase of any costs over those
15 shown in the Task Order or other changes in the Scope of Work are proposed, SSA will, in
16 good faith, consider an amendment to the Task Order, or, if necessary, this AGREEMENT,
17 to provide for further appropriate reimbursement, if the proposed amendment is in
18 accordance with the policies, procedures, and cost determination/expense eligibility criteria
19 adopted by SSA. Non-substantive changes may be made to this AGREEMENT or Task
20 Orders subject to COUNTY and SSA concurrent legal counsel approval.

21 10. AGENCY shall maintain an accounting of all funds received from DWR through the SSA,
22 in a manner consistent with Exhibit H (State Audit Document Requirements for Grantees)
23 of the GRANT AGREEMENT and any additional requirements specified pursuant to this
24 AGREEMENT, in accordance with generally accepted accounting principles. AGENCY
25 agrees to keep all Project contracts and records for a period of not less than three years from
26 the date a Notice of Completion is filed with the Riverside County Recorder's office, by the
27 AGENCY on such Project; or, if the Project is not one as to which a Notice of Completion
28

would normally be recorded, for three years from the date of completion. AGENCY shall permit SSA, at any reasonable time, upon reasonable notice, to inspect any records maintained in connection with the Project. SSA shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of making or not making any such inspection.

11. No waiver of any Event of Default or breach by one PARTY hereunder shall be implied from any omission by the other PARTY to take action on account of such default, and no express waiver shall affect any default other than the default specified in the waiver and the waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by one PARTY to or of any act by the other PARTY shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent or similar act.

12. This AGREEMENT is made and entered into for the sole protection and benefit of SSA and AGENCY and no third person shall have any right of action under this AGREEMENT.

13. AGENCY agrees to include in its contract specifications and bid documents all applicable requirements of the GRANT AGREEMENT and this AGREEMENT, as well as a requirement that all prime contractors shall name SSA and its member agencies as "Additional Insureds" on all liability insurance coverage required by AGENCY on each contract. AGENCY will provide a copy of the Insurance Certificate to SSA, depicting SSA and its member agencies as "Additional Insureds," within 30 days of signing a contract with the prime contractor.

14. Any dispute concerning a question of fact arising under this AGREEMENT that is not resolved by voluntary negotiations between the PARTIES, shall be elevated to the management level of the PARTIES to attempt to resolve. However, no action in accordance with this Section shall in any way limit either PARTY's rights or remedies through actions in a court of law with appropriate jurisdiction. Neither the pendency of dispute nor its

consideration by SSA will excuse AGENCY from full and timely performance in accordance with the terms of this AGREEMENT.

15. AGENCY warrants that all aspects of the Project shall be undertaken in compliance with the GRANT AGREEMENT and this AGREEMENT and all applicable local, state and federal rules, regulations and laws. AGENCY will execute and deliver to SSA such further documents and do other acts as SSA may reasonably request in order to comply fully with all applicable requirements and to effect fully the purposes of this AGREEMENT.

16. This AGREEMENT may not be assigned without the express written consent of SSA first being obtained.

17. No officer, or employee, or member of SSA or the AGENCY shall be personally liable to either PARTY, or any successor in interest, in the event of any default or breach by either PARTY or for any amount which may become due to AGENCY or to its successor, or for the breach of any obligation of the terms of this AGREEMENT by either PARTY.”

18. Notwithstanding any other provision herein, SSA shall not be liable for payment or reimbursement of any sums for which SSA has not first obtained the necessary and appropriate funding from DWR or another source of funds obtained by SSA for this Project, unless agreed to separately by both PARTIES. Moreover, there is no inherent requirement or responsibility on the part of the AGENCY to perform any specific task, work, or activities beyond what is specifically agreed to on an ongoing basis between the PARTIES.

19. No officer or employee of SSA or AGENCY shall have any personal interest, direct or indirect, in this AGREEMENT; nor shall any such officer or employee participate in any decision relating to this AGREEMENT which effects his or her personal interest or the interest of any corporation, partnership or association in which she or he is, directly or indirectly, interested, in violation of any State, federal or local law.

20. All notices, demands, invoices, and other communications required or permitted hereunder shall be in writing and delivered, either by mail or electronically, to the following addresses or such other addresses as the PARTIES may designate:

SALTON SEA AUTHORITY

82995 CA-111 #200

Indio, CA 92201

Attn: G. Patrick O'Dowd

COUNTY OF RIVERSIDE

4080 Lemon Street, 4th Floor

Riverside, CA 92501

Attn: Douglas Ordonez

Notices sent in accordance with this paragraph shall be deemed delivered upon the next business day following the: (i) date of delivery as indicated on the written confirmation of delivery (if sent by overnight courier service); (ii) the date of actual receipt (if personally delivered by other means); (iii) date of transmission (if sent by telecopier or facsimile machine); or (iv) the date of delivery as indicated on the return receipt if sent by certified or registered mail, return receipt requested. Notice of change of address shall be given by written notice in the manner detailed in this paragraph.

21. If any provision in this AGREEMENT is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.
22. This AGREEMENT is to be construed in accordance with the laws of the State of California.
23. The PARTIES hereto shall not assign this AGREEMENT without the written consent of the other PARTIES.
24. Any action at law or in equity brought by any of the PARTIES hereto for the purpose of enforcing a right or rights provided by this AGREEMENT shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the PARTIES hereto waive all provisions of law providing for a change of venue in such proceedings to any other county.
25. This AGREEMENT is the result of negotiations between the PARTIES hereto, and the advice and assistance of their respective counsel. The fact that this AGREEMENT was prepared as a matter of convenience by either PARTY shall have no import or significance. Any uncertainty or ambiguity in this AGREEMENT shall not be construed against the PARTY that prepared it in its final form.

1 26. Any waiver by either PARTY or any breach by any other PARTY of any provision of this
2 AGREEMENT shall not be construed to be a waiver of any subsequent or other breach of
3 the same or any other provision hereof. Failure on the part of either PARTY to require from
4 any other PARTY exact, full and complete compliance with any of the provisions of this
5 AGREEMENT shall not be construed as in any manner changing the terms hereof, or
6 estopping the PARTIES from enforcing this AGREEMENT.

7 This AGREEMENT is intended by the PARTIES as a final recognition of their
8 understanding with respect to the subject matter hereof and as a complete and exclusive
9 statement of the terms and conditions thereof and supersedes any and all prior and
10 contemporaneous agreements and understandings, oral and written, in connection therewith.
11 This AGREEMENT may be changed or modified only upon the written consent of the
12 PARTIES hereto.

13 27. The SSA shall indemnify and hold harmless the AGENCY, and its directors, officers, and
14 employees from and against all liabilities, including, without limitation, all claims, losses,
15 damages, penalties, fines and judgments, associated investigation and administrative
16 expenses, and defense costs, including, but not limited to, reasonable attorneys' fees, court
17 costs and costs of alternative dispute resolution that arise from any occurrence within any
18 portion of the Project that arises out of, pertains to, or relates to the SSA's failure to perform
19 the activities necessary to complete the Project and to comply with the terms and conditions
20 as is required in this AGREEMENT (collectively, "Claims"). Notwithstanding anything
21 else herein, the SSA shall fully indemnify, defend and hold the AGENCY harmless from
22 any liability imposed for any injury or damage occurring by reason of anything done or
23 omitted to be done by the SSA under or in connection with any obligation delegated to the
24 SSA under this AGREEMENT.

25 The AGENCY shall indemnify and hold harmless the SSA, and its directors, officers, and
26 employees from and against all Claims that arise from any occurrence within any portion of
27 the Project that is within the jurisdiction and control of the AGENCY and that do not arise
28

1 out of, pertain to, or relate to the SSA's failure to perform the activities necessary to complete
2 the Project and to comply with the terms and conditions as is required in this AGREEMENT.
3 Notwithstanding anything else herein, the AGENCY shall fully indemnify, defend and hold
4 the SSA harmless from any liability imposed for any injury or damage occurring by reason
5 of anything done or omitted to be done by the AGENCY under or in connection with any
6 obligation delegated to the AGENCY under this AGREEMENT.

7 28. This AGREEMENT may be executed in any number of counterparts, each of which will be
8 an original, but all of which together will constitute one instrument. Each PARTY of this
9 AGREEMENT agrees to the use of electronic signatures, such as digital signatures that meet
10 the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal.
11 Civ. Code §§ 1633.1 to 1633.17), for executing this AGREEMENT. The PARTIES further
12 agree that the electronic signatures included in this AGREEMENT are intended to
13 authenticate this writing and to have the same force and effect as manual signatures.
14 Electronic signature means an electronic sound, symbol, or process attached to or logically
15 associated with an electronic record and executed or adopted by a person with the intent to
16 sign the electronic record pursuant to the CUETA as amended from time to time. The
17 CUETA authorizes use of an electronic signature for transactions and contracts among
18 parties in California, including a government agency. Digital signature means an electronic
19 identifier, created by computer, intended by the PARTY using it to have the same force and
20 effect as the use of a manual signature, and shall be reasonably relied upon by the PARTIES.
21 For purposes of this section, a digital signature is a type of "electronic signature" as defined
22 in subdivision (i) of Section 1633.2 of the Civil Code.

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1 IN WITNESS WHEREOF, the PARTIES hereto have executed this AGREEMENT on,

2 _____.

3 Date

4
5 COUNTY OF RIVERSIDE

6 RECOMMENDED FOR APPROVAL:

7 By _____

8 RANIA ODENBAUGH

9 Executive Office- Deputy Director of Admin Services

APPROVAL:

By _____

KAREN SPIEGEL

County of Riverside, Board of Supervisors

10
11 APPROVED AS TO FORM:

12 GREGORY P. PRIAMOS

13 County Counsel

ATTEST:

KECIA HARPER

Clerk of the Board

14
15 By  _____

16 AARON C. GETTIS

17 Supervising Deputy County Counsel

By _____

Deputy

(SEAL)

1 SALTON SEA AUTHORITY

2
3 RECOMMENDED FOR APPROVAL:

APPROVAL:

4
5 By _____

By _____

6 G. PATRICK O'DOWD,

V. MANUEL PEREZ , PRESIDENT

7 EXECUTIVE DIRECTOR

1 "EXHIBIT 1"

2 GRANT AGREEMENT BETWEEN THE STATE OF CALIFORNIA

3 (DEPARTMENT OF WATER RESOURCES)

4 AND SALTON SEA AUTHORITY

5 AGREEMENT NUMBER 4600013991

6 PROPOSITION 68 LOCAL ASSISTANCE GRANT

7
8 GRANT AGREEMENT BETWEEN THE STATE OF CALIFORNIA (DEPARTMENT OF
9 WATER RESOURCES) AND

10 SALTON SEA AUTHORITY AGREEMENT NUMBER 4600013991

11 PROPOSITION 68 LOCAL ASSISTANCE GRANT

12
13 THIS GRANT AGREEMENT is entered into by and between the Department of Water Resources
14 of the State of California, herein referred to as the "State" or "DWR" and Salton Sea Authority, a joint
15 powers authority in the State of California, duly organized, existing, and acting pursuant to the laws thereof,
16 herein referred to as the "Grantee", which parties do hereby agree as follows:

- 17 1. PURPOSE. State shall provide funding from the California Drought, Water, Parks, Climate,
18 Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68) to Grantee to
19 assist in financing a project pursuant to Public Resources Code section 80110, subd. (a).
- 20 2. TERM OF GRANT AGREEMENT. The term of this Grant Agreement begins on the date
21 this Grant Agreement is initially executed by the State, through final payment plus three (3)
22 years unless otherwise terminated or amended as provided in this Agreement. However, all
23 work shall be completed by September 30, 2024 and no funds may be requested after
24 December 31, 2024.
- 25 3. GRANT AMOUNT. The maximum amount payable by the State under this Grant
26 Agreement shall not exceed \$19,250,000.
- 27 4. GRANTEE'S RESPONSIBILITY. Grantee and its representatives shall:
- 28

- a) Faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A (Work Plan) with specific deliverables and in accordance with Exhibit B (Budget) and Exhibit C (Schedule). Any deviations to deliverables, budget changes or schedules targets will be approved by DWR pursuant to Paragraph D.3 in Exhibit D, "Standard Conditions"
- b) Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Grantee in the documents, amendments, and communications filed in support of its request for California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 financing.
- c) Comply with all applicable California laws and regulations.
- d) Implement the project in accordance with applicable provisions of the law.
- e) Fulfill its obligations under the Grant Agreement and be responsible for the performance of the project.

5. BASIC CONDITIONS. The State shall have no obligation to disburse money for the project under this Grant Agreement until the Grantee has satisfied the following conditions:

- a) The Grantee submits deliverables as specified in Paragraph 15 of this Grant Agreement and in Exhibit A.
- b) Prior to the commencement of construction or implementation activities, Grantee shall submit the following to the State:
 - 1) Final plans and specifications certified, signed, and stamped by a California Registered Professional Civil Engineer for the project listed in Exhibit A of this Grant Agreement.
 - 2) Work that is subject to the California Environmental Quality Act (CEQA) and or environmental permitting shall not proceed under this Grant Agreement until the following actions are performed:

- i) The Grantee submits to the State all applicable environmental permits,
- ii) Documents that satisfy the CEQA process are received by the State,
- iii) The State has completed its CEQA compliance review as a Responsible Agency, and
- iv) The Grantee receives written concurrence from the State of the Lead Agency's CEQA document(s) and State notice of verification of environmental permit submittal.

- 3) Proof that the project has obtained a water supply sufficient for the project to be fully operational for the useful life of the project through a legally binding water use agreement. Such proof shall include, but not be limited to, a study showing the project's water supply needs and a copy of any fully executed water use agreements.

The State's concurrence of Lead Agency's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, the State will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations or other mitigation. The Grantee must also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact statements, Finding of No Significant Impact, and mitigation monitoring programs, as may be required prior to beginning construction/implementation.

6. DISBURSEMENT OF FUNDS. The State will disburse to the Grantee the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Grant Agreement, no disbursement shall be required at any time or in

any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation.

7. ELIGIBLE PROJECT COST. The Grantee shall apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit B, "Budget". Work performed on the project after 7/1/2020, shall be eligible for reimbursement. Costs that are not eligible for reimbursement include, but are not limited to the following items:

- a) Operation and maintenance costs, including post construction performance and monitoring costs.
- b) Purchase of equipment that is not an integral part of a project.
- c) Establishing a reserve fund.
- d) Replacement of existing funding sources for ongoing programs.
- e) Support of existing agency requirements and mandates (e.g., punitive regulatory agency requirement).
- f) Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of a project, as set forth and detailed by engineering and feasibility studies.
- g) Payment of principal or interest of existing indebtedness or any interest payments unless the debt is incurred after execution of this Grant Agreement, the State agrees in writing to the eligibility of the costs for reimbursement before the debt is incurred, and the purposes for which the debt is incurred are otherwise eligible costs. However, this will only be allowed as Grantee Cost Share (i.e., Funding Match).
- h) Payment of stipends
- i) Acquisition of real property (land or easements) in excess of the minimum required acreage necessary to operate as an integral part of the project, as set forth and detailed by engineering and feasibility studies.
- j) Meals, food items, or refreshments

1 k) Overhead not directly related to the project.

2 8. METHOD OF PAYMENT.

3 a) Reimbursement – After the disbursement requirements in Paragraph 5 “Basic
4 Conditions” are met, the State will disburse the whole or portions of State funding to
5 the Grantee, following receipt from the Grantee via US mail or Express mail delivery
6 of a “wet signature” invoice or an electronic invoice certified and transmitted via
7 DocuSign for costs incurred, and timely Quarterly Progress Reports as required by
8 Paragraph 15, “Submission of Reports.” The State will notify the Grantee, in a timely
9 manner, whenever, upon review of an invoice, the State determines that any portion
10 or portions of the costs claimed are not eligible costs or is not supported by
11 documentation or receipts acceptable to the State. The Grantee may, within thirty
12 (30) calendar days of the date of receipt of such notice, submit additional
13 documentation to the State to cure such deficiency(ies). If the Grantee fails to submit
14 adequate documentation curing the deficiency(ies), the State will adjust the pending
15 invoice by the amount of ineligible or unapproved costs. The State will at all times
16 utilize best efforts to expedite the efficient review and processing of all invoices
17 submitted by Grantee. Invoices submitted by the Grantee shall include the following
18 information:

- 19 A. Costs incurred for work performed in implementing the Project during the
20 period identified in the particular invoice.
- 21 B. Costs incurred for any interests in real property (land or easements) that have
22 been necessarily acquired for the project during the period identified in the
23 particular invoice for the implementation of the project.
- 24 C. Invoices shall be submitted on forms provided by the State and shall meet the
25 following format requirements:
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27
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- 1) Invoices must contain the date of the invoice, either the time period covered by the invoice or the invoice date received within the time period covered, and the total amount due.
- 2) Invoices must be itemized based on the categories (i.e., tasks) specified in Exhibit B, "Budget". The amount claimed for salaries/wages/consultant fees must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = the total amount claimed).
- 3) One set of sufficient evidence (i.e., receipts, copies of checks, personnel hours' summary table, time sheets) must be provided for all costs included in the invoice.
- 4) Original signature and date of the Grantee's Project Representative. Submit the original "wet signature" copy of the invoice form to the following address: Department of Water Resources, Attention: Evon Willhoff, P.O. Box 942836 Sacramento, CA 94236-0001 or an electronic signature certified and transmitted via DocuSign from authorized representative to Evon Willhoff.

All invoices submitted shall be accurate and signed under penalty of law. Any and all costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Grantee shall not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., Local Cost Share). Any eligible costs for which the Grantee is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is illegal and constitutes fraud. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any

1 other misuse of public funds may result in suspension of
2 disbursements of grant funds and/or termination of this Agreement
3 requiring the repayment of all funds disbursed hereunder plus interest.
4 Additionally, the State may request an audit pursuant to Paragraph
5 D.5 and refer the matter to the Attorney General's Office or the
6 appropriate district attorney's office for criminal prosecution or the
7 imposition of civil liability. (Civ. Code, §§ 1572-1573; Pen. Code, §§
8 470, 487-489.)

- 9 9. WITHHOLDING OF DISBURSEMENTS BY THE STATE. If the State determines that the
10 project is not being implemented in accordance with the provisions of this Grant Agreement,
11 or that the Grantee has failed in any other respect to comply with the provisions of this Grant
12 Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction,
13 the State may withhold from the Grantee all or any portion of the State funding and take any
14 other action that it deems necessary to protect its interests. Where a portion of the State
15 funding has been disbursed to the Grantee and the State notifies the Grantee of its decision
16 not to release funds that have been withheld pursuant to Paragraph 10, "Default Provisions,"
17 the portion that has been disbursed shall thereafter be repaid immediately with interest at the
18 California general obligation bond interest rate at the time the State notifies the Grantee, as
19 directed by the State. The State may consider the Grantee's refusal to repay the requested
20 disbursed amount a contract breach subject to the default provisions in Paragraph 10. If the
21 State notifies the Grantee of its decision to withhold the entire funding amount from the
22 Grantee pursuant to this Paragraph, this Grant Agreement shall terminate upon receipt of
23 such notice by the Grantee and the State shall no longer be required to provide funds under
24 this Grant Agreement and the Grant Agreement shall no longer be binding on either party.
- 25 10. DEFAULT PROVISIONS. The Grantee will be in default under this Grant Agreement if
26 any of the following occur:
27
28

- 1 a) Substantial breaches of this Grant Agreement, or any supplement or amendment to
2 it, or any other agreement between the Grantee and the State evidencing or securing
3 the Grantee's obligations.
- 4 b) Making any false warranty, representation, or statement with respect to this Grant
5 Agreement or the application filed to obtain this Grant Agreement.
- 6 c) Failure to operate or maintain the project in accordance with this Grant Agreement.
- 7 d) Failure to make any remittance required by this Grant Agreement, including any
8 remittance recommended as the result of an audit conducted pursuant to Paragraph
9 D.5.
- 10 e) Failure to comply with Labor Compliance Program requirements (Paragraph 14).
- 11 f) Failure to submit quarterly progress reports pursuant to Paragraph 8.
- 12 g) Failure to routinely invoice the State pursuant to Paragraph 8.
- 13 h) Failure to meet any of the requirements set forth in Paragraph 11, "Continuing
14 Eligibility."

15 Should an event of default occur, the State shall provide a notice of default to the
16 Grantee and shall give the Grantee at least ten (10) calendar days to cure the default
17 from the date the notice is sent via first-class mail to the Grantee or electronic mail.
18 If the Grantee fails to cure the default within the time prescribed by the State, the
19 State may do any of the following:

- 20 1) Declare the funding be immediately repaid, with interest, which shall be
21 equal to State of California general obligation bond interest rate in effect at
22 the time the State notifies the Grantee of the default.
- 23 2) Terminate any obligation to make future payments to the Grantee.
- 24 3) Terminate the Grant Agreement.
- 25 4) Take any other action that it deems necessary to protect its interests.

26 In the event the State finds it necessary to enforce this provision of this Grant
27 Agreement in the manner provided by law, the Grantee agrees to pay all costs
28

1 incurred by the State including, but not limited to, reasonable attorneys' fees,
2 legal expenses, and costs.

3 11. CONTINUING ELIGIBILITY. The Grantee must meet the following ongoing
4 requirement(s) to remain eligible to receive State funds:

- 5 a) An urban water supplier that receives grant funds pursuant to this Agreement must
6 maintain compliance with the Urban Water Management Planning Act (UWMP;
7 Water Code § 10610 et seq.) and Sustainable Water Use and Demand Reduction
8 (Water Code § 10608 et seq.).
- 9 b) An agricultural water supplier receiving State funds must comply with Sustainable
10 Water Use and Demand Reduction requirements outlined in Water Code § 10608, et
11 seq. and have their Agricultural Water Management Plan (AWMP) deemed
12 consistent by DWR. To maintain eligibility and continue funding disbursements, an
13 agricultural water supplier must have their 2015 AWMP identified on the State's
14 website.
- 15 c) The Grantee diverting surface water must maintain compliance with diversion
16 reporting requirements as outlined in Part 5.1 of Division 2 of the Water Code.
- 17 d) If applicable, the Grantee must demonstrate compliance with the Groundwater
18 Management Act.
- 19 e) Grantees that have been designated as monitoring entities under the California
20 Statewide Groundwater Elevation Monitoring (CASGEM) Program must maintain
21 reporting compliance, as required by Water Code § 10932 and the CASGEM
22 Program.
- 23 f) Open and Transparent Water Data: Recipients of State funds through grants must
24 adhere to the protocols developed pursuant to Water Code § 12406 for data sharing,
25 transparency, documentation, and quality control.

26 12. PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS. The Grantee shall
27 be responsible for ensuring the obtainment of any and all permits, licenses, and approvals
28

1 required for performing any work under this Grant Agreement, including those necessary to
2 perform design, construction, or operation and maintenance of the Project. The Grantee shall
3 be responsible for observing and complying with any applicable federal, state, and local
4 laws, rules or regulations affecting any such work, specifically those including, but not
5 limited to, environmental, procurement, and safety laws, rules, regulations, and ordinances.
6 The Grantee shall provide copies of permits and approvals to State.

7 13. RELATIONSHIP OF PARTIES. The Grantee is responsible for design, construction, and
8 operation and maintenance of the project within the Exhibit A "Work Plan". Review or
9 approval of plans, specifications, bid documents, or other construction documents by the
10 State is for the purpose of proper administration of funds by the State, and to ensure that the
11 best design(s) or alternative(s) are selected based on, but not limited to costs, perceived risk,
12 or other factors. Review and approval by the State shall not be deemed to relieve or restrict
13 responsibilities of the Grantee under this Grant Agreement.

14 14. LABOR COMPLIANCE. The Grantee agrees to be bound by all the provisions of the Labor
15 Code regarding prevailing wages and shall monitor all contracts subject to reimbursement
16 from this Agreement to assure that the prevailing wage provisions of the Labor Code are
17 being met. Current Department of Industrial Relations (DIR) requirements may be found at:
18 <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works
19 Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>.

20 15. SUBMISSION OF REPORTS. The submittal and approval of all reports is a requirement
21 for the successful completion of this Grant Agreement. Reports shall meet generally
22 accepted professional standards for technical reporting and shall be proofread for content,
23 numerical accuracy, spelling, and grammar prior to submittal to the State. If requested, the
24 Grantee shall promptly provide any additional information deemed necessary by the State
25 for the approval of reports. Reports shall be presented in the formats described in the
26 applicable portion of Exhibit F, "Report Formats and Requirements." The timely submittal
27 of reports is a requirement for initial and continued disbursement of State funds. Submittal
28

1 and subsequent approval by the State of a Grant Completion Report is a requirement for the
2 release of any funds retained for the project.

- 3 a) Quarterly Progress Reports: The Grantee shall submit Quarterly Progress Reports to
4 meet the State's requirement for disbursement of funds. Quarterly Progress Reports
5 shall be sent via e-mail to the State's Project Manager. Quarterly Progress Reports
6 shall, in part, provide a brief description of the work performed during the reporting
7 period including: Grantee's activities, milestones achieved, any accomplishments,
8 and any problems encountered in the performance of the work under this Agreement.
- 9 b) Grant Completion Report: Upon completion of the Project included in Exhibit A,
10 "Work Plan" the Grantee shall submit to the State a Grant Completion Report. The
11 Grant Completion Report shall be submitted as outlined in Exhibits A, "Work Plan",
12 and Exhibit F, "Report Formats and Requirements". Retention for the last component
13 to be completed as part of this Grant Agreement will not be disbursed until the Grant
14 Completion Report is submitted to and approved by the State.
- 15 c) Post-Performance Reports: The Grantee shall prepare and submit to the State Post-
16 Performance Reports for the applicable project. Post-Performance Reports shall be
17 submitted to the State within ninety (90) calendar days after the first operational year
18 of the project has elapsed. This record keeping and reporting process shall be
19 repeated annually for a total of three (3) years after the project begins operation.
- 20 d) Monitoring and Maintenance Plan: A Monitoring and Maintenance Plan shall be
21 submitted to the State prior to disbursement of State funds for implementation or
22 monitoring activities. The Monitoring and Maintenance Plan shall incorporate items
23 defined and listed in Exhibit I, "Monitoring and Maintenance Plan Components".

- 24 16. OPERATION AND MAINTENANCE OF PROJECT. For the useful life of construction
25 and implementation projects, and in consideration of the funding made by the State, the
26 Grantee agrees to ensure or cause to be performed the commencement and continued
27 operation of the project, and shall ensure or cause the project to be operated in an efficient
28

1 and economical manner; shall ensure all repairs, renewals, and replacements necessary to
2 the efficient operation of the same are provided; and shall ensure or cause the same to be
3 maintained in as good and efficient condition as upon its construction, ordinary and
4 reasonable wear and depreciation excepted. The Grantee or their successors may, with the
5 written approval of State, transfer this responsibility to use, manage, and maintain the
6 property. Nothing herein shall prevent the State from deciding in the future to conduct any
7 maintenance, management, or operation of the Project. For purposes of this Grant
8 Agreement, “useful life” means period during which an asset, property, or activity is
9 expected to be usable for the purpose it was acquired or implemented; “operation costs”
10 include direct costs incurred for material and labor needed for operations, utilities, insurance,
11 and similar expenses, and “maintenance costs” include ordinary repairs and replacements of
12 a recurring nature necessary for capital assets and basic structures. If arrangements for costs
13 of operations and maintenance, including post-construction and monitoring costs, are
14 unsatisfactory to the Grantee prior to the commencement of construction, Grantee may
15 terminate this Agreement without any further performance or reimbursement obligation.

16 17. STATEWIDE MONITORING REQUIREMENTS. The Grantee shall ensure that all
17 groundwater projects and projects that include groundwater monitoring requirements are
18 consistent with the Groundwater Quality Monitoring Act of 2001 (Water Code §10780 et
19 seq.) of Division 6 of California Water Code and, where applicable, that projects that affect
20 water quality shall include a monitoring component that allows the integration of data into
21 statewide monitoring efforts, including where applicable, the Surface Water Ambient
22 Monitoring Program carried out by the State Water Resources Control Board. See Exhibit G
23 (Requirements for Statewide Monitoring and Data Submittal), for web links and information
24 regarding other State monitoring and data reporting requirements.

25 18. NOTIFICATION OF STATE. The Grantee shall promptly notify the State, in writing, of the
26 following items:
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- 1 a) Events or proposed changes that could affect the scope, budget, or work performed
2 under this Grant Agreement. The Grantee agrees that no substantial change in the
3 scope of the project will be undertaken until written notice of the proposed change
4 has been provided to the State and the State has given written approval for such
5 change. Substantial changes generally include changes to the scope of work,
6 schedule or term, and budget.
- 7 b) Any public or media event publicizing the accomplishments and/or results of this
8 Grant Agreement and provide the opportunity for attendance and participation by the
9 State's representatives. The Grantee shall make such notification at least fourteen
10 (14) calendar days prior to the event.
- 11 c) Discovery of any potential archaeological or historical resource. Should a potential
12 archaeological or historical resource be discovered during construction, the Grantee
13 agrees that all work in the area of the find will cease until a qualified archaeologist
14 has evaluated the situation and made recommendations regarding preservation of the
15 resource, and the State has determined what actions should be taken to protect and
16 preserve the resource. The Grantee agrees to implement appropriate actions as
17 directed by the State.
- 18 d) The initiation of any litigation or the threat of litigation against the Grantee regarding
19 the Project or that may affect the Project in any way.
- 20 e) Final inspection of the completed work on a project by a California Registered
21 Professional Civil Engineer in accordance with Paragraph D.18 in Exhibit D,
22 "Standard Conditions". The Grantee shall notify the State's Project Manager of the
23 inspection date at least fourteen (14) calendar days prior to the inspection in order to
24 provide the State the opportunity to participate in the inspection.

25 19. NOTICES. Any notice, demand, request, consent, or approval that either party desires or is
26 required to give to the other party under this Grant Agreement shall be in writing. Notices
27 may be transmitted by any of the following means:
28

- 1 a) By certified U.S. mail, return receipt requested, postage prepaid.
- 2 b) By “overnight” delivery service; provided that next-business-day delivery is
- 3 requested by the sender.
- 4 c) By electronic means.

5 Notices sent by certified mail will be deemed effective given ten (10) calendar days

6 after the date deposited with the U. S. Postal Service. Notices sent by overnight

7 delivery service will be deemed effective one business day after the date deposited

8 with the delivery service. Notices sent electronically will be effective on the date of

9 transmission, which is documented in writing. Notices shall be sent to the addresses

10 set forth in Paragraph 21. Either party may, by written notice to the other, designate

11 a different address that shall be substituted for the one below.

12 20. PERFORMANCE EVALUATION. Upon completion of this Grant Agreement, the

13 Grantee’s performance will be evaluated by the State and a copy of the evaluation will be

14 placed in the State file and a copy sent to the Grantee.

15 21. PROJECT REPRESENTATIVES. The Project Representatives during the term of this Grant

16 Agreement are as follows:

17 Department of Water Resources Arthur Hinojosa	Salton Sea Authority
18 Chief, Division of IRWM	G. Patrick O’Dowd
19 P.O. Box 942836 Sacramento CA 94236-0001	Executive Director/General Manager 82995
20 Phone: (916) 653-4736	Highway 111, Suite 200
21 e-mail: arthur.hinojosa@water.ca.gov	Indio, CA 92201
22 Direct all inquiries to the Project Manager:	Phone: (760) 863-2695
23 Department of Water Resources Evon Willhoff	e-mail: GPODowd@SaltonSea.com
24 Program Manager I	
25 Division of Regional Assistance PO Box 942836	Salton Sea Authority Jonathan McDannell
26 Sacramento, CA 94236-0001	Grants Manager
27 Phone: (916) 651-9286	82995 Highway 111, Suite 200
28	

1 e-mail: Evon.Willhoff@water.ca.gov

Indio, CA 92201

2 Phone: (760) 863-2695

3 Email: JMcDannell@SaltonSea.com

4 Either party may change its Project Representative or Project Manager upon written notice
5 to the other party.

6 22. STANDARD PROVISIONS AND INTEGRATION. This Grant Agreement is complete and
7 is the final Agreement between the parties. The following Exhibits are attached and made a
8 part of this Grant Agreement by this reference:

9 Exhibit A – Work Plan Exhibit B – Budget Exhibit C – Schedule

10 Exhibit D – Standard Conditions

11 Exhibit E – Authorizing Resolution Accepting Funds Exhibit F – Report Formats and
12 Requirements

13 Exhibit G – Requirements for Statewide Monitoring and Data Submittal Exhibit H – State
14 Audit Document Requirements for Grantees

15 Exhibit I – Monitoring and Maintenance Plan Components Exhibit J - Project Preliminary

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1 IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement.

2
3 STATE OF CALIFORNIA

SALTON SEA AUTHORITY

4 DEPARTMENT OF WATER RESOURCES



6 G. Patrick O'Dowd, Executive Director/General
7 Manager

8 

9 Arthur Hinojosa, P.E., Chief

Date 04/26/2021

10 Division of Integrated Regional Water Management

11 Date 4/26/2021

12
13 Approved as to Legal Form and Sufficiency

14 
15 _____

16 Catherine Cavanaugh, Staff Counsel IV

17 Counsel Office of Chief Counsel

EXHIBIT A

WORK PLAN

PROJECT TITLE: North Lake Demonstration Pilot Project

GRANTEE: Salton Sea Authority

IMPLEMENTING AGENCY: County of Riverside Transportation Land Management Agency

PARTNER AGENCIES: Grantee, Implementing Agency, California Department of Water Resources (DWR), California Natural Resources Agency (CNRA), and California Department of Fish and Wildlife (CDFW)

PROJECT DESCRIPTION

The North Lake Pilot Demonstration Project (Project) will construct an approximately 156-acre lake. The Project will be considered the first phase of the larger project in the Whitewater Area identified in the Salton Sea Management Program: Phase 1 10-Year Plan. As shown in Exhibit J, "Project Location," the Project is located at the northern end of the Salton Sea, in Riverside County just north of the Salton Sea State Recreation Area. The Project will have shallow habitat running along over one mile of shoreline and approximately 30 acres will be developed as deep-water habitat for fish. Due to the soft soils present in the project area, this project includes the design, construction and testing of a pilot berm prior to the completion of the final design for the demonstration project.

The Project will also include the development of habitat, water supply infrastructure, and recreational features that will be determined through the planning, design, and outreach and engagement tasks. The scope of work includes the planning, design, coordination of regulatory compliance, permitting, land access, and construction related tasks necessary to complete the Project. Public input will be solicited to influence the design and public access features of the Project.

Budget Category (a): Grant Agreement Administration

Task 1 Agreement Administration

The Grantee will respond to DWR's reporting and compliance requirements associated with grant administration and will coordinate with the Implementing Agency responsible for implementing the project and associated activities contained in this grant agreement.

The Grantee will be responsible for compiling invoices for submittal to DWR. This includes collecting invoice documentation and compiling the information into a DWR invoice package. The Grantee will also be responsible for compiling progress reports for submittal to DWR. The Grantee will coordinate with the Implementing Agency to prepare and submit Quarterly Progress Reports and the Grant Completion Report. Reports will meet generally accepted professional standards for technical reporting and the requirements terms of the contract with DWR outlined in Exhibit F, "Report Formats and Requirements" of this Agreement.

Deliverables:

- Invoices and associated backup documentation
- Quarterly Progress Reports
- Draft and Final Grant Completion Report

Task 2 Project Coordination

The Grantee will coordinate all aspects of the Project with Partner Agencies; including but not limited to the coordination and review of environmental documentation and permits to ensure consistency with planned task implementation, and administrative responsibilities associated with the Project such as coordinating and meeting with Partner Agencies on a monthly or regular basis and managing consultants/contractors.

Deliverable:

Meeting Notes

Budget Category (b): Outreach and Community Engagement

Task 3 Outreach and Community Engagement

Develop an Outreach and Engagement Plan (Plan) for the Project for review and approval by the State. The Plan will describe how the Grantee will coordinate Project talking points with Partner Agencies, the process to develop and review meeting materials, and the frequency of public meetings and the timing relative to the development of environmental document(s).

This task also includes the work necessary to prepare, conduct and compile notes from public workshops and other forms of engagement with community members and stakeholders.

Deliverables:

Outreach and Community Engagement Plan
Copies of Meeting Materials and Presentations
Public Notices
Record of Meeting Minutes/Videos and Comments Received

Budget Category (c): Land Access and Surveys

Task 4 Land Access and Surveys

Define project boundary and identify landowners for properties within the project boundary. Prepare exhibits for showing land ownership, right-of-way, and identify land acquisitions needed for the project.

Deliverables:

Land Ownership Map(s), and copies of any restrictions, easements or limitations to use.

Budget Category (d): Planning/Design/Engineering/Environmental Documentation

Task 5 Project Planning

Task 5.1 Project Siting Evaluation

Identify potential project locations and evaluate opportunities and constraints including but not limited to accessibility to the site, potential land acquisition needs, habitat potential, and water supply sources as described in Task 5.2.

Deliverable:

Alternatives Analysis Technical Memo

Task 5.2 Water Supply Assessment

Partner Agencies will coordinate with Coachella Valley Water District (CVWD) to analyze water supply options and the associated water supply infrastructure needed to develop the Project and will result in the development of a Water Supply Assessment Technical Memo. The Water Supply Assessment will include an evaluation of water supply options, and may include, but is not limited to, an evaluation of All-American Canal water, groundwater including existing and planned well water, and agricultural and other drainage flows. It will also include an assessment of water infrastructure needed to convey water to the Project. This assessment will inform the development of Project concepts.

Deliverable:

- Draft Water Supply Assessment Technical Memo
- Final Water Supply Assessment Technical Memo

Task 5.3 Project Description

In coordination with Partner Agencies, utilize the information from Tasks 5.1 and 5.2 to select the Project location and develop a comprehensive project description for the North Lake Pilot Demonstration Project.

Deliverable:

- Project Description

Task 5.4 Environmental Review of State NEPA and CEQA Documents

All environmental documentation will be closely coordinated with the State, considering existing environmental analysis. A review will be conducted of existing CEQA/NEPA documents to determine if this project is exempt from any further CEQA and/or if supplemental studies and/or environmental documentation will be required. Partner Agencies will coordinate the preparation and review of supplemental environmental documentation if it is needed. The Implementing Agency will oversee the preparation of supplemental environmental documentation as needed for the project.

Deliverables:

- Project Specific CEQA Evaluation
- Supplemental CEQA document (if needed)
- Special Studies to Support CEQA document (if needed)
- Notice for Appropriate NEPA/CEQA Determination (as required)
- Notice of Determination (as required)

Task 6 Water Supply Agreement

Based on the findings and recommendations of the Water Supply Assessment Technical Memo (Task 5.2) and the Project Description (Task 5.3), develop a draft water supply agreement or recommendation that describes the agreement(s) and/or water right(s) needed to secure a water supply for the Project. Work with Partner Agencies and CVWD to secure the water supply for the Project and complete the water supply agreement(s) or permit(s) as needed.

Deliverables:

- Draft Water Supply Agreement
- Final Water Supply Agreement
- Water-related permits (if needed)

Task 7 Design

Task 7.1 Land Surveys

Selected design consultant will complete preconstruction land surveys. The consultant will be responsible for preparation of survey records and topographic maps.

Deliverables:

- Detailed topographic and possible bathymetric surveys
- Light Detection and Ranging (LiDAR) surveys with ground truthing (if required)
- Aerial topographic survey

Task 7.2 Geotechnical Surveys and Engineering

Conduct Geotechnical surveys of the project area to collect data such as soil type, grain size distribution, expansion index, and soil shear strength to support perimeter berms. A variety of data collection techniques will be considered and likely include borings, cone penetrometer testing, and hand augers.

Deliverables:

- Draft Geotechnical Report
- Final Geotechnical Report

Task 7.3 Conceptual Designs

Develop the advanced conceptual design by utilizing the existing preliminary conceptual designs that have previously been prepared. The advanced conceptual design will include a site layout, site access plan, preliminary berm profiles, conceptual drawings of features such as inlet and outlet structures, the water supply source and appurtenant structures, habitat and other key features of the project such as developing the design to allow for integration with future phases of the larger North Lake Project. The draft advanced conceptual design will be submitted to DWR for the state's review and input. The Grantee shall provide written responses to all DWR comments provided on the Draft Conceptual Design prior to finalizing the concept. Comments provided shall sufficiently explain the rationale behind acceptance or rejection of each specific DWR comment. Sufficiency shall be at the sole discretion of DWR.

Deliverables:

- Draft Conceptual Design
- Responses to DWR comments on Draft Conceptual Design
- Final Conceptual Design

Task 7.4 Pilot Test Berm

Prepare design for a test berm. Due to the composition soils in the area, and potential seepage concerns, a test berm is needed prior to completing final design. Following construction and testing of the pilot berm, the contractor will complete the final design for the demonstration project.

Deliverable:

- Technical Memo including photographs of test berm

Task 7.5 Final Design

Complete Project design based on the following supporting work: execution of a Water Supply Agreement and necessary permits for implementing supply geotechnical investigation, land survey(s), pilot berm findings, and the advanced conceptual design. The information obtained by the supporting work and outreach and engagement activities will be used to inform the development of final design, plans, and specifications including, but not limited to: preliminary earthwork calculations, design details and water supply infrastructure to produce 100% (Final) design, plans, and specifications.

Deliverables:

- 50% Design
- 90% Design
- 100% Design
- Plan Specifications
- Engineering Estimates

Budget Category (e): Construction/Implementation

Task 8 Construction Contracting

The Implementing Agency, in coordination with the Grantee, will oversee project management, evaluate design-build and design-bid-build delivery approaches to select an approach that best meets the overall goals of the project, and oversee the process to secure a contractor. Activities necessary to secure a contractor and award the contract include, but are not limited to: develop bid documents, prepare advertisement and contract documents for construction contract bidding, conduct pre-bid meeting, bid opening and evaluation, selection of the contractor, award of contract, and issuance of notice to proceed.

Deliverables:

- Bid documents
- Proof of Advertisement
- Award of contract
- Notice to proceed

Task 9 Construction Administration

The Grantee, Implementing Agency, or construction management consultant will review construction contractor submittals, answer requests for information, and issue work directives. A full-time engineering construction observer will be on site for the duration of the project. Construction observer duties include, but are not limited to: documenting of pre-construction conditions, daily construction diary, preparing change orders, addressing questions of contractors on site, reviewing/ updating project schedule, reviewing contractor log submittals and pay requests, forecasting cash flow, notifying contractor if work is not acceptable.

Deliverable:

- Notice of Completion

Task 10 Monitoring and Maintenance Plan

Develop a Monitoring and Maintenance Plan as described in Paragraph 15 (d) and Exhibit I, "Monitoring and Maintenance Plan Components." Conduct pre- and post-construction monitoring to verify Project benefits claimed.

Deliverables:

- Monitoring and Maintenance Plan
- Technical memorandum for pre-construction site conditions
- Post-construction monitoring report

Task 11 Permitting

Obtain and comply with all permits required to implement the Project including a stormwater pollution prevention plan (SWPPP), acquire right-of-way (ROW) encroachment, construction dust control permit, etc. (as-needed). Additional permits may be required and will be obtained as necessary.

Deliverable:

Copies of all required permits

Task 12 Construction/Implementation Activities

Construction of the approximately 156-acre demonstration project. This task includes contractor mobilization, foundation preparation including clearing and grubbing, excavation, and grading for the berm system that is approximately 1.5 miles in length. As needed by a Water Supply Agreement (Task

6) and Final Design (Task 7.5), construction of a gravity water line and/or a pump station to supply water to this demonstration project will be included.

Deliverables:

Inspection Reports
Photographic documentation

Task 13 Performance Testing and Reporting

As a demonstration project, this project will provide in-field data that will be utilized to inform the design of future phases of north perimeter lake. Following the construction of the demonstration project yearly biological assessments will take place to evaluate the effectiveness of the project on creating habitat. Included as part of the evaluation will be any recommendations to improve the viability of the habitat in future phases. Also included as part of the annual report will be any observations and recommendations that will improve the ongoing operation and maintenance of the berms.

Deliverables:

Annual Performance Reports

EXHIBIT B
BUDGET

North Lake Demonstration Pilot Project

BUDGET CATEGORY		Cost Share: Non-State Fund Source*	Grant Amount	Other Cost Share*	Total Cost
(a)	Project Administration	\$0	\$840,000	\$0	\$840,000
(b)	Outreach and Community Engagement	\$0	\$180,000	\$0	\$180,000
(c)	Land Access and Surveys	\$0	\$60,000	\$0	\$60,000
(d)	Planning / Design / Engineering/ Environmental Documentation	\$0	\$6,430,000	\$0	\$6,430,000
(e)	Construction / Implementation	\$0	\$11,740,000	\$0	\$11,740,000
TOTAL COSTS		\$0	\$19,250,000	\$0	\$19,250,000

NOTES:

* Not required for this grant

EXHIBIT C
SCHEDULE

North Lake Demonstration Pilot Project

Task		Start Date	End Date
1.0	Project Administration	7/1/2020	12/31/2024
2.0	Outreach and Community Engagement	1/4/2021	10/31/2021
3.0	Land Access and Surveys	1/7/2021	2/28/2022
4.0	Planning/ Design / Engineering / Environmental Documentation	9/1/2020	4/14/2023
5.0	Construction/ Implementation	4/15/2023	9/30/2024

EXHIBIT D
STANDARD CONDITIONS

D.1) ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:

- a) **Separate Accounting of Funding Disbursements:** The Grantee shall account for the money disbursed pursuant to this Grant Agreement separately from all other Grantee funds. The Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. The Grantee shall keep complete and accurate records of all receipts and disbursements on expenditures of such funds. The Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by the State at any and all reasonable times.
- b) **Disposition of Money Disbursed:** All money disbursed pursuant to this Grant Agreement shall be deposited in a non-interest-bearing account, administered, and accounted for pursuant to the provisions of applicable law.
- c) **Remittance of Unexpended Funds:** The Grantee shall remit to the State any unexpended funds that were disbursed to the Grantee under this Grant Agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from the State to the Grantee of funds or, within thirty (30) calendar days of the expiration of the Grant Agreement, whichever comes first.

D.2) ACKNOWLEDGEMENT OF CREDIT AND SIGNAGE: The Grantee shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Grant Agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Grantee's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68) and through an agreement with the State Department of Water Resources." The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph.

D.3) AMENDMENT: This Grant Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Grantee for amendments must be in writing stating the amendment request and the reason for the request. The State shall have no obligation to agree to an amendment.

D.4) AMERICANS WITH DISABILITIES ACT: By signing this Grant Agreement, the Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. § 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

D.5) AUDITS: The State reserves the right to conduct an audit at any time between the execution of this Grant Agreement and the completion of the Project, with the costs of such audit borne by the State. After completion of the Project, the State may require the Grantee to conduct a final audit to the State's specifications, at the Grantee's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by the Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and the State may elect to pursue any remedies provided in Paragraph 12, "Default Provisions" or

take any other action it deems necessary to protect its interests. The Grantee agrees it shall return any audit disallowances to the State.

Pursuant to Government Code section 8546.7, the Grantee shall be subject to the examination and audit by the State for a period of three (3) years after final payment under this Grant Agreement with respect of all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of the Grantee or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after receipt of the final disbursement under this Agreement. If an audit reveals any impropriety, the Bureau of State Audits or the State Controller's Office may conduct a full audit of any or all of the Grantee's activities. (Public Resources Code § 80012, subd. (b))

- D.6)** BUDGET CONTINGENCY: If the Budget Act of the current year covered under this Grant Agreement does not appropriate sufficient funds for this program, this Grant Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of the State to make any payments under this Grant Agreement. In this event, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement and the Grantee shall not be obligated to perform any provisions of this Grant Agreement. Nothing in this Grant Agreement shall be construed to provide the Grantee with a right of priority for payment over any other Grantee. If funding for any fiscal year after the current year covered by this Grant Agreement is reduced or deleted by the Budget Act, by Executive Order, or by order of the Department of Finance, the State shall have the option to either cancel this Grant Agreement with no liability occurring to the State, or offer a Grant Agreement amendment to the Grantee to reflect the reduced amount.
- D.7)** CALIFORNIA CONSERVATION CORPS: The Grantee may use the services of the California Conservation Corps or other community conservation corps as defined in Public Resources Code section 14507.5.
- D.8)** CEQA: Activities funded under this Grant Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA). (Pub. Resources Code, § 21000 et seq.) Any work that is subject to CEQA and funded under this Agreement shall not proceed until documents that satisfy the CEQA process are received by the State's Project Manager and the State has completed its CEQA compliance. Work funded under this Agreement that is subject to a CEQA document shall not proceed until and unless approved by the Department of Water Resources. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. If CEQA compliance by the Grantee is not complete at the time the State signs this Agreement, once the State has considered the environmental documents, it may decide to require changes, alterations, or other mitigation to the Project; or to not fund the Project. Should the State decide to not fund the Project, this Agreement shall be terminated in accordance with Paragraph 10, "Default Provisions."
- D.9)** CHILD SUPPORT COMPLIANCE ACT: The Grantee acknowledges in accordance with Public Contract Code § 7110, that:
- a) The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Family Code § 5200 et seq.; and
 - b) The Grantee, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

- D.10) CLAIMS DISPUTE:** Any claim that the Grantee may have regarding performance of this Agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the DWR Project Representative, within thirty (30) days of the Grantee's knowledge of the claim. The State and the Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.
- D.11) COMPETITIVE BIDDING AND PROCUREMENTS:** The Grantee's contracts with other entities for the acquisition of goods and services and construction of public works with funds provided by the State under this Agreement must be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If the Grantee does not have a written policy to award contracts through a competitive bidding or sole source process, the Department of General Services' *State Contracting Manual* rules must be followed and are available at:
<https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting>.
- D.12) COMPUTER SOFTWARE:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.13) CONFLICT OF INTEREST:** All participants are subject to State and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code section 1090 and Public Contract Code sections 10410 and 10411, for State conflict of interest requirements.
- a) **Current State Employees:** No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
 - b) **Former State Employees:** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
 - c) **Employees of the Grantee:** Employees of the Grantee shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act. (Gov. Code, § 87100 et seq.)
 - d) **Employees and Consultants to the Grantee:** Individuals working on behalf of the Grantee may be required by California Department of Water Resources to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

- D.14) DELIVERY OF INFORMATION, REPORTS, AND DATA:** The Grantee agrees to expeditiously provide throughout the term of this Grant Agreement, such reports, data, information, and certifications as may be reasonably required by the State.
- D.15) DISPOSITION OF EQUIPMENT:** The Grantee shall provide to the State, not less than thirty (30) calendar days prior to submission of the final invoice, an itemized inventory of equipment purchased with funds provided by the State. The inventory shall include all items with a current estimated fair market value of more than \$5,000.00 per item. Within sixty (60) calendar days of receipt of such inventory, the State shall provide the Grantee with a list of the items on the inventory that the State will take title to. All other items shall become the property of the Grantee. The State shall arrange for delivery from the Grantee of items that it takes title to. Cost of transportation, if any, shall be borne by the State.
- D.16) DRUG-FREE WORKPLACE CERTIFICATION:** Certification of Compliance: By signing this Grant Agreement, the Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of the State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Gov. Code § 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:
- a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code section 8355.
 - b) Establish a Drug-Free Awareness Program, as required by Government Code section 8355 to inform employees, contractors, or subcontractors about all of the following:
 - i) The dangers of drug abuse in the workplace,
 - ii) The Grantee's policy of maintaining a drug-free workplace,
 - iii) Any available counseling, rehabilitation, and employee assistance programs, and
 - iv) Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
 - c) Provide, as required by Government Code section 8355, that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
 - i) Will receive a copy of the Grantee's drug-free policy statement, and
 - ii) Will agree to abide by terms of the Grantee's condition of employment, contract or subcontract.
- D.17) EASEMENTS:** Where the Grantee acquires property in fee title or funds improvements to real property already owned in fee by the Grantee using State funds provided through this Agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in perpetuity, approved by the State, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State.
- Where the Grantee acquires an easement under this Agreement, the Grantee agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner.

Failure to provide an easement acceptable to the State may result in termination of this Agreement.

- D.18) FINAL INSPECTIONS AND CERTIFICATION OF REGISTERED PROFESSIONAL:** Upon completion of the Project, the Grantee shall provide for a final inspection and certification by a California Registered Professional Civil Engineer, that the Project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Grant Agreement.
- D.19) GRANTEE'S RESPONSIBILITIES:** The Grantee and its representatives shall:
- a) Faithfully and expeditiously perform, or cause to be performed, all project work as described in Exhibit A, "Work Plan" and in accordance with Exhibit B, "Budget" and Exhibit C, "Schedule".
 - b) Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by the Grantee in the application, documents, amendments, and communications filed in support of its request for funding.
 - c) Comply with all applicable California, federal, and local laws and regulations.
 - d) Implement the Project in accordance with applicable provisions of the law.
 - e) Fulfill its obligations under the Grant Agreement and be responsible for the performance of the Project.
 - f) Obtain any and all permits, licenses, and approvals required for performing any work under this Grant Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. The Grantee shall provide copies of permits and approvals to the State.
 - g) Be solely responsible for design, construction, and operation and maintenance of projects within the Work Plan. Review or approval of plans, specifications, bid documents, or other construction documents by the State is solely for the purpose of proper administration of funds by the State and shall not be deemed to relieve or restrict responsibilities of the Grantee under this Grant Agreement.
 - h) Be solely responsible for all work and for persons or entities engaged in work performed pursuant to this Grant Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to payment disputes with contractors and subcontractors. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- D.20) GOVERNING LAW:** This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
- D.21) INCOME RESTRICTIONS:** The Grantee agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Grantee under this Agreement, shall be paid by the Grantee to the State, to the extent that they are properly allocable to costs for which the Grantee has been reimbursed by the State under this Agreement. The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph.
- D.22) INDEMNIFICATION:** The Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and this

Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of this Project and any breach of this Agreement. The Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Agreement.

- D.23) INDEPENDENT CAPACITY:** The Grantee, and the agents and employees of the Grantees, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.
- D.24) INSPECTION OF BOOKS, RECORDS, AND REPORTS:** During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by the Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and the State may withhold disbursements to the Grantee or take any other action it deems necessary to protect its interests.
- D.25) INSPECTIONS OF PROJECT BY STATE:** The State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts, and the Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with the State.
- D.26) LABOR CODE COMPLIANCE:** The Grantee agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's *Public Works Manual* at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The Grantee affirms that it is aware of the provisions of section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.
- D.27) MODIFICATION OF OVERALL WORK PLAN:** At the request of the Grantee, the State may at its sole discretion approve non-material changes to the portions of Exhibits A, B, and C which concern the budget and schedule without formally amending this Grant Agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Grant Agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Grant Agreement. Requests for non-material changes to the budget and schedule must be submitted by the Grantee to the State in writing and are not effective unless and until specifically approved by the State's Program Manager in writing.
- D.28) NONDISCRIMINATION:** During the performance of this Grant Agreement, the Grantee and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital or domestic partner status, and denial of medial and family care leave or pregnancy disability leave. The Grantee and its

contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code, § 12990.) and the applicable regulations promulgated there under (Cal. Code Regs., tit. 2, § 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission are incorporated into this Agreement by reference. The Grantee and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant Agreement.

- D.29) OPINIONS AND DETERMINATIONS:** Where the terms of this Grant Agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.
- D.30) PERFORMANCE BOND:** Where contractors are used, the Grantee shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Grantee in the following amounts: faithful performance (100%) of contract value, and labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00. Any bond issued pursuant to this paragraph must be issued by a California-admitted surety. (Pub. Contract Code, § 7103; Code Civ. Proc., § 995.311.)
- D.31) PRIORITY HIRING CONSIDERATIONS:** If this Grant Agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the Grant Agreement to qualified recipients of aid under Welfare and Institutions Code section 11200 in accordance with Public Contract Code section 10353.
- D.32) PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION:** The Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with the Grantee's service of water, without prior permission of the State. The Grantee shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of the Grantee to meet its obligations under this Grant Agreement, without prior written permission of the State. The State may require that the proceeds from the disposition of any real or personal property be remitted to the State.
- D.33) PROJECT ACCESS:** The Grantee shall ensure that the State, the Governor of the State, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of this Agreement.
- D.34) REMAINING BALANCE:** In the event the Grantee does not submit invoices requesting all of the funds encumbered under this Grant Agreement, any remaining funds revert to the State. The State will notify the Grantee stating that the Project file is closed and any remaining balance will be disencumbered and unavailable for further use under this Grant Agreement.
- D.35) REMEDIES NOT EXCLUSIVE:** The use by either party of any remedy specified herein for the enforcement of this Grant Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.
- D.36) RETENTION:** The State shall withhold ten percent (10%) of the funds requested by the Grantee for reimbursement of Eligible Project Costs until the Project is completed and Grant Completion

Report is approved. Any retained amounts due to the Grantee will be promptly disbursed to the Grantee, without interest, upon completion of the Project(s).

- D.37) RIGHTS IN DATA:** The Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Grant Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act. (Gov. Code, § 6250 et seq.) The Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to the State for financial support. The Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
- D.38) SEVERABILITY:** Should any portion of this Grant Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Grant Agreement shall continue as modified.
- D.39) SUSPENSION OF PAYMENTS:** This Grant Agreement may be subject to suspension of payments or termination, or both if the State determines that:
- a) The Grantee, its contractors, or subcontractors have made a false certification, or
 - b) The Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Grant Agreement.
- D.40) SUCCESSORS AND ASSIGNS:** This Grant Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Grant Agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as the State may impose.
- D.41) TERMINATION BY GRANTEE:** Subject to State approval which may be reasonably withheld, the Grantee may terminate this Agreement and be relieved of contractual obligations. In doing so, the Grantee must provide a reason(s) for termination. The Grantee must submit all progress reports summarizing accomplishments up until termination date.
- D.42) TERMINATION FOR CAUSE:** Subject to the right to cure under Paragraph 10, "Default Provisions," the State may terminate this Grant Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Grant Agreement at the time and in the manner herein, provided including but not limited to reasons of default under Paragraph 10, "Default Provisions."
- D.43) TERMINATION WITHOUT CAUSE:** The State may terminate this Agreement without cause on thirty (30) days advance written notice. The Grantee shall be reimbursed for all reasonable expenses incurred up to the date of termination.
- D.44) THIRD PARTY BENEFICIARIES:** The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.
- D.45) TIMELINESS:** Time is of the essence in this Grant Agreement.
- D.46) TRAVEL – DAC, EDA, TRIBES PROJECT:** Travel is only an eligible reimbursable expense for projects providing at least 75% of benefits to DACs, EDAs, and/or Tribes (based on population or geographic area). Only ground transportation and lodging are eligible for grant reimbursement. Per diem costs will not be eligible for grant reimbursement. Any reimbursement

for necessary travel shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at: <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel amounts that are current as of the date costs are incurred. No travel outside of the IRWM region shall be reimbursed unless prior written authorization is obtained from the State.

- D.47) UNION ORGANIZING:** The Grantee, by signing this Grant Agreement, hereby acknowledges the applicability of Government Code sections 16645 through 16649 to this Grant Agreement. Furthermore, the Grantee, by signing this Grant Agreement, hereby certifies that:
- a) No State funds disbursed by this Grant Agreement will be used to assist, promote, or deter union organizing.
 - b) The Grantee shall account for State funds disbursed for a specific expenditure by this Grant Agreement to show those funds were allocated to that expenditure.
 - c) The Grantee shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
 - d) If the Grantee makes expenditures to assist, promote, or deter union organizing, the Grantee will maintain records sufficient to show that no State funds were used for those expenditures and that the Grantee shall provide those records to the Attorney General upon request.
- D.48) VENUE:** The State and the Grantee hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Agreement.
- D.49) WAIVER OF RIGHTS:** None of the provisions of this Grant Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here to that from time to time either party may waive any of its rights under this Grant Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Grant Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

EXHIBIT E

AUTHORIZING RESOLUTION ACCEPTING FUNDS

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

ITEM NO.: V.L.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, Torte[♦], 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, (2nd 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.



Linda Thill
Board Secretary
Salton Sea Authority

EXHIBIT F

REPORT FORMATS AND REQUIREMENTS

The following reporting formats should be utilized. Please obtain State approval prior to submitting a report in an alternative format.

QUARTERLY PROGRESS REPORTS

Progress reports shall generally use the following format. This format may be modified as necessary to effectively communicate information. For each project, discuss the following at the task level, as organized in Exhibit A (Work Plan):

- Estimate of percent work complete.
- Milestones or deliverables completed during the reporting period.
- Discussion of work accomplished during the reporting period and submission of deliverables per Exhibit A.
- Scheduling concerns and issues encountered that may delay completion of the task.
- Work anticipated for the next reporting period.
- Updated schedule or budget inclusive of any changes that have occurred.

GRANT COMPLETION REPORT

The Grant Completion Report shall generally use the following format provided below for each project after completion.

Executive Summary

The Executive Summary should include a brief summary of project information and include the following items:

- Brief description of work proposed to be done in the original Grant request.
- Description of actual work completed and any deviations from Exhibit A, "Work Plan". List any official amendments to this Grant Agreement, with a short description of the amendment.

Reports and/or Products

The following items should be provided, unless already submitted as a deliverable:

- A copy of any final technical report or study, produced for or utilized in this Project as described in the Work Plan
- Electronic copies of any data collected, not previously submitted
- Discussion of problems that occurred during the work and how those problems were resolved
- Final project schedule showing actual progress versus planned progress as shown in Exhibit C, "Schedule"

Additional information that may be applicable for projects includes the following:

- As-built drawings
- Final geodetic survey information
- Project photos

Cost & Disposition of Funds

A list showing:

- Summary of Project costs including the following items:
 - Accounting of the cost of project expenditure
 - Include all internal and external costs not previously disclosed (i.e., additional cost share); and
 - A discussion of factors that positively or negatively affected the project cost and any deviation from the original Project cost estimate.

Additional Information

- Benefits derived from the Project, with quantification of such benefits provided.
- Certification from a California Registered Professional Civil Engineer, consistent with Exhibit D, "Standard Conditions" that the project was conducted in accordance with the approved work plan and any approved modifications thereto.
- Submittal schedule for the Post-Performance Report.

POST-PERFORMANCE MONITORING REPORT

The Post-Performance Report (PPR) should be concise and focus on how the Project is actually performing compared to its expected performance; whether the Project is being operated and maintained and providing intended benefits as proposed. The following information, at a minimum, shall be provided:

Reports and/or products

- Header including the following:
 - Grantee Name
 - Implementing Agency (if different from Grantee)
 - Grant Agreement Number
 - Project Name
 - Funding grant source (i.e., 2019 Proposition 1 Grant)
 - Report number
- Post-Performance Report schedule
- Time period of the annual report (e.g., January 2018 through December 2018)
- Project Description Summary
- Discussion of the project benefits
- An assessment of any differences between the expected versus actual project benefits as stated in the original application. Where applicable, the reporting should include quantitative metrics (e.g., new acre-feet of water produced that year, etc.).
- Summary of any additional costs and/or benefits deriving from the project since its completion, if applicable.
- Any additional information relevant to or generated by the continued operation of the project.

EXHIBIT G
REQUIREMENTS FOR STATEWIDE MONITORING AND DATA SUBMITTAL

Surface and Groundwater Quality Data

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in project reports, as described in Exhibit F.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website.

CEDEN website: <http://www.ceden.org>.

If a project's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program Information on the GAMA Program can be obtained at: http://www.waterboards.ca.gov/gama/geotracker_gama.shtml. If further information is required, the Grantee can contact the State Water Resources Control Board (SWRCB) GAMA Program.

Groundwater Level Data

Grantee shall submit to DWR groundwater level data collected as part of this grant. Water level data must be submitted using the California Statewide Groundwater Elevation Monitoring (CASGEM) online data submission system. Grantee should use their official CASGEM Monitoring Entity or Cooperating Agency status to gain access to the online submittal tool and submit data. If the data is from wells that are not part of the monitoring network, the water level measurements should be classified as voluntary measurements in the CASGEM system. If the grantee is not a Monitoring Entity or Cooperating Agency, please contact your DWR grant project manager for further assistance with data submittal. The activity of data submittal should be documented in appropriate progress or final project reports, as described in Exhibit F. Information regarding the CASGEM program can be found at <http://www.water.ca.gov/groundwater/casgem/>.

EXHIBIT H

STATE AUDIT DOCUMENT REQUIREMENTS GUIDELINES FOR GRANTEES

State Audit Document Requirements

The list below details the documents/records that State Auditors typically reviewed in the event of a Grant Agreement being audited. Grantees should ensure that such records are maintained for each State funded Program/Project. Where applicable, this list of documents also includes documents relating to the Grantee's funding match which will be required for audit purposes.

Internal Controls:

1. Organization chart (e.g., Agency's overall organization chart and organization chart for this Grant Agreement's funded project.
2. Written internal procedures and flowcharts for the following:
 - a) Receipts and deposits
 - b) Disbursements
 - c) State reimbursement requests
 - d) State funding expenditure tracking
 - e) Guidelines, policy(ies), and procedures on State funded Program/Project
3. Audit reports of the Grantee's internal control structure and/or financial statements within the last two years.
4. Prior audit reports on State funded Program/Project.

State Funding:

1. Original Grant Agreement, any amendment(s) and budget modification documents.
2. A list of all bond-funded grants, loans or subventions received from the State.
3. A list of all other funding sources for each Program/Project.

Contracts:

1. All subcontractor and consultant contracts and related, if applicable.
2. Contracts between the Grantee, member agencies, and project partners as related to the State funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Grant Agreement.
2. Documentation linking subcontractor invoices to State reimbursement requests and related Grant Agreement budget line items.
3. Reimbursement requests submitted to the State for the Grant Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips or bank statements showing deposit of the payments received from the State.

3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the Grant Agreement.

Accounting Records:

1. Ledgers showing receipts and cash disbursement entries for State funding.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to reimbursement requests submitted to the State for the Grant Agreement

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Grantee staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Grantee's

Project Files:

1. All supporting documentation maintained in the Program/Project files.
2. All Grant Agreement related correspondence.

EXHIBIT I

MONITORING AND MAINTENANCE PLAN COMPONENTS

Introduction

- Goals and objectives of project
- Site location and history
- Improvements implemented

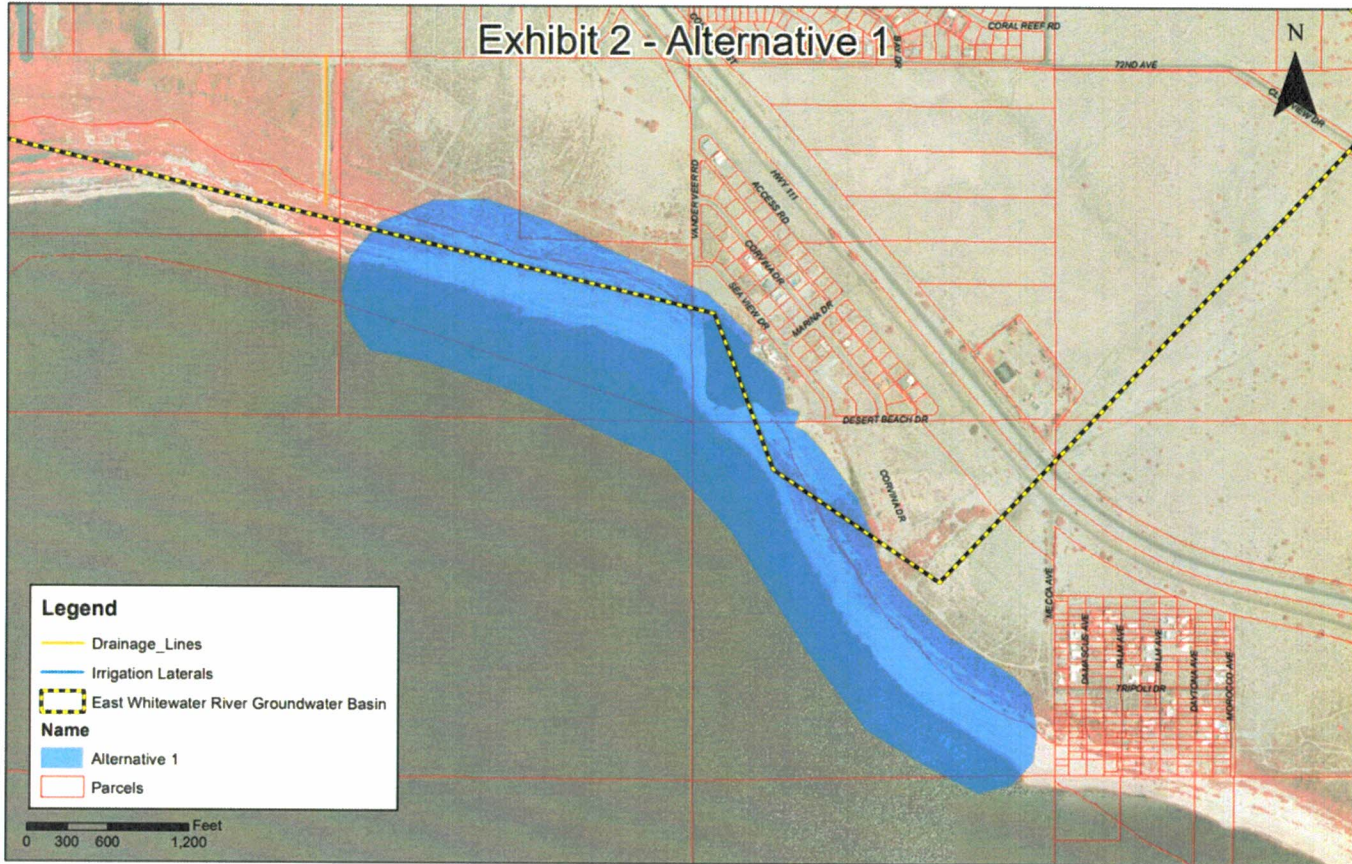
Monitoring and Maintenance Plan

- Monitoring Metrics (ex: Plant establishment, bank erosion, hydraulic characteristics, habitat expansion)
- Maintenance Metrics (ex: irrigation, pest management, weed abatement, continuous invasive species removal until natives established)
- Special Environmental Considerations (ex: resource agency requirements, permit requirements, CEQA/NEPA mitigation measures)
- Performance Measures, or success/failure criteria monitoring results measured against (ex: percent canopy cover after 1, 5, 10 years, water temperature decrease, site specific sediment scour or retention)
- Method of Reporting (ex: paper reports, online databases, public meetings)
- Frequency of Duration Monitoring and Reporting (daily, weekly, monthly, yearly)
- Frequency and Duration of Maintenance Activities
- Responsible Party (who is conducting monitoring and/or maintenance) Implementing responsibility (i.e., who is responsible for monitoring and maintenance)
- Adaptive Management Strategies (i.e., what happens when routine monitoring or maintenance encounters a problem)

Exhibit J

PROJECT PRELIMINARY ALTERNATIVE

LOCATIONS



Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: October 28, 2021
Re: **Standardized procedure regarding letters of support for for-profit and non-profit enterprises doing work at or around the Sea**
CM No. **VIA - 10-28-2021**

GENERAL:

Per directions from the Board last month Staff has prepared, and counsel has reviewed, a standardized resolution of support which may be used pursuant to requests from project advocates on an ad hoc basis. The associated cover letter may be modified to reflect the specific request without altering its form or substance.

Procedure:

This resolution will be available upon request with authorization from either member of the Executive Committee (President or Vice President), whose signature will be affixed to an appropriately styled cover letter to be included for distribution therewith.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the attached resolution and implementation of procedure for responding to general requests for letters of support.

Respectfully submitted,



G. Patrick O'Dowd
Executive Director/GM

Item VI.A, continued:

Proposed Cover Letter to send with resolution in response to requests for letters of support:

Dear [Project Advocate],

Thank you for your interest in pursuing efforts that might contribute to the future health and vitality of the Salton Sea and the surrounding communities. We are encouraged to have you joining our efforts to ensure a brighter future for the region.

On October 28, 2021, the Salton Sea Authority Board of Directors approved Resolution 21-___ which provides broad support for efforts such as yours as outlined therein. Please feel free to use this cover letter along with the attached resolution to demonstrate our support for all projects that produce a benefit to the Sea and region.

And as also indicated in the resolution, please let us know how we might further assist you and your project in realizing your goals and objectives.

Sincerely,

AUTHORIZED SIGNER
(Board President/Board Vice President)

RESOLUTION NO. 21-____
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SALTON SEA AUTHORITY
REGARDING RESTORATION EFFORTS

WHEREAS, the Salton Sea Authority is a Joint Powers Authority comprised of Imperial County, Riverside County, Coachella Valley Water District, Imperial Irrigation District, and Torres Martinez Desert Cahuilla Indians, with a stated mission of coordinating actions relating to improvement of water quality and stabilization of water elevation and to enhance recreational and economic development potential of the Salton Sea and other beneficial uses, recognizing the importance of the role of the Salton Sea for the continuation of the dynamic agricultural economy in Imperial and Riverside Counties; and

WHEREAS, projects and proposals are advanced from time to time by various private for profit and non-profit stakeholders (hereafter, "Project Advocates") which may contribute to the mitigation, revitalization and economic development at the Sea and in the region efforts (hereafter, the Restoration Effort); and

WHEREAS, the Salton Sea Authority applauds the creative approaches that Project Advocates bring to the Restoration Effort and looks forward to evaluating each carefully.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Salton Sea Authority:

- (1) That the Authority encourages all efforts to explore possible issues, alternatives, challenges, opportunities, and solutions that contribute the Restoration Effort; and
- (2) That the Authority encourages Project Advocates to periodically update the Authority on their efforts; and
- (3) That the Authority will assist, to the extent appropriate and reasonably possible in its discretion, in the evaluation and implementation of such proposals.

APPROVED AND ADOPTED this 28th day of October 2021.

V. Manuel Perez
President, Board of Directors
Salton Sea Authority

ATTEST:

Board Secretary
Salton Sea Authority