

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

This memorandum provides a summary of recent state fiscal developments and activities that relate to the Authority's state advocacy.

State Fiscal Developments

Despite the impacts of the pandemic on the state's economy continuing to play out, the Legislative Analyst Office, the nonpartisan state agency that provides policy and fiscal guidance to the state legislature, is projecting the state will have a \$31 billion surplus (resources in excess of current law commitments) to allocate as part of the 2022-23 state budget.

As part of his updated state budget in May 2021 (the "May Revise") the Governor announced that he would invest \$220 million in the Salton Sea, with the first \$50 million as part of the 2021-22 state budget. In September, the Governor signed legislation investing \$40 million in the Salton Sea, leaving \$180 million outstanding from his May 2021 pledge.

With the state expecting a \$31 billion surplus, the Authority will continue its advocacy to ensure the remaining balance of the Governor's commitment is part of the 2022-23 state budget.

The Governor will announce his initial blueprint for the 2022-23 budget in January 2022. Historically, the Governor's January budget is high level, without reference to specific investments like dollars for the Salton Sea. The release of the budget, however, does mark the official start of the legislative review period. Budget subcommittees will start holding hearings on the Governor's proposed budget almost immediately, a forum the Authority will leverage to advocate for inclusion of additional funding for the Salton Sea. The legislature is required to pass a budget to the Governor by June 15, 2022.

Assembly Select Committee on the Lithium Valley

On November 30, 2021, at the request of Assemblymember Eduardo Garcia, the Salton Sea Authority sponsored a tour of the Salton Sea with legislators from the Assembly Select Committee on the Lithium Valley and the Inland Empire Legislative Caucus. The tour started with a presentation at the Salton Sea Yacht Club by Executive Director Patrick O'Dowd. Mr. O'Dowd briefed participants on the legal and moral obligation the State of California undertook when it worked with the litigating parties to enable the Quantification Settlement Agreement. Participants were reminded that absent the state committing to finance the restoration of the Salton Sea, it was unlikely settlement could have been reached. With public trust water assets coming under increasing pressure, the goal was to impress on participants that the state's

credibility and ability to engage in future litigation rests on it keeping its commitment to finance the restoration of the Salton Sea.

After Mr. O'Dowd's presentation and remarks by Assemblymember Garcia, the tour party left to visit geothermal and lithium sites along the Salton Sea, including CalEnergy and Controlled Thermal Resources.

Participants included:

- Senator Ochoa Bogh
- Assemblymember Chris Holden
- Assemblymember Tom Lackey
- Scott Morgan, Governor's Office of Planning and Research
- Representatives from LIUNA, Building Trades, the Lithium Valley Commission and the University of California Riverside.