



# Salton Sea Authority Board of Directors Meeting

Thursday, December 8, 2022  
10:00 a.m.

At Imperial County  
Board of Supervisors Chamber  
  
and via Zoom Webinar



**AGENDA:** **BOARD OF DIRECTORS MEETING**  
**DATE:** **Thursday, December 8, 2022**  
**10:00 a.m.**  
**LOCATION:** **County of Imperial Board of Supervisors**  
**Chamber**  
**County Administration Center**  
**940 West Main Street, Suite 211**  
**El Centro, CA 92243**

*Pursuant to Assembly Bill 361, this meeting will be conducted both in person at the aforementioned location and via Zoom webinar.*

*The meeting can be viewed live at 10:00 a.m. December 8. Please see the meeting login information at [SaltonSea.com/meetings](http://SaltonSea.com/meetings), or access [www.zoom.us](http://www.zoom.us), click "Join Meeting," and enter **Webinar ID 829 0266 0929** and **Passcode 446431**.*

## **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: [saltonsea.com/meetings](http://saltonsea.com/meetings)*

## **II. PUBLIC COMMENTS**

*This Public Comments time is reserved for comments on any agenda item that is not included under Section V or on matters 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 **Section V 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.*

*Via Zoom: use Zoom's "raised hand" feature, or by phone press \*9 to be acknowledged.*

***When you speak, state your name for the record prior to providing your comments. Please address the board, through the Chairman.***

*You may also **email your comments in advance to [info@saltonsea.com](mailto:info@saltonsea.com)** (include in your subject line "Public Comment, 12/8/22 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 **by noon Wednesday, December 7, 2022**.*

*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, December 7, 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 (by 4/5 vote) add items deemed to be an emergency to the agenda in order to engage in public discourse.*

### **IV. SPECIAL PRESENTATIONS AND RECOGNITIONS**

- A. Recognition of Outgoing Salton Sea Authority Board Members

### **V. ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION**

- A. CONSENT CALENDAR – Approve, Receive, and File
  - 1. AB 361 Remote Meeting Authorization for December 8, 2022
  - 2. Minutes of Salton Sea Authority Board Meeting October 13, 2022
  - 3. Salton Sea Authority Warrant Register Ratification for October 2022
  - 4. Salton Sea Authority Internal Financial Report for: 7/01/2022 – 9/30/2022
  - 5. Salton Sea Authority Internal Financial Report for: 7/01/2022 – 10/31/2022
- B. Presentation and Approval: Audit Report for Salton Sea Authority FY 2021-2022 – Shannon Ayala, CPA, Partner, Davis Farr
- C. Presentation, Discussion and Recommended Action regarding United States Army Corps of Engineers Feasibility Study: Lowry Crook, Best, Best & Krieger
- D. Discussion and Board Direction Regarding “Commitment to Support Salton Sea Management Related to Water Conservation in the Lower Colorado River Basin”: Federal and State representatives (invited)

### **VI. REPORTS**

- A. Federal
  - 1. Federal Activities – Lisa Moore Lehman, Partner, Cultivating Conservation
  - 2. US Bureau of Reclamation – (no report)

B. State

1. State Advocacy Report – Oracio Gonzalez, Principal, Ollin Strategies
2. State of California – Mr. Miguel Hernandez, Public Affairs Officer, California Natural Resources Agency
3. Salton Sea State Recreation Area Update on Activities – Steve Quartieri, District Superintendent, California State Parks

C. Local

1. Salton Sea Action Committee (SSAC) – (no report)

D. Executive Director’s Report and Comments

1. G. Patrick O’Dowd, Executive Director/GM, Salton Sea Authority

**VII. ADJOURNMENT**

**NEXT MEETING TIME & LOCATION:**

The Salton Sea Authority board meeting will be held:

Thursday, January 28, 2023, at 10:00 a.m.

County of Imperial Board of Supervisors Chamber

County Administration Center

940 West Main Street, Suite 211

El Centro, CA 92243

(442) 265-1020

*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:** December 8, 2022  
**Re:** AB 361 Remote Meeting Authorization for December 8, 2022  
**CM No.** V.A.1 - 12-8-2022

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## GENERAL:

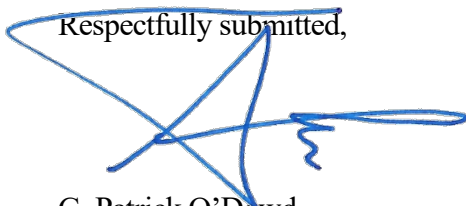
AB 361 (Government Code Section 54953(e)) provides that a local agency may employ remote teleconferencing upon a monthly finding by the governing board that certain circumstances exist, among those that there is a Governor-declared emergency and state or local officials are recommending social distancing.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

#### October 13, 2022

#### **I. CALL TO ORDER**

The regularly scheduled meeting of the Salton Sea Authority (“Authority”) Board of Directors (“Board”) was called to order by Luis A. Plancarte, President, at 10:00 a.m., October 13, 2022, at the Coachella Valley Water District Steve Robbins Administration Building, and via Zoom Webinar.

**PLEDGE OF ALLEGIANCE** Led by President Plancarte

#### **ROLL CALL:**

##### **DIRECTORS PRESENT ON SITE**

Luis A. Plancarte, President\*  
Altrena Santillanes, Vice-President  
Alex Cárdenas, Treasurer

##### **DIRECTORS PRESENT VIA ZOOM**

Anthony Bianco, Director  
Thomas Torte, Director  
James C. Hanks, Director  
Cástulo R. Estrada, Secretary  
V. Manuel Perez, Director\*

##### **DIRECTORS ABSENT**

Jeff Hewitt, Director\*  
Ryan E. Kelley, Director\*

##### **AGENCY**

Imperial County  
Torres Martinez Desert Cahuilla Indians  
Imperial Irrigation District

##### **AGENCY**

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

##### **AGENCY**

Riverside County  
Imperial County

*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 (in person)  
Carlos Campos, Best Best & Krieger, Legal Counsel (in person)  
Bob Hargreaves, Best Best & Krieger, Legal Counsel (via Zoom)

## **MEMBERS OF THE PUBLIC PRESENT**

On site: Alex Schriener of Earth Systems Pacific; Mr. Charles Greely of Dudek; Frank Ruiz of Audubon; William Patterson of Coachella Valley Water District; and Eric Reyes of Los Amigos de la Comunidad; Miguel Hernandez of the California Natural Resources Agency; Sky Ainsworth of ICDCC; Lisa Bravata, Linda Thill, and Johnathan McDannell of Salton Sea Authority; and others whose names were not given.

Via Zoom: Michael Cohen of Pacific Institute; Ron Spears of Desert Shores; Tom Sephton of Ecomedia Compass; Steve Jones; and Jasmyn Phillips; Lisa Moore of Cultivating Conservation; Jeremy Brooks of the US Bureau of Reclamation; Oracio Gonzalez of Ollin Strategies; Miguel Hernandez of California Natural Resources Agency; Steve Quartieri, California State Parks, and 25 others.

## **II. PUBLIC COMMENTS**

Written comments received from Steve Jones.

Verbal comments by Michael Cohen of Pacific Institute, Ron Spears of Bahia del Mar Property Owners Association, Tom Sephton of Ecomedia Compass, Steve Jones, and Jasmyn Phillips of the Desert Shores Channel Restoration Oversight Committee.

## **III. BOARD MEMBER COMMENTS**

Directors Cardenas and Plancarte shared their comments.

## **IV. SPECIAL PRESENTATION**

### **A. North Lake Pilot Demonstration Project Update, Engineering and Planning**

Douglas Ordonez, Jr., Riverside County, briefly reported on the County's efforts including execution of an agreement with Dudek Consulting.

Charles (Chuck) Greely, PE, Principal, Dudek Consulting, introduced himself and his company and presented an initial conceptualization of the scope of work.

## **V. ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION**

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

1. AB 361 Remote Meeting Authorization for October 13, 2022
2. Minutes of Salton Sea Authority Board Meeting August 25, 2022
3. Salton Sea Authority Internal Financial Report for: 7/01/2022 – 7/31/2022
4. Salton Sea Authority Internal Financial Report for: 7/01/2022 – 8/31/2022
5. Salton Sea Authority Warrant Register Ratification for August 2022
6. Salton Sea Authority Warrant Register Ratification for September 2022
7. 2022/2023 Committee Assignments

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

***Approved by the following vote:***

***AYES:*** Directors Plancarte, Perez, Santillanes, Torte, Bianco, Estrada, Cardenas and Hanks

***NOES:*** None

***ABSENT:*** Directors Kelley and Hewitt

***ABSTAINED:*** None

***MOTION PASSED:*** 10 - 0

### **B. 2023 Board Meeting Calendar – Recommendation: Approve**

***On motion by Perez and second by Cardenas, the Board approved the proposed 2023 board meeting calendar.***

***Approved by the following vote:***

***AYES:*** Directors Plancarte, Perez, Santillanes, Torte, Bianco, Estrada, Cardenas and Hanks

***NOES:*** None

***ABSENT:*** Directors Kelley and Hewitt

***ABSTAINED:*** None

***MOTION PASSED:*** 10 - 0

### **C. Follow Up Discussion of Colorado River Shortages and Possible Impacts to Salton Sea and Region. Recommendation: Direct Staff as to next steps.**

Public comment by Eric Montoya Reyes of Los Amigos de la Comunidad preceded discussion by the Board. Director Hanks warned the Authority not to get in the way of ongoing negotiations. Director Cardenas was in favor of further exploring opportunities for an independent analysis. Chairman Plancarte recommended to the Executive Director that he should continue looking at options and get additional information on them.

## **VI. REPORTS**

### **A. Federal**

#### **1. Federal Activities**

Lisa Moore Lehman, Partner, Cultivating Conservation, having shared the substance of her report during preceding items, yielded the floor.

#### **2. US Bureau of Reclamation**

Jeremy Brooks, Salton Sea Program Manager, said that Mr. O'Dowd and Ms. Moore had well covered what he would be able to say. He confirmed that there is one "bucket" for short-term/mid-term conservation efforts (\$300-\$400 per acre-foot payments), and a second "bucket," which Ms. Moore described as "put forth your proposal," which they hope will go for longer term, permanent duration efforts.

### **B. State**

#### **1. State Advocacy Report**

Oracio Gonzalez, Principal, Ollin Strategies, referred the board to his written report. The governor is anticipating that the state will experience lower than expected revenues and used similar language to veto several dozen bills – something of which to be aware when thinking about resources.

#### **2. State of California**

Miguel Hernandez, Public Affairs Officer, California Natural Resources Agency, reported that the Independent Review Panel released a feasibility report and a summary report to be considered by the long-range-plan committee.

#### **3. Salton Sea State Recreation Area (SSSRA)**

Steve Quartieri, District Superintendent, California State Parks, reported on current operations at the Salton Sea State Recreation Area, welcomed new and returning volunteer team members and new team member Mr. Taylour Unzicker – new Interpretation and Education Program Manager for the Ocotillo Wells District (which includes the Salton Sea SRA). The Bird Festival is scheduled for January 14, 2023.

### **C. Local**

#### **1. Salton Sea Action Committee (SSAC)**

SSAC President Alan Pace gave the time and location of their upcoming stakeholders meeting on Friday, October 21.

### **D. Executive Director's Report and Comments**

#### **1. General Manager's Report and Comments (written report is available on the meeting web page)**

Executive Director G. Patrick O'Dowd reported that a signing ceremony for the Authority/State/Army Corps of Engineers agreement to implement the Corps

feasibility study approved under the 2020 WRDA is scheduled for December 16, 2022; that the contract between the CNRA and the Authority has been finalized; that an RFP regarding Desert Shores has been provided to Imperial County for their comments, input and feedback; and commented on the New River project.

## **VII. ADJOURNMENT**

Board President Plancarte adjourned the meeting at 12:10 p.m.

### **NEXT BOARD MEETING TIME & LOCATION:**

The regularly-scheduled meeting will be held  
Thursday, December 8, 2022  
10:00 a.m.

County of Imperial Board of Supervisors Chamber  
940 W. Main Street  
El Centro, CA 92243  
(442) 265-1020

## Checking Account Activity

October 1, 2022 through October 31, 2022



Warrant Date	Warrant Number	Vendor Name	Amount
Beginning Cash			\$ 374,594.08
10/11/2022	EFT	Pacific Western Bank	(1,289.61)
10/24/2022	1372	Void Check	-
10/24/2022	1373	Best, Best & Krieger	(570.60)
10/24/2022	1374	Void Check	-
10/24/2022	1375	Davis Farr LLP	(4,500.00)
10/24/2022	1376	Eide Bailly LLP	(10,779.10)
10/24/2022	1377	Void Check	-
10/24/2022	1378	OfficeTeam	(7,457.12)
10/24/2022	1379	Ollin Strategies	(6,000.00)
10/24/2022	1380	SystemGo IT LLC	(679.00)
10/24/2022	1381	Cultivating Conservation	(7,350.00)
10/25/2022	EFT	Verizon Wireless	(102.40)
Net Activity			(38,727.83)
Ending Cash			\$ 335,866.25



# Salton Sea Authority

## Profit & Loss Budget to Actual

### General Fund (Unaudited)

Year to Date through September 30, 2022

	A	B	C	D	C / D	C - D
	August 2022	September 2022	YTD	Budget FY 23	YTD Target 25%	\$ Variance
<b>1 REVENUE</b>						
2 Local Government / Member Assessments	\$ -	\$ 10,000	\$ 610,000	\$ 800,000	76%	\$ (190,000)
3 Other Federal / State / Local Reimbursements	-	-	-	250,000	0%	(250,000)
4 State Grant, Reimbursement to General Fund	-	15,994	15,994	110,000	15%	(94,006)
<b>5 TOTAL REVENUE</b>	-	25,994	625,994	1,160,000	54%	(534,006)
<b>6 EXPENSES</b>						
<b>7 SSA Administration</b>						
8 Salaries & Benefits						
9 Total Salaries	19,220	28,831	56,794	270,600	21%	(213,806)
10 Total Employee Benefits	11,894	17,746	35,080	135,300	26%	(100,220)
11 Total Salaries & Benefits	31,114	46,576	91,874	405,900	23%	(314,026)
12 Contract / Professional Services						
13 DC Advocates	7,700	7,350	22,050	88,200	25%	(66,150)
14 Sacramento Advocates	7,500	7,000	22,000	84,000	26%	(62,000)
15 Grant Administration	11,095	8,733	23,601	100,000	24%	(76,399)
16 Attorney - General	11,732	-	11,732	50,000	23%	(38,269)
17 Audit & Accounting	8,880	6,899	18,138	75,000	24%	(56,862)
18 Total Contract / Professional Services	46,906	29,981	97,521	397,200	25%	(299,679)
19 Equipment / IT Maintenance	1,092	679	2,450	8,700	28%	(6,251)
20 Technical Support	-	600	600	-	0%	600
21 Insurance	877	877	2,632	10,500	25%	(7,868)
22 Office Expense/Operating Supplies	392	394	948	8,300	11%	(7,352)
23 Office Expense/Online Services	174	174	522	3,300	16%	(2,778)
24 Dues, Subscriptions	633	633	2,299	14,200	16%	(11,901)
25 Travel/Mileage	4,680	1,973	10,877	40,000	27%	(29,123)
<b>26 TOTAL EXPENSES</b>	85,869	81,888	209,723	888,100	24%	(678,377)
<b>27 NET INCOME / (LOSS)</b>	<b>\$ (85,869)</b>	<b>\$ (55,894)</b>	<b>\$ 416,271</b>	<b>\$ 271,900</b>		<b>\$ 144,371</b>

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





**Salton Sea Authority**  
**Profit & Loss Budget to Actual**  
**DWR - Proposition 68 Grant (Unaudited)**  
Year to Date through September 30, 2022

	A	B	C	D	C / D	C - D
	August 2022	September 2022	YTD	Budget FY 23	YTD Target 25%	\$ Variance
<b>1 REVENUE</b>						
2 State of California Grant (Prop 68)	\$ -	\$ 23,942	\$ 23,942	\$ 2,200,000	1%	\$ (2,176,058)
<b>3 TOTAL REVENUE</b>	-	23,942	23,942	2,200,000	1%	\$ (2,176,058)
<b>4 EXPENSES</b>						
5 Salton Sea Authority Salaries	-	9,225	9,225	110,000	8%	(100,775)
6 Contractors	-	12,844	12,844	2,090,000	1%	(2,077,156)
7 Audit & Accounting	-	114	114	-	0%	114
<b>8 TOTAL EXPENSES</b>	-	23,942	23,942	2,200,000	1%	(2,176,058)
<b>9 NET INCOME / (LOSS)</b>	\$ -	\$ -	\$ -	\$ -		\$ -

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# Salton Sea Authority

## Profit & Loss Budget to Actual

### BOR -DSR (Unaudited)

Year to Date through September 30, 2022

	A	B	C	D	C / D	C - D
	August 2022	September 2022	YTD	Budget FY 23	YTD Target 25%	\$ Variance
<b>1 REVENUE</b>						
2 Bureau of Reclamation Grant	\$ -	\$ 15,039	\$ 15,039	\$ -	0%	\$ 15,039
<b>3 TOTAL REVENUE</b>	-	15,039	15,039	-	0%	\$ 15,039
<b>4 EXPENSES</b>						
5 Salton Sea Authority Salaries	-	3,978	3,978	-	0%	3,978
6 Contractors	-	8,384	8,384	-	0%	8,384
7 Legal Expenses	-	2,677	2,677	-	0%	2,677
<b>8 TOTAL EXPENSES</b>	-	15,039	15,039	-	0%	15,039
<b>9 NET INCOME / (LOSS)</b>	\$ -	\$ -	\$ -	\$ -		\$ -

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



# Salton Sea Authority

## Balance Sheet

(Unaudited)

As of September 30, 2022

	General Fund	BOR-DSR	Fish Clean Up	DWR - Prop 68 Grant	TOTAL
<b>1 ASSETS</b>					
2     Checking/Savings	\$ 269,427	\$ -	\$ 20,991	\$ 8,548	\$ 298,966
3     Accounts Receivable	200,000	-	-	-	200,000
4     Other Current Assets					
5         Due from Grant Funds	23,083	-	-	-	23,083
6         Prepaid Items	7,077	-	-	-	7,077
7         Grant Receivable	-	15,039	-	56,854	71,893
8     Total Other Current Assets	30,160	15,039	-	56,854	102,053
<b>9 TOTAL ASSETS</b>	<b>499,587</b>	<b>15,039</b>	<b>20,991</b>	<b>65,402</b>	<b>601,019</b>
<b>10 LIABILITIES &amp; FUND BALANCE</b>					
<b>Liabilities</b>					
11     Accounts Payable	7,350	-	-	8,548	15,898
12     Credit Cards	1,290	-	-	-	1,290
13     Other Current Liabilities					
14         Accrued Expenditures	14,704	-	-	-	14,704
15         Deferred Revenue	200,000	-	-	-	200,000
16         Accrued Payroll	13,065	-	-	-	13,065
17         Due to Other Funds	-	6,655	-	16,428	23,083
18         Due to Imperial County	-	8,384	-	-	8,384
19         Due to Rivco- DWR	-	-	-	40,426	40,426
20         Accrued Vacation	39,316	-	-	-	39,316
21     Total Other Current Liabilities	267,084	15,039	-	56,854	338,977
22 <b>Total Liabilities</b>	275,724	15,039	-	65,402	356,165
23 <b>Equity</b>					
24         Fund Balance	(192,408)	-	20,991	-	(171,417)
25         Net Income	416,271	-	-	-	416,271
26 <b>Fund Balance</b>	223,863	-	20,991	-	244,854
<b>27 TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 499,587</b>	<b>\$ 15,039</b>	<b>\$ 20,991</b>	<b>\$ 65,402</b>	<b>\$ 601,019</b>

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

**Salton Sea Authority**  
**Financial Statement Analysis**  
September 2022 – 25% of the Fiscal Year  
Unaudited

**General Fund**

**Line 2 Local Government / Member Assessments:** Member agency contributions, paid in full at the beginning of the year. YTD is 76% due to the receivable from one member agency (\$200,000), and \$10,000 received from the tribe that was not budgeted.

**Line 3 Other Federal / State / Local Reimbursements:** Potential support on behalf of the tribal or other funding sources.

**Line 4 State Grant, Reimbursement to General Fund:** Reimbursement for administrative costs related to the Proposition 68 grant and the Bureau of Reclamation grant for the Desert Shores Revitalization, invoiced quarterly. YTD is at 15%.

**Line 9 Total Salaries:** Employee salary expenses for the General Manager and two support staff; Budgeted salary increases will not take place until mid-year. YTD is trending under budget at 21%.

**Line 10 Total Employee Benefits:** Employee benefits expenses for the General Manager and two support staff; YTD is trending on budget at 26%.

**Line 13 DC Advocates:** Cultivating Conservation. YTD is trending on budget at 25%.

**Line 14 Sacramento Advocates:** Ollin Strategies. YTD is trending on budget at 26%.

**Line 15 Grant Administration:** Grant administration expenses. YTD is trending on budget at 24%.

**Line 16 Contract Attorney:** Legal fees relating to general matters and federal funding. YTD is trending under budget at 18%.

**Line 17 Audit/Accounting:** Accounting / consulting services and annual audit costs. YTD is trending on budget at 24%.

**Line 19 Equipment/IT Maintenance:** Monthly IT services from SystemGO IT. YTD is trending near budget at 28%.

**Line 20 Technical Support:** Board Meeting recordings, not budgeted.

**Line 21 Insurance:** Property/liability insurance and workers' compensation. YTD is trending on budget at 25%.

**Line 22 Office Expense – Operating Supplies:** General office supply purchases. YTD is 11% due to the timing of purchases.

**Line 23 Office Expense – Online Services:** Office expenses for online services including: Zoom, Start Meeting, IVPRESS, Constant Contract, Adobe, and DocuSign. YTD is 16% due to the timing of expenses.

**Line 24 Dues, Subscriptions:** Annual membership dues for ACWA, CSDA, and NWRA. YTD is 16% due to the timing of dues payments.

**Line 25 Travel/Mileage:** Travel, mileage, and staff meeting expenses. YTD is trending near budget at 27%.

### **Proposition 68 Grant**

**Line 2 State of California Grant (Prop 68):** Grant revenue from activities related to Proposition 68. Invoices are submitted quarterly. YTD is 1%.

**Lines 5-7 Expenses:** Reimbursements to the Salton Sea Authority for administrative costs and to Riverside County for salaries and contractors for work related to the Proposition 68 grant. Invoices are submitted quarterly. YTD is 1%.

### **Bureau of Reclamation – Desert Shores Revitalization Grant**

**Line 2 Bureau of Reclamation Grant:** Grant revenue of up to \$1.25M for activities related to the Desert Shores Revitalization project to restore habitat and improve air and water quality at the Salton Sea. Invoices are submitted quarterly. This activity was not budgeted.

**Lines 5-7 Expenses:** Reimbursements to the Salton Sea Authority for administrative and legal costs and to Imperial County for salaries and contractors, related to the revenue in Line 2. This activity was not budgeted.



# Salton Sea Authority

## Profit & Loss Budget to Actual

### General Fund (Unaudited)

Year to Date through October 31, 2022

	A	B	C	D	C / D	C - D
	September 2022	October 2022	YTD	Budget FY 23	YTD Target 33%	\$ Variance
<b>1 REVENUE</b>						
2 Local Government / Member Assessments	\$ 10,000	\$ -	\$ 610,000	\$ 800,000	76%	\$ (190,000)
3 Other Federal / State / Local Reimbursements	-	-	-	250,000	0%	(250,000)
4 State Grant, Reimbursement to General Fund	15,994	-	15,994	110,000	15%	(94,006)
5 Pooled Cash Allocated Interest	-	(211)	(211)	-	0%	(211)
<b>6 TOTAL REVENUE</b>	<b>25,994</b>	<b>(211)</b>	<b>625,783</b>	<b>1,160,000</b>	<b>54%</b>	<b>(534,217)</b>
<b>7 EXPENSES</b>						
<b>8 SSA Administration</b>						
9 Salaries & Benefits						
10 Total Salaries	28,831	19,221	76,014	270,600	28%	(194,586)
11 Total Employee Benefits	17,746	11,830	46,910	135,300	35%	(88,390)
12 Total Salaries & Benefits	46,576	31,051	122,924	405,900	30%	(282,976)
13 Contract / Professional Services						
14 DC Advocates	7,350	7,350	29,400	88,200	33%	(58,800)
15 Sacramento Advocates	7,000	6,000	28,000	84,000	33%	(56,000)
16 Grant Administration	8,733	7,457	31,058	100,000	31%	(68,942)
17 Attorney - General	-	571	12,302	50,000	25%	(37,698)
18 Audit & Accounting	6,899	9,129	27,267	75,000	36%	(47,733)
19 Total Contract / Professional Services	29,981	30,507	128,027	397,200	32%	(269,173)
20 Equipment / IT Maintenance	679	679	3,129	8,700	36%	(5,572)
21 Technical Support	600	-	600	-	0%	600
22 Insurance	877	877	3,510	10,500	33%	(6,990)
23 Office Expense/Operating Supplies	394	3,026	3,973	8,300	48%	(4,327)
24 Office Expense/Online Services	174	363	885	3,300	27%	(2,415)
25 Dues, Subscriptions	633	633	2,932	14,200	21%	(11,268)
26 Travel/Mileage	1,973	929	11,806	40,000	30%	(28,194)
<b>27 TOTAL EXPENSES</b>	<b>81,888</b>	<b>68,064</b>	<b>277,787</b>	<b>888,100</b>	<b>31%</b>	<b>(610,313)</b>
<b>28 NET INCOME / (LOSS)</b>	<b>\$ (55,894)</b>	<b>\$ (68,275)</b>	<b>\$ 347,996</b>	<b>\$ 271,900</b>		<b>\$ 76,096</b>

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



**Salton Sea Authority**  
**Profit & Loss Budget to Actual**  
**DWR - Proposition 68 Grant (Unaudited)**  
Year to Date through October 31, 2022

	<b>A</b>		<b>B</b>		<b>C</b>		<b>D</b>		<b>C / D</b>	<b>C - D</b>
	<b>September 2022</b>		<b>October 2022</b>		<b>YTD</b>		<b>Budget FY 23</b>		<b>YTD Target 33%</b>	<b>\$ Variance</b>
<b>1 REVENUE</b>										
2 State of California Grant (Prop 68)	\$ 23,942	\$	-	\$	23,942	\$	2,200,000	1%		\$ (2,176,058)
<b>3 TOTAL REVENUE</b>	23,942		-		23,942		2,200,000	1%		\$ (2,176,058)
<b>4 EXPENSES</b>										
5 Salton Sea Authority Salaries	9,225		-		9,225		110,000	8%		(100,775)
6 Contractors	12,844		-		12,844		2,090,000	1%		(2,077,156)
7 Audit & Accounting	114		-		114		-	0%		114
<b>8 TOTAL EXPENSES</b>	23,942		-		23,942		2,200,000	1%		(2,176,058)
<b>9 NET INCOME / (LOSS)</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>		<b>\$</b>	<b>-</b>

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



# Salton Sea Authority

## Profit & Loss Budget to Actual

### BOR -DSR (Unaudited)

Year to Date through October 31, 2022

	A	B	C	D	C / D	C - D
	September 2022	October 2022	YTD	Budget FY 23	YTD Target 33%	\$ Variance
<b>1 REVENUE</b>						
2 Bureau of Reclamation Grant	\$ 15,039	\$ -	\$ 15,039	\$ -	0%	\$ 15,039
<b>3 TOTAL REVENUE</b>	15,039	-	15,039	-	0%	\$ 15,039
<b>4 EXPENSES</b>						
5 Salton Sea Authority Salaries	3,978	-	3,978	-	0%	3,978
6 Contractors	8,384	-	8,384	-	0%	8,384
7 Legal Expenses	2,677	-	2,677	-	0%	2,677
<b>8 TOTAL EXPENSES</b>	15,039	-	15,039	-	0%	15,039
<b>9 NET INCOME / (LOSS)</b>	\$ -	\$ -	\$ -	\$ -		\$ -

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





# Salton Sea Authority

## Balance Sheet

(Unaudited)  
As of October 31, 2022

	General Fund	BOR-DSR	Fish Clean Up	DWR - Prop 68 Grant	TOTAL
<b>1 ASSETS</b>					
2     Checking/Savings	\$ 194,432	\$ -	\$ 20,991	\$ 8,548	\$ 223,971
3     Accounts Receivable	200,000	-	-	-	200,000
4     Other Current Assets					
5         Due from Grant Funds	23,083	-	-	-	23,083
6         Prepaid Items	5,596	-	-	-	5,596
7         Grant Receivable	-	15,039	-	56,854	71,893
8     Total Other Current Assets	28,678	15,039	-	56,854	100,571
<b>9 TOTAL ASSETS</b>	<b>423,110</b>	<b>15,039</b>	<b>20,991</b>	<b>65,402</b>	<b>524,542</b>
<b>10 LIABILITIES &amp; FUND BALANCE</b>					
<b>Liabilities</b>					
11     Accounts Payable	-	-	-	8,548	8,548
12     Credit Cards	3,025	-	-	-	3,025
13     Other Current Liabilities					
14         Accrued Expenditures	15,904	-	-	-	15,904
15         Deferred Revenue	200,000	-	-	-	200,000
16         Accrued Payroll	9,279	-	-	-	9,279
17         Due to Other Funds	-	6,655	-	16,428	23,083
18         Due to Imperial County	-	8,384	-	-	8,384
19         Due to Rivco- DWR	-	-	-	40,426	40,426
20         Accrued Vacation	39,316	-	-	-	39,316
21     Total Other Current Liabilities	264,498	15,039	-	56,854	336,391
22 <b>Total Liabilities</b>	267,523	15,039	-	65,402	347,963
23 <b>Equity</b>					
24         Fund Balance	(192,408)	-	20,991	-	(171,417)
25         Net Income	347,996	-	-	-	347,996
26 <b>Fund Balance</b>	155,588	-	20,991	-	176,579
<b>27 TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 423,110</b>	<b>\$ 15,039</b>	<b>\$ 20,991</b>	<b>\$ 65,402</b>	<b>\$ 524,542</b>

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

**Salton Sea Authority**  
**Financial Statement Analysis**  
October 2022 – 33% of the Fiscal Year  
Unaudited

**General Fund**

**Line 2 Local Government / Member Assessments:** Member agency contributions, paid in full at the beginning of the year. YTD is 76% due to the receivable from one member agency (\$200,000), and \$10,000 received from the tribe that was not budgeted.

**Line 3 Other Federal / State / Local Reimbursements:** Potential support on behalf of the tribal or other funding sources.

**Line 4 State Grant, Reimbursement to General Fund:** Reimbursement for administrative costs related to the Proposition 68 grant and the Bureau of Reclamation grant for the Desert Shores Revitalization, invoiced quarterly. YTD is at 15%.

**Line 5 Pooled Cash Allocated Interest:** Interest income from funds held with the County is not budgeted due to the low cash balance. October is negative due to a County adjustment.

**Line 10 Total Salaries:** Employee salary expenses for the General Manager and two support staff; Budgeted salary increases will not take place until mid-year. YTD is trending under budget at 28%.

**Line 11 Total Employee Benefits:** Employee benefits expenses for the General Manager and two support staff; YTD is trending above budget at 35% due to higher retirement costs than budgeted.

**Line 14 DC Advocates:** Cultivating Conservation. YTD is trending on budget at 33%.

**Line 15 Sacramento Advocates:** Ollin Strategies. YTD is trending on budget at 33%.

**Line 16 Grant Administration:** Grant administration expenses. YTD is trending near budget at 31%.

**Line 17 Contract Attorney:** Legal fees for general matters and federal funding. YTD is trending under budget at 25%.

**Line 18 Audit/Accounting:** Accounting / consulting services and annual audit costs. YTD is trending above budget at 36% due to audit expenses at the beginning of the year.

**Line 20 Equipment/IT Maintenance:** Monthly IT services from SystemGO IT. YTD is trending above budget at 36% due to additional web development expenses not budgeted.

**Line 21 Technical Support:** Board Meeting recordings that were not budgeted.

**Line 22 Insurance:** Property/liability insurance and workers' compensation. YTD is trending on budget at 33%.

**Line 23 Office Expense – Operating Supplies:** General office supply purchases. YTD is trending above budget at 48% due to the timing of purchases.

**Line 24 Office Expense – Online Services:** Office expenses for online services including: Zoom, Start Meeting, IVP, Constant Contract, Adobe, and DocuSign. YTD is trending under budget at 27% due to the timing of expenses.

**Line 25 Dues, Subscriptions:** Annual membership dues for ACWA, CSDA, and NWRA. YTD is trending under budget at 21% due to the timing of dues payments.

**Line 26 Travel/Mileage:** Travel, mileage, and staff meeting expenses. YTD is trending near budget at 30%.

### **Proposition 68 Grant**

**Line 2 State of California Grant (Prop 68):** Grant revenue from activities related to Proposition 68. Invoices are submitted quarterly. YTD is 1%.

**Lines 5-7 Expenses:** Reimbursements to the Salton Sea Authority for administrative costs and to Riverside County for salaries and contractors for work related to the Proposition 68 grant. Invoices are submitted quarterly. YTD is 1%.

### **Bureau of Reclamation – Desert Shores Revitalization Grant**

**Line 2 Bureau of Reclamation Grant:** Grant revenue of up to \$1.25M for activities related to the Desert Shores Revitalization project to restore habitat and improve air and water quality at the Salton Sea. Invoices are submitted quarterly. This activity was not budgeted.

**Lines 5-7 Expenses:** Reimbursements to the Salton Sea Authority for administrative and legal costs and to Imperial County for salaries and contractors, related to the revenue in Line 2. This activity was not budgeted.

# Memorandum

**To:** Salton Sea Authority Board of Directors  
**From:** G. Patrick O'Dowd, Executive Director/GM  
**Date:** December 8, 2022  
**Re:** **Presentation and Approval - Audit Report for Salton Sea Authority FY 2021-2022**  
**CM No.** V.B - 12-08-2022

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## **GENERAL:**

Transmitted herewith please find the Fiscal Year 2021-2022 Audit Report prepared by the firm of Davis Farr LLP for your consideration, review and comment.

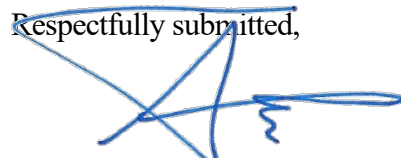
Ms. Shannon Ayala of Davis Farr LLP will present the Audit Report at the December 8, 2022, SSA Board meeting.

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

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

Year ended June 30, 2022

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

Year ended June 30, 2022

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## **Independent Auditor's Report**

Board of Directors  
Salton Sea Authority  
Indio, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and aggregate remaining fund information of Salton Sea Authority, as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise Salton Sea Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of Salton Sea Authority, as of June 30, 2022, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Salton Sea Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As described further in note 7 to the financial statements, during the year ended June 30, 2022, there was a prior period adjustment related to the presentation of accrued vacation. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Salton Sea Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Salton Sea Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Salton Sea Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Salton Sea Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *budget to actual schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Report on Summarized Comparative Information***

We have previously audited the Salton Sea Authority's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of Salton Sea 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 the effectiveness of 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 Salton Sea Authority's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
September 21, 2022

## **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, 2022. 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>2022</u>	<u>2021</u>
ASSETS:		
Cash	\$ 75,125	428,598
Grants receivable	54,152	30,974
Prepaid items	<u>11,922</u>	<u>5,296</u>
TOTAL ASSETS	<u>141,199</u>	<u>464,868</u>
LIABILITIES:		
Accounts payable	21,345	17,929
Grants payable	34,370	12,346
Unearned revenue	200,000	460,000
Accrued expenses	<u>56,901</u>	<u>38,924</u>
TOTAL LIABILITIES	<u>312,616</u>	<u>529,199</u>
NET POSITION:		
Restricted for:		
Clean up activities	20,991	20,991
Unrestricted	<u>(192,408)</u>	<u>(85,322)</u>
TOTAL NET POSITION	<u>\$ (171,417)</u>	<u>(64,331)</u>

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

Statement of Activities

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues			
Member contributions	\$ 610,000	549,000	61,000
Intergovernmental	314,398	151,418	162,980
Interest	9	72	(63)
Other revenue	<u>10,250</u>	<u>251</u>	<u>9,999</u>
Total revenues	<u>934,657</u>	<u>700,741</u>	<u>233,916</u>
Expenditures			
Administration	742,833	866,155	(123,322)
Technical and project support	<u>298,910</u>	<u>144,082</u>	<u>154,828</u>
Total expenditures	<u>1,041,743</u>	<u>1,010,237</u>	<u>31,506</u>
Changes in net position	(107,086)	(309,496)	202,410
Beginning net position	<u>(64,331)</u>	<u>245,165</u>	<u>(309,496)</u>
Ending net position	<u>\$ (171,417)</u>	<u>(64,331)</u>	<u>(107,086)</u>

The increase in intergovernmental revenue and technical and project support is due to increased expenditures related to the Prop 68 Grant as the project activity has increased.

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 decreased in administration due to \$66,381 less legal costs in the prior year, attorney fees were higher due to the transition to the new Executive Director, and assets associated with obtaining new federal grants.

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)

GENERAL FUND BUDGET

Actual revenues were under budget by \$270,741 due to budgeted revenues from Ex Officio state dues and sponsorships not being received. Actual expenses were under budget by \$376,061 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, 2022  
(with comparative information for prior year)

	<u>2022</u>	<u>2021</u>
<b>ASSETS:</b>		
Cash	\$ 75,125	428,598
Grants receivable	54,152	30,974
Prepaid items	<u>11,922</u>	<u>5,296</u>
TOTAL ASSETS	<u>141,199</u>	<u>464,868</u>
<b>LIABILITIES:</b>		
Accounts payable	21,345	17,929
Grants payable	34,370	12,346
Unearned revenue	200,000	460,000
Accrued expenses	<u>56,901</u>	<u>38,924</u>
TOTAL LIABILITIES	<u>312,616</u>	<u>529,199</u>
<b>NET POSITION:</b>		
Restricted for:		
Clean up activities	20,991	20,991
Unrestricted	<u>(192,408)</u>	<u>(85,322)</u>
TOTAL NET POSITION	<u>\$ (171,417)</u>	<u>(64,331)</u>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**  
**STATEMENT OF ACTIVITIES**

Year ended June 30, 2022  
(with comparative information for prior year)

Function	Expenses	Operating Grants	Net Revenue (Expense)	
			2022	2021
Administration	\$ 742,833	25,735	(717,098)	(840,420)
Technical and project support	298,910	288,663	(10,247)	(18,399)
Total	<u>\$ 1,041,743</u>	<u>314,398</u>	<u>(727,345)</u>	<u>(858,819)</u>
General revenues:				
Member contributions			610,000	549,000
Interest			9	72
Other revenue			<u>10,250</u>	<u>251</u>
Total general revenues			<u>620,259</u>	<u>549,323</u>
Change in net position			(107,086)	(309,496)
Net position, beginning of year			<u>(64,331)</u>	<u>245,165</u>
Net position, end of year			<u>\$ (171,417)</u>	<u>(64,331)</u>



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

June 30, 2022  
(with comparative information for prior year)

	Special Revenue				Totals	
	General	Prop 68	Fish Clean	Nonmajor		
	Fund	DWR Grant Fund	Up Trust Fund	Grants Fund	2022	2021
<b>ASSETS:</b>						
Cash	\$ 54,134	-	20,991	-	75,125	428,598
Grants receivable	355	50,193	-	3,604	54,152	30,974
Due from other funds	19,427	-	-	-	19,427	18,628
Prepaid items	11,922	-	-	-	11,922	5,296
<b>TOTAL ASSETS</b>	<b>85,838</b>	<b>50,193</b>	<b>20,991</b>	<b>3,604</b>	<b>160,626</b>	<b>483,496</b>
<b>LIABILITIES:</b>						
Accounts payable	21,345	-	-	-	21,345	17,929
Grants payable	-	34,371	-	-	34,371	12,346
Unearned revenue	200,000	-	-	-	200,000	460,000
Accrued expenses	17,585	-	-	-	17,585	38,924
Due to other funds	-	15,822	-	3,604	19,426	18,628
<b>TOTAL LIABILITIES</b>	<b>238,930</b>	<b>50,193</b>	<b>-</b>	<b>3,604</b>	<b>292,727</b>	<b>547,827</b>
<b>FUND BALANCES:</b>						
Restricted for clean up activities	-	-	20,991	-	20,991	20,991
Unassigned	(153,092)	-	-	-	(153,092)	(85,322)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>(153,092)</b>	<b>-</b>	<b>20,991</b>	<b>-</b>	<b>(132,101)</b>	<b>(64,331)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 85,838</b>	<b>50,193</b>	<b>20,991</b>	<b>3,604</b>	<b>160,626</b>	<b>483,496</b>

See accompanying notes to the basic financial statements.

**SALTON SEA AUTHORITY**

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

June 30, 2022

Fund balances of governmental funds	\$ (132,101)
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Amounts reported for governmental activities in the statement of  
net position are different because:

Long-term liabilities applicable to the Authority's governmental activities are not  
due and payable in the current period and, accordingly, are not reported as fund  
liabilities. However they are reported in the Statement of Net Position. The long-  
term liability of the Authority is related to compensated absences.

(39,316)

Net position of governmental activities

\$ (171,417)

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, 2022  
(with comparative information for prior year)

	General Fund	Special Revenue			Totals	
		Prop 68 DWR Grant Fund	Fish Clean Up Trust Fund	Nonmajor Grants Fund	2022	2021
REVENUES:						
Member contributions	\$ 610,000	-	-	-	610,000	549,000
Intergovernmental	-	310,794	-	3,604	314,398	151,418
Interest	9	-	-	-	9	72
Other revenue	<u>10,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,250</u>	<u>251</u>
TOTAL REVENUES	<u>620,259</u>	<u>310,794</u>	<u>-</u>	<u>3,604</u>	<u>934,657</u>	<u>700,741</u>
EXPENDITURES:						
Administration	709,639	11,884	-	3,604	725,127	866,155
Technical and project support	<u>-</u>	<u>298,910</u>	<u>-</u>	<u>-</u>	<u>298,910</u>	<u>144,082</u>
TOTAL EXPENDITURES	<u>709,639</u>	<u>310,794</u>	<u>-</u>	<u>3,604</u>	<u>1,024,037</u>	<u>1,010,237</u>
Excess (deficiency) of Revenues over (under) Expenditures	(89,380)	-	-	-	(89,380)	(309,496)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,218
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,218)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(89,380)	-	-	-	(89,380)	(309,496)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR, RESTATED	<u>(63,712)</u>	<u>-</u>	<u>20,991</u>	<u>-</u>	<u>(42,721)</u>	<u>245,165</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ (153,092)</u>	<u>-</u>	<u>20,991</u>	<u>-</u>	<u>(132,101)</u>	<u>(64,331)</u>

**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, 2022

Net changes in fund balances - total governmental funds	\$	(89,380)
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Amounts reported for governmental activities in the statement of  
activities are different because:

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds.		<u>(17,706)</u>
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Change in net position of governmental activities	\$	<u><u>(107,086)</u></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, 2022**

**(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**  
**Year ended June 30, 2022**

**(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**  
**Year ended June 30, 2022**

**(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.

Additionally, the Authority reports the following nonmajor governmental fund:

**Nonmajor 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.

**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2022**

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

**(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.

**(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.



**SALTON SEA AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2022**

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

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.

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**  
**Year ended June 30, 2022**

**(2) Cash**

Cash as of June 30, 2022 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$75,125</u>
Total cash	<u>\$75,125</u>

Cash as of June 30, 2022 consisted of the following:

Demand deposits	<u>\$75,125</u>
Total cash	<u>\$75,125</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**  
**Year ended June 30, 2022**

**(4) Interfund**

The composition of inter-fund balances as of June 30, 2022, was as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Prop 68 Grant Fund	\$ 15,822
General Fund	Nonmajor Grant Fund	<u>3,604</u>
	Total	<u>\$ 19,427</u>

**(5) 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.

**(6) Fund Balance Deficit**

The General Fund reports an ending fund balance deficit of \$153,092 due to increase in non-reimbursable grant activities.

**(7) Restatement of Prior Year Net Position**

During the year ended June 30, 2021, the Authority made the following adjustment to beginning Net Position:

	<u>General Fund</u>	<u>Fish Clean Up Trust Fund</u>	<u>Total</u>
Beginning Net Position	\$ (85,322)	20,991	(64,331)
Accrued Vacation Adjustment	<u>21,610</u>	<u>-</u>	<u>21,610</u>
Beginning Net Position, Restated	<u>\$ (63,712)</u>	<u>20,991</u>	<u>42,721</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Year ended June 30, 2022

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES:				
Member contributions	\$ 610,000	610,000	610,000	-
Interest	1,000	1,000	9	(991)
Other revenue	280,000	280,000	10,250	(269,750)
TOTAL REVENUES	<u>891,000</u>	<u>891,000</u>	<u>620,259</u>	<u>(270,741)</u>
EXPENDITURES:				
Administration	<u>1,085,700</u>	<u>1,085,700</u>	<u>709,639</u>	<u>376,061</u>
TOTAL EXPENDITURES	<u>1,085,700</u>	<u>1,085,700</u>	<u>709,639</u>	<u>376,061</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(194,700)</u>	<u>(194,700)</u>	<u>(89,380)</u>	<u>105,320</u>
Net changes in fund balance	(194,700)	(194,700)	(89,380)	105,320
FUND BALANCE AT BEGINNING OF YEAR	<u>(63,712)</u>	<u>(63,712)</u>	<u>(63,712)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (258,412)</u>	<u>(258,412)</u>	<u>(153,092)</u>	<u>105,320</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, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 250,000	250,000	310,794	60,794
TOTAL REVENUES	<u>250,000</u>	<u>250,000</u>	<u>310,794</u>	<u>60,794</u>
EXPENDITURES:				
Administration	-	-	11,884	(11,884)
Technical and project support	<u>250,000</u>	<u>250,000</u>	<u>298,910</u>	<u>(48,910)</u>
TOTAL EXPENDITURES	<u>250,000</u>	<u>250,000</u>	<u>310,794</u>	<u>(60,794)</u>
Excess (deficiency) of Revenues over (under) Expenditures	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to required supplementary information.

## **SALTON SEA AUTHORITY**

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

Year ended June 30, 2022

#### **(1) Budgets and Budgetary Data**

The Authority is only required to adopt an annual budget for the general fund and the Prop 68 DWR Grant Fund. These budgets are 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 and Prop 68 DWR Grant 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 Prop 68 DWR fund reports an excess of expenditures over appropriations of \$60,794, however the expenditures were fully funded by the revenues in excess of budget for the same amount.

The General Fund reported lower than budgeted revenues due to additional grant funding budgeted that did not materialize. The General Fund expenditures were lower than budgeted due to a vacant Executive Director support position and lower than budgeted consulting services.



# The Corps feasibility study – finding a balanced solution

By [Robert D. Kidd](#)

Published Jan. 14, 2016

**SACRAMENTO, Calif.** -- How do you eat an elephant? One bite at a time, right?

That one-liner serves as a metaphor for how an incredibly complex task can be accomplished by stating a goal, gathering facts, initiating action and formulating an overall plan from a series of achievable objectives using available resources.

That also describes how the U.S. Army Corps of Engineers conducts a feasibility study for prospective projects, though we'd work hard to avoid harming an actual elephant.

Since February 2012, Corps feasibility studies have been guided by the "3x3x3 rule," which states that feasibility reports will be produced in no more than three years; with a cost not greater than \$3 million; and involve all three levels of Corps review – district, division and headquarters – throughout the study process. Some complex studies may require additional time or funds but those are the exception rather than the rule.

A Corps feasibility study involves assessing problems and opportunities related to water resources, coming up with alternative solutions to address those problems, comparing those solutions and, ultimately, recommending the solution that makes most sense. There are a variety of approaches, both quantitative and qualitative, to assist with multi-criteria decision making and plan selection using either National Economic Development or National Ecosystem Restoration guidelines prescribed by Congress.

NED guidelines prescribe the minimum acceptable economic benefit-to-cost ratio for a civil works project. For each dollar spent, there should be an equal amount of future cost savings. NER guidelines describe the standards by which the benefits of an ecosystem restoration project are quantified.

The multi-functional project delivery team is the workgroup tasked with conducting the study and consists of a myriad of experts ranging from civil engineering to environmental planning to even a historian/archaeologist. Each team member is responsible for identifying water resources problems and assisting in formulating solutions to those problems within their area of expertise. This interdisciplinary approach to problem solving is key to a successful feasibility study.



Coordination with state and federal resource agencies begins at the outset of the scoping phase when study boundaries are defined. Inter-agency communication and collaboration follows throughout the study, minimizing potential delays and maximizing time invested.

For example, established roles of the U.S. Fish and Wildlife Service and National Oceanic and Atmospheric Administration, commonly referred to as NOAA Fisheries, are retained and re-emphasized in the feasibility study process with a focus on early coordination.

Initiation of a feasibility study begins when a local sponsor requests a study. If Congress has previously authorized studies of this type, a budget request is made for funding.

If no Congressional authorization for such a study exists, the local sponsor must contact their Congressional delegation and request that a new study authority be passed. Once the new authority is passed, the Corps can make a budget request for the study.

The Corps team develops the feasibility report through several iterations.

“Identify problems and opportunities; inventory and forecast conditions; formulate alternatives; evaluate alternatives; compare alternatives; and select a recommended plan – then repeat,” said Alicia Kirchner, chief of planning for the Corps’ Sacramento District. “That’s the engine that drives a Corps study forward.”

The draft report grows over time and is reviewed by top-level Corps experts, especially at five milestones in the study process.

The “Alternatives” milestone is the first goal. In order to get there, the team will:

- conduct public scoping meetings;
- establish a comprehensive list of problems and opportunities;
- forecast the future-without-project conditions;
- identify all suggested measures; and
- develop the broadest array of alternatives to be carried forward.

The second phase of the Corps study process is where the team:

- more fully develops best alternatives;
- identifies costs and accomplishments for each alternative;
- identifies the National Economic Development alternative (for non-ecosystem restoration projects);
- identifies non-federal support sources; and
- exercises quality control review.

Upon completion of these items, the team arrives at the “Tentatively Selected Plan” milestone.

The “Agency Decision” milestone is the third step for a Corps study, and requires:

- feasibility-level analysis;

- agency technical review and independent external review;
- additional public review and initial policy review; and
- assessment of all comments to verify or revise the Tentatively Selected Plan.

The study then travels to Washington D.C. where the Corps' Civil Works Review Board must approve it for release to the Chief of Engineers, the commanding general for the Corps. The study is further honed at this fourth milestone by:

- feasibility-level analysis;
- feasibility-level design of Tentatively Selected Plan (and National Economic Development alternative plan, if different);
- certification of cost estimates;
- application of biological opinions;
- review of the final district report; and
- complete policy review.

The final product, an integrated feasibility study report, presents science-based decisions and the reasons that led to those decisions.

Once the Chief of Engineers signs off on the study, the Chief's Report, the fifth and final Corps milestone of the study process, finalizes the Corps' recommendation to be presented to Congress for authorization and funding consideration through the Assistant Secretary of the Army for Civil Works.

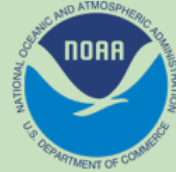
Related Link: [More about NED and NER guidelines](http://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1105-2-100.pdf)

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U.S. Army   Corps of Engineers   feasibility study   planning



US Army Corps  
of Engineers



# **U.S. Army Corps of Engineers SMART Planning Feasibility Studies**

**A Guide to Coordination and Engagement with the Services**

*September 2015*





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# Preface

**ON** 8 February 2012, the Deputy Commanding General for Civil and Emergency Operations for the U.S. Army Corps of Engineers (Corps) directed implementation of a new process – SMART (Specific, Measurable, Attainable, Risk Informed, Timely) Planning – for conducting civil works feasibility studies for water resources development projects.

The SMART Planning process is intended to improve and streamline feasibility studies, reduce their cost, and expedite their completion. The goal of this process is to complete feasibility studies within three years, at a cost of no more than \$3 million, and with three levels of the Corps engaged throughout (i.e., 3x3x3 Rule). The improved process is intended to make better use of appropriate Corps staff and resources by focusing on the projects that demonstrate the greatest value to the nation in order to more efficiently advance recommendations of projects to Congress for authorization.

The Guide to SMART Planning (Guide) was developed by the Corps through a collaboration between the Headquarters offices of the Corps, U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS). This Guide provides information and guidance on the SMART Planning process, and has been developed primarily for use by the Corps, FWS and NMFS biologists and planners working together on Corps water resources development feasibility studies.

Established roles of the FWS and NMFS under a variety of statutes in water resource development processes are retained and re-emphasized in the SMART Planning feasibility study process, with a greater focus on early coordination. Substantive, early engagement is needed to successfully deliver projects that could potentially be delayed by lingering conflicts. Ensuring FWS and NMFS are fully informed, engaged, and able to review and shape project proposals is critical given reduced timeframes and budget constraints.

This Guide is not a replacement of current environmental regulations, policies or consultation handbooks; it was developed as a tool for staff across agencies to become familiar with the SMART Planning feasibility study process and to highlight opportunities for engagement and coordination at all stages of the planning study.

This Guide addresses only coordination with the FWS and NMFS; it is not inclusive of all coordination responsibilities during the feasibility study process. Other Federal statutes such as the National Historic Preservation Act and Clean Water Act require coordination with state agencies during the planning process. Treaties with Native American tribes also create a consultation obligation. Coordination with state agencies and Native American tribes can be lengthy and sometimes challenging; integrating this coordination into the planning schedule is essential.

Corps Division offices are encouraged to work with their Districts and the appropriate FWS and NMFS field and regional offices to ensure a common understanding of regional and agency priorities, resource constraints, and expectations.

This Guide will be updated periodically as new regulations and policies are developed affecting the Corps feasibility study process or consultation requirements related to the environmental laws discussed in the Guide.

Information and guidance about the Corps feasibility study/SMART Planning process is available on the Corps Planning Community Toolbox website. This website contains additional information beyond what is presented in this Guide. The Toolbox includes a wealth of information including the policy, guidance, processes and tools that are used by Corps planners. **The link to the Corps Planning Community Toolbox is <http://planning.usace.army.mil/toolbox/index.cfm>.**

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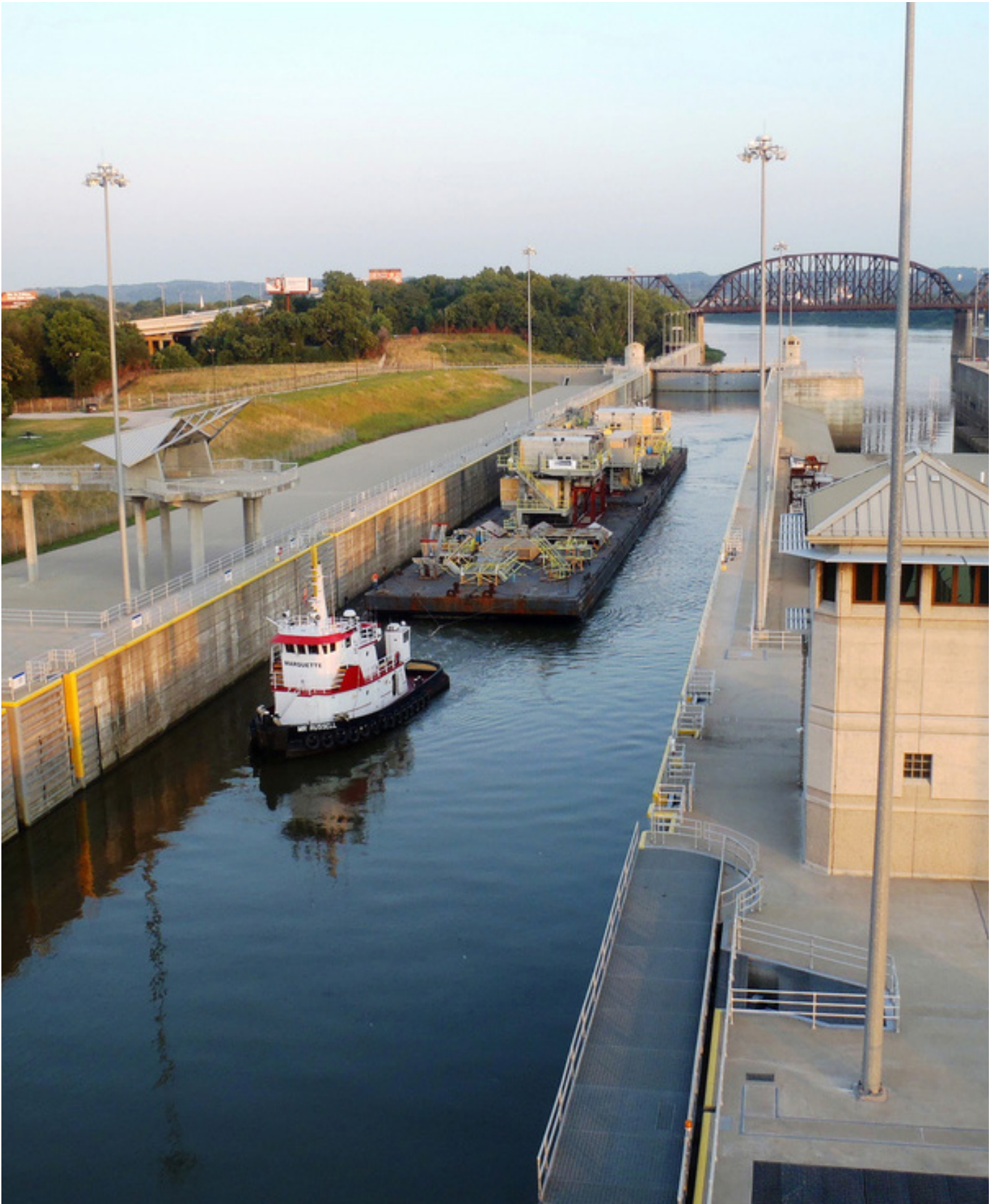


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# Introduction

**THE** U.S. Army Corps of Engineers (Corps) has transformed the process for conducting civil works feasibility studies. The process, referred to as SMART (Specific, Measurable, Attainable, Risk Informed, Timely) Planning, is intended to improve feasibility studies, reduce their cost, and expedite completion. While feasibility studies will continue to follow the traditional six-step planning process, required by the 1983 Principles and Guidelines and 2015 Principles and Requirements, these studies will now utilize risk-informed and decision-focused methodologies, and work through a modified series of decision points or milestones.

The basic purpose of this Guide is to provide an overview of the SMART Planning process, and demonstrate how key environmental compliance activities fit into that process. The Guide is intended to be a resource for the Corps, U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) and to provide a foundation for field and regional staff working together

on Corps feasibility studies. Improving the understanding of the SMART Planning process among agencies is vital for the successful implementation of SMART Planning studies across the nation. The SMART Planning methodology and framework were developed to facilitate more efficient, effective and consistent delivery of planning decision documents, including early evaluation of the likelihood of Federal interest to determine if a study should continue or be terminated. Through Planning Modernization efforts, the Corps has reduced its planning portfolio of studies to focus available funding on the most credible and viable projects for Congressional authorization. In an era of reduced budgets, this approach allows agencies to optimize available resources and address the nation's critical water resources needs.

The Corps' feasibility study process and development of water resources projects is governed by many Federal laws and regulations. Since the advent of key environmental legislation such as the Endangered Species

## WHAT IS SMART PLANNING?

SMART Planning is:

**S:** Specific  
**M:** Measurable  
**A:** Attainable  
**R:** Risk Informed  
**T:** Timely

Act (ESA), Fish and Wildlife Coordination Act (FWCA), Magnuson-Stevens Fishery Conservation and Management Act (MSA), Coastal Zone Management Act (CZMA), Marine Mammal Protection Act (MMPA), and National Environmental Policy Act (NEPA), the Corps has worked closely with Federal agencies, including NMFS and FWS (collectively the Services) in developing the water resource infrastructure projects that the Corps studies, recommends, and constructs. This Guide focuses more on ESA, MSA and FWCA because these environmental laws tend to involve extensive coordination and consultation between the Corps and the

Services. The Federal statutes discussed in this Guide do not constitute an exclusive list of the Corps' consultation obligations. Other Federal laws and treaties not discussed in this Guide also give rise to consultation and coordination obligations with state agencies and Native American tribes that must be addressed in the feasibility study process.

The Guide begins with a basic background on the purpose and intent of a feasibility study, explains how and why SMART Planning was developed, discusses the framework (phases and milestones), and highlights key differences in execution of a feasibility study under the SMART Planning process. This sets the stage for the interagency coordination and engagement section that provides details on communication opportunities, and where/when the key environmental compliance and coordination activities occur within the SMART Planning process. Graphics of the SMART Planning feasibility study process overlaid with ESA, MSA and FWCA compliance activities are also included for illustrative purposes.

# The Road to Water Resources Projects Begins with a Feasibility Study

**THE** feasibility study is the first stage of development for a potential Federal water resources development project, and where the SMART Planning process is applied.

The purpose of the feasibility study is to identify, evaluate and recommend to decision makers an appropriate, coordinated and workable solution to identified water resources problems and opportunities. In the Corps, this process is called “plan formulation.”

The Corps’ feasibility planning is guided by the Principles and Guidelines for Water and Land Related Resources Implementation Studies (Principles & Guidelines). The 1983 Principles & Guidelines define the Federal objective of Corps project planning, which is to contribute to national economic development consistent with protecting the Nation’s environment, pursuant to national environmental statutes, applicable executive orders, and other Federal planning requirements. A wide

range of alternatives will be investigated and the alternative with the greatest net economic benefit must be identified (the National Economic Development (NED) Plan). In the case of ecosystem restoration projects, the alternative that maximizes ecosystem restoration benefits compared to costs, and is consistent with the Federal objective (called the National Ecosystem Restoration (NER) Plan), must be identified. The rationale for the selection of an alternative other than the NED or NER plan (e.g., a locally preferred plan) must be fully documented.

It is also during the feasibility stage that NEPA compliance takes place and environmental documentation is prepared. The Corps uses the NEPA process and documentation to tie the impact analysis together and discuss effects and compliance with other environmental laws that are applicable to the study, such as the ESA, FWCA, MSA, MMPA, Migratory Bird Act, Clean Air Act, Clean Water Act, and many others. It is crucial that involved agencies coordinate early in

the study process to collect and analyze the data needed to inform environmental evaluations and consultations. Early coordination also leads to early problem solving when project designs are the most flexible.

A feasibility report documents the study results and findings, including the formulation of alternatives, the selection process of the recommended alternative, and the costs and benefits of that recommended plan. The NEPA Report will also be integrated into the feasibility report. Compliance with other environmental laws may entail the production of additional documentation, but the Integrated Feasibility/NEPA Report should capture all of these requirements succinctly in summary.

The final feasibility report provides a sound and documented basis for decision makers and stakeholders regarding the recommended solution.

A feasibility study ends when the Chief of Engineers signs a “Chief’s Report” and transmits it

*In 2015 the Council on Environmental Quality finalized updated Principles and Requirements for Federal Investments in Water Resources and Interagency Guidelines for implementing the Principles and Requirements. Federal agencies, including the Corps, are now tasked with developing “Agency Specific Procedures” reflecting the Principles, Requirements and Guidelines. The Procedures developed by the Corps may impact the feasibility study process and the way that potential projects are formulated and evaluated.*

and the Integrated Feasibility/NEPA Report to the Assistant Secretary of the Army for Civil Works (ASA(CW)). The ASA(CW) then submits the report documentation to the Office of Management and Budget (OMB). The OMB reviews the report to make sure that it is consistent with Administration policies and priorities, and provides clearance to release the report to Congress. The ASA(CW) then submits the report to Congress for consideration of authorization to construct the recommended water resources project.

# The Corps Feasibility Study Process

## WHAT IS SMART PLANNING AND THE 3x3x3 RULE?

SMART Planning is the process applied to the Corps feasibility study development. In 2012, the Corps proposed a re-envisioned feasibility study process that became known as SMART Planning. With the same end-point in mind – a technically sound, policy compliant, cost-effective project recommendation to the Chief of Engineers – the process of developing and documenting that recommendation has been recast to focus on key decisions, to better evaluate and consider risk and uncertainty, to scale the level of detail in the analysis to the decision to be made, and to work more efficiently and effectively

*SMART Planning studies must adhere to Civil Works policies, procedures and standards and applicable laws that are critical to developing a technically sound, policy compliant bases for making recommendations that support the national interest.*

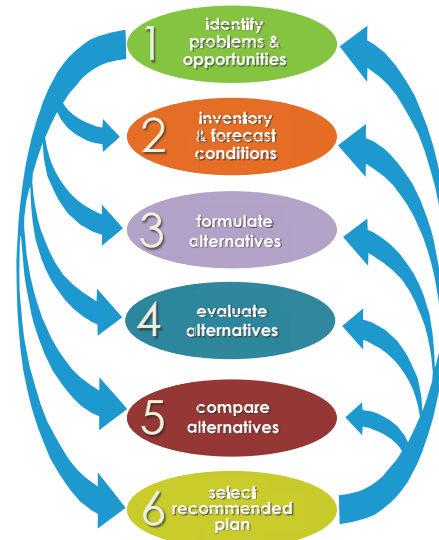
across Corps District, Division, and Headquarters boundaries.

SMART Planning is decision-focused planning rather than task oriented planning. It reorients the planning process away from simply collecting data or completing tasks and refocuses it on doing the work required to reduce uncertainty to the point where the Project Delivery Team (PDT) can make an iterative sequence of planning decisions required to complete a quality study in full compliance with environmental laws and statutes.

To encourage accountability and efficiency in applying the SMART Planning feasibility process and new decision-based milestones, studies are to be scoped to completion in 3 years or less, at a cost of no more than \$3 million dollars, and developed with the engagement of all 3 tiers of the Corps vertical team (District, Division, and Headquarters). This became known as the “3x3x3 Rule.”

“The 3x3x3 Rule” – and the process for exemptions from the

FIGURE 1: THE CORPS’ ITERATIVE SIX STEP PLANNING PROCESS



Rule – originated as a policy directive from the Corps’ Deputy Commanding General for Civil and Emergency Operations, and was put into law as part of the Water Resources Reform and Development Act (WRRDA) of 2014.

## PLANNING GUIDANCE

For the Corps, the Planning Guidance Notebook (Engineer Regulation 1105-2-100) provides the overall direction by which the Corps civil works projects are formulated, evaluated, and recommended for

implementation. The Planning Guidance Notebook is currently being revised to reflect the particular process changes under SMART Planning, such as different decision-based milestones. While the process has changed, a SMART Planning feasibility study will still go through the six-step planning process outlined in the Principles & Guidelines (Figure 1).

Until the Planning Guidance Notebook revisions are complete, the Planning Guidance Notebook has been supplemented by a series of Planning Bulletins that establish key decision-based

milestones for feasibility studies, elaborates on the role of team members throughout a study, and establishes additional planning and decision-making tools used during the development of feasibility study reports.

## THE FEASIBILITY PROJECT DELIVERY TEAM

A study team is developed at the onset of a feasibility study. The study team is often referred to as the Project Delivery Team (PDT). The PDT is a multidisciplinary group assembled to develop the feasibility study. The group generally includes staff within a Corps District and other Corps offices, as well as the project sponsor's staff, and may include staff from the FWS and NMFS depending on the extent and degree of potential effects to

fish and wildlife resources. Every feasibility study is equally cost-shared between the Federal government and a local non-Federal sponsor. Because of this, the non-Federal sponsor is an important part of the PDT and has a critical role in the feasibility study process.

The PDT will engage other Federal, tribal, state and governmental agencies, stakeholder groups and the general public, and may also involve engineering firms or other contractors in the development of the project. In addition to the PDT, a "vertical team" within the Corps is established for each study – meeting the objectives of the third "3" in the 3x3x3 Rule. The exact makeup of the vertical team may vary from study to study depending on the complexity and scope of the study; however

it will include decision-makers and technical expertise from the District, Division and Headquarters. The vertical team is involved informally throughout the study process, and formally during SMART Planning milestones.

## SMART PLANNING PROCESS - PHASES AND MAJOR MILESTONES

SMART Planning is a new process with new milestones. The feasibility study milestones of the past, such as the Feasibility Scoping Meeting and Alternatives Formulation Briefing, are no longer used.

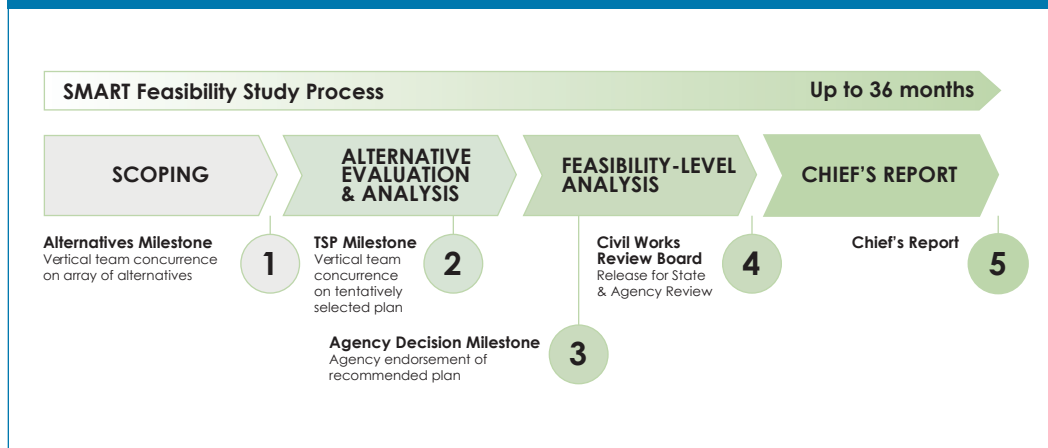
As depicted in Figure 2, the SMART Planning study process is broken out into four separate phases over the course of a study

*The Services involvement in the feasibility study process as it relates to coordination and consultation under laws such as FWCA, ESA, and MSA is discussed in the next chapter.*

period: Scoping; Alternative Evaluation and Analysis; Feasibility-Level Analysis; and Chief's Report development. There are five key decision points or milestones that mark significant decisions along the way: Alternatives Milestone; Tentatively Selected Plan Milestone, Agency Decision Milestone, Civil Works Review Board and Chief's Report Milestone.

The timelines provided in each phase are general for a 3-year study completion. However studies can be done in less time, and complex or large feasibility studies may be approved to go beyond 3 years. While some general guidelines have been provided, the exact duration of each phase will depend on the work required to make the next decision. However the end goal is to complete the study within 3 years. Although clear decisions are necessary to continue to move studies forward, planning is an iterative process and at any point it may be necessary to revisit a

FIGURE 2: THE SMART PLANNING FEASIBILITY STUDY PROCESS IDENTIFYING THE FOUR PHASES AND MAJOR MILESTONES



particular measure or alternative screened out during plan formulation if new information is available.

## WHAT'S DIFFERENT IN A SMART PLANNING STUDY?

There are two key differences in execution of a feasibility study under the SMART Planning process.

**1 | The Planning Process is More Risk Informed and Decision Focused** — Prior to the SMART Planning process, the key engagement point for Corps senior leaders was toward the end of the study. If a policy issue arose at this stage of the feasibility study, it could set the project back by months or years. Now under SMART Planning, there are multiple points throughout the study (from the beginning) where project issues are raised and resolutions are agreed to by all the levels of the Corps. This allows the Corps to make a decision based on a common understanding of work done to date, and to ensure that technical, policy, and legal considerations have been taken into account before investing additional time and money in the next phase.

## 2 | Level of Detail Evolves Through the Duration of the Study to Support Decisions

— Throughout the feasibility study, the approach to level of detail, data collection, and models is based on what is necessary to support decisions to be made. At the beginning of a study, the PDT must first take a hard look at the existing information/data available to determine the sufficiency for screening alternatives. Additional data can be collected, but it must be justified rather than assumed. SMART Planning does not eliminate the detail necessary to do a proper environmental impact analysis or mitigation planning; it is about developing the appropriate data at the right time to make the next decision. Determining the level of detail will often require input from FWS, NMFS, and other agencies involved in a study. The identification, consideration, and analysis of alternatives are important to the NEPA process and goal of objective decision making.

Ultimately, keeping the level of detail appropriate to the decision at hand and keeping a focus on the decision reduces study costs and saves time. Key to SMART Planning is early coordination and

*Throughout the feasibility study, the approach to level of detail, data collection, and models is based on what is necessary to support decisions to be made.*

engagement with agencies to identify the significant resources at risk, to better understand the important questions to ask regarding those resources and risks, and to determine the information needed to answer those questions and reduce risk. SMART Planning promotes frequent team communication on acceptable versus unacceptable levels of risk. The risk of making decisions with available information will be considered while weighing the remaining uncertainties and the level of detail needed to support the next decision. **The level of design and environmental compliance detail on the Corps Recommended Plan for Federal investment under SMART Planning is the same as it was prior to SMART Planning.**

The PDT will complete progressively more detailed analyses over a reasonable range of alternatives until finally identifying a recommended alternative. The team reduces

uncertainty with greater detail, but only when necessary to reduce unacceptable risk.

PDTs consider critical questions throughout each phase of the study.

- What is the decision we are going to make?
- How are we going to make the decision?
- What criteria will we use to make the decision?
- What are the key drivers (data, uncertainty, etc.) that will affect the decision?
- What data is immediately available? Will getting more data change the decision or outcome?
- What are the decision risks (probability and consequence of making an undesirable decision) of using the available data?

The PDT progressively and deliberately determines the level of detail they need to make the next planning decision. The PDT must balance its choice for additional detail with the funds and time available against the risk and uncertainty of decision outcome.



# Interagency Coordination and Engagement on SMART Planning Feasibility Studies

FIGURE 3: SMART PLANNING FEASIBILITY STUDY PROCESS OVERLAID WITH MAJOR ENVIRONMENTAL COMPLIANCE LAWS AND PROCESSES

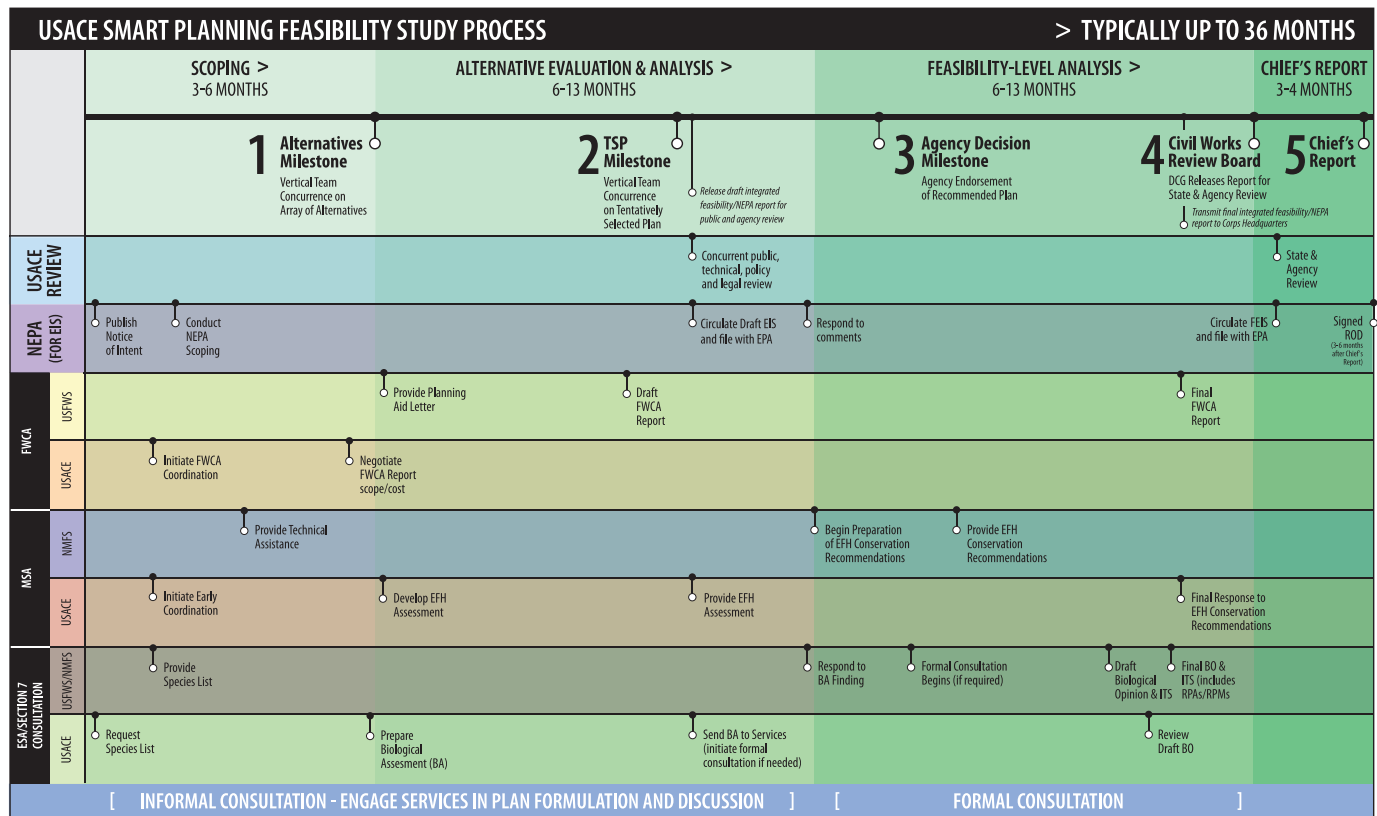


Photo by Chuck Hanlon, South Florida Water Management District (Some rights reserved)



Throughout this section of the Guide, reference will be made to key environmental compliance laws, and how and where the activities pertinent to those laws interact with the SMART Planning process. This interaction is also illustrated in Figure 3, which shows how multiple processes – NEPA, ESA, MSA,

FWCA - overlay with the SMART Planning feasibility study process (Phases and Milestones). Figure 3 is intended as general guidance. As discussed below, the Corps, FWS and NMFS should agree on milestones early in the planning process and be willing to adjust the schedule if circumstances warrant.



# BEFORE THE FEASIBILITY STUDY BEGINS

A feasibility study does not officially begin until the Corps and the non-Federal sponsor sign a cost sharing agreement committing to carrying out the study and sharing the expected costs. With the passage of Section 1002(a) of the WRRDA of 2014 that repealed section 905(b) of WRDA 1986, the Corps is no longer authorized to conduct a full Federal reconnaissance phase or initial assessment. Instead, a single phase cost-shared study process now applies to study efforts making it even more important for the Corps to coordinate early with the Services. If the Corps knows a new study is imminent – likely to be launched during the current

fiscal year because it was funded in the Corps’ annual appropriations – the PDT/District should reach out and share this information with the Services’ field or regional offices.

When the Corps District is considering engaging the Services to make them aware of potential new studies, they should consider:

- Are there potential significant impacts that would lead to an Environmental Impact Statement level NEPA document?
- Which Federal agencies may have jurisdiction by law or special expertise with respect to environmental issues?
- Which Federal agencies will have a direct role in contributing to the analysis within the report, and what

## Typical Engagement Between the Corps and the Services Before a Feasibility Study Begins

Headquarters – Corps and Services	<ul style="list-style-type: none"> <li>■ Potential “new start” feasibility studies identified in President’s Budget</li> <li>■ Discussion of Administration priorities with respect to agency mandates</li> </ul>
Regional Offices – Corps Divisions and Services Regional Offices	<ul style="list-style-type: none"> <li>■ Quarterly / regular dialogue on ongoing and expected studies</li> <li>■ Identify issues likely to be a priority for agencies</li> </ul>
Local Offices – Corps Districts and Field or Regional Offices	<ul style="list-style-type: none"> <li>■ Share expectations of when studies will proceed and key decision points based on appropriations cycle</li> <li>■ Discuss likelihood of significant resources in study area</li> <li>■ Share and keep updated on timelines for study milestones</li> </ul>

environmental laws will be applicable?

- What information can be assumed or brought forward from similar studies (by purpose or study area) to help

estimate the level of detail or new data/analysis required for this study? Were those studies recent?

## WHAT IS A PLANNING CHARETTE?

A charette (pronounced [shuh-ret]) is a structured, collaborative session in which a group comes together to develop a solution to a problem.

In SMART feasibility studies, a planning charette usually brings together the PDT and vertical team, expert planners, the project sponsor, and resource agencies in an early structured workshop to address a specific topic and advance the study.

Although not a requirement, PDTs have found that this focused gathering of key team members can facilitate decisions in a timely and cost-effective manner.

### SCOPING

3-6 months

- Identify Study Objectives
- Define Problems & Opportunities
- NEPA Scoping
- Inventory & Forecast
- Formulate Alternative Plans
- Evaluate Alternatives & Identify Reasonable Array

1

#### ALTERNATIVE MILESTONE

Vertical concurrence on array of Alternatives

### SCOPING PHASE

SCOPING

ALTERNATIVE EVALUATION & ANALYSIS

FEASIBILITY LEVEL ANALYSIS

CHIEF'S REPORT

## SCOPING PHASE

Scoping is an early planning activity that is required by both the Principles & Guidelines and the regulations implementing the NEPA. Scoping identifies the most important issues raised by the proposed action. Scoping is a key component of this early phase of the feasibility study and often includes engagement via public meetings and other venues, as well as engagement with the resource agencies. SMART Planning emphasizes the importance of early engagement. It is important for the Corps to reach out early and engage the Services in a feasibility study.

During the Scoping Phase, the FWS and/or NMFS will be invited to participate in study scoping, to identify fish and wildlife concerns, to identify available information, to obtain their views concerning significance of fish and wildlife resources and anticipated impacts, and to determine the resources that would be evaluated in the study. For example, the Services may be able to suggest

fish and wildlife opportunities and planning objectives, ways to avoid and minimize impacts to endangered or threatened species and critical habitat, ways to avoid and minimize other impacts to fish and wildlife habitats, potential considerations and opportunities for compensatory mitigation if necessary. Similarly, the Services can assist the Corps with identifying existing data needed to better scope the study.

During the Scoping Phase, the PDT develops the Project Management Plan that outlines the work tasks, the level of detail, and the timelines for the project. During the development of the Project Management Plan, the PDT will reach out to appropriate Federal and non-Federal agencies for input, especially if there are protected species or other resources of concern that are anticipated in the study area.

Corps Districts coordinate with the Services, as well as other Federal and state agencies at the outset of the Scoping Phase, inviting them to participate at charettes,

scoping meetings, or informal workshops. Early involvement provides opportunities to avoid impacts to valued resources and areas with high-conflict potential prior to the commitment of significant planning investments. In addition, such activities are consistent with the “informal consultation” activities as called for by the ESA and the early coordination that is consistent with the MSA essential fish habitat (EFH) regulations. Many times, issues related to adverse effects on ESA-listed species and their designated critical habitats, or issues related to adverse impacts on EFH, can be resolved through early planning and coordination efforts.

Early engagement will not only help minimize contentious projects or limit effects to protected species or EFH but the conservation interests of the Services and the development interests of water resource planners are more likely to be mutually accommodated, and at a lower cost, the sooner that substantive coordination



envisioned by environmental laws such as the FWCA can begin.

The Services can also make recommendations during the planning process regarding mitigation of adverse effects to important or significant fish and wildlife resources. Avoidance and minimization of any adverse effects is an initial focus of early planning assistance, through early consideration of all parts of the mitigation hierarchy, including compensation.

During the Scoping Phase, the Corps PDT will engage with the Services to confirm discussions about the study area and scope, and also to:

- Share views concerning the significance of fish and wildlife resources and anticipated impacts;
- Share potential mitigation strategies (avoidance, minimization and compensatory actions) to ensure mitigation considerations are incorporated early in the study process;
- Share potential measures as a basis for identifying possible impacts;
- Identify available information;
- Determine those resources that should be evaluated in

the study; and

- Identify anticipated data needs for future environmental assessment/consultation activities.

The Scoping Phase also triggers statutory requirements under the FWCA. Under the FWCA, the Corps will coordinate with the Services at the beginning of a study. The Services are invited to participate in study scoping, to identify fish and wildlife concerns, to identify available information, to share their views concerning the significance of fish and wildlife resources and anticipated impacts, and to determine those resources to be evaluated in the study. During the Scoping Phase, a Scope of Work should be developed between the agencies to determine the support to be provided, including what type of report (Fish and Wildlife Coordination Act Report (FWCAR)), Planning Aid Report or Letters, etc.), and to also establish a timeline for receiving reports or letters. The purpose of the FWCAR or Planning Aid Report or Letter is to identify problems and opportunities related to the conservation and enhancement of all potentially impacted fish and wildlife resources, including marine resources related to migratory, estuarine and marine fisheries and their habitats. The

### Typical Engagement Between the Corps and the Services During the Scoping Phase

Headquarters – Corps and Services	<ul style="list-style-type: none"> <li>■ Resolve conflicts in agency policies</li> <li>■ Communicate policies clearly to regional and local offices</li> </ul>
Regional Offices – Corps Divisions and Services Regional Offices	<ul style="list-style-type: none"> <li>■ Quarterly/regular dialogue on ongoing and expected studies</li> <li>■ Address areas of concern not resolved during development of project-specific PMPs (e.g., expected level of detail of analysis or data collection)</li> </ul>
Local Offices – Corps Districts and Field or Regional Offices	<ul style="list-style-type: none"> <li>■ Engagement in scoping</li> <li>■ Federal agencies with jurisdiction or special expertise must be invited to be cooperating agencies (NEPA)</li> <li>■ Initial engagement via FWCA - Develop Scope of Work for FWS and NMFS involvement</li> </ul>

information gathered through the FWCA process should give the Corps an overall assessment of the fish and wildlife issues that will need to be addressed through project planning and design. Information provided by the Services is critical to the Corps for alternatives development. Specifically, during the Scoping Phase, the following actions should take place between the Corps PDT, FWS and NMFS:

#### GENERAL ACTIONS

- Corps invites Services to be Cooperating Agency in development of NEPA Report.
- Agencies work together to determine survey needs and gain input on recommended survey methodologies.

- Provide early identification of mitigation considerations – avoidance, minimization and potential compensatory mitigation strategies.
- Identify planning models to be used for mitigation and/or ecosystem restoration.

#### ESA

- Request a species list for defined study area (Corps).
- Provide species list and technical assistance – may be component of Planning Aid Report/Letter (appropriate Service).
- Initiate development of the Biological Evaluation/Assessment (Corps).

## A WORD ABOUT FORMULATION OF ALTERNATIVE PLANS

*Alternative plans are formulated to identify specific actions to achieve planning objectives within constraints, so as to solve the identified problems and realize the opportunities.*

**A management measure** is a feature or an activity that can be implemented at a specific geographic site to address one or more planning objectives. Management measures are the building blocks of alternative plans and are categorized as structural and nonstructural.

An **alternative plan** is a set of one or more management measures functioning together to address one or more objectives.

**A range of alternative plans** shall be identified at the beginning of the planning process and screened and refined in subsequent iterations throughout the planning process. However, additional alternative plans may be identified at any time during the process. Plans should be in compliance with existing statutes, administrative regulations, and common law or include proposals for changes as appropriate.

— Based on ER 1105-2-100, Planning Guidance Notebook

### FWCA

- Provide input to the Corps via Planning Aid Report/Letter.
- Negotiate the FWCAR scope of work.

### MSA

- Technical assistance and early coordination between Corps/ NMFS regarding EFH.

### MMPA

- During preparation of the NEPA report, coordination with the NMFS and/or FWS will include the discussion of potential impact to any species covered by this Act.

### CZMA

- If the study/project could have reasonably foreseeable effects on a State's coastal uses or resources, the Corps will consult with the state coastal management program early in the planning stages of a project to ensure early state-Federal coordination.

The identification of potentially significant issues generated during scoping is then used by the PDT as it develops study objectives, characterizes the problems and opportunities, begins developing the expected "future without project condition," identifies measures addressing

the water resources problem, and formulates alternative plans based on these measures.

During this early phase of the feasibility study, the PDT is primarily working with existing information, literature and data available from previous Corps studies, the local sponsor, other Federal agencies and other sources. This presents an opportunity for the Corps to exchange or communicate with the Services the list of existing data identified to ensure the latest and most recent is utilized. During the Scoping Phase, collection of new data is limited to instances where it is essential to develop information needed to support a decision related to understanding the problem and developing a reasonable array of alternative plans to address the problem. However, at the same time, the PDT is looking forward to determine the additional data, analyses, and other information that may be necessary to make future decisions during the study.

Documentation of scoping and plan formulation will include initial NEPA documentation, including why and how the particular range of project alternatives was developed, what kind of public and agency input was utilized, why and how alternatives were formulated and

how alternatives were eliminated from consideration, leading to a final array of alternatives, i.e., "reasonable range" of alternatives in NEPA terms.

The first decisional milestone, the Alternatives Milestone, happens at the end of this phase, marking vertical team agreement that the PDT has identified a focused array of alternatives and has a reasonable proposed way forward for analyzing and comparing those alternatives.

Prior to the Alternatives Milestone, the PDT should be confident that significant legal, policy, or technical concerns about the array of alternatives or the criteria that will be used to evaluate and compare the alternatives have been identified, and to the extent possible, a path to resolve any significant issues has been discussed.

## ALTERNATIVE EVALUATION & ANALYSIS PHASE

The second phase of a SMART Planning feasibility study is Alternative Evaluation and Analysis. This phase is the heart of the plan formulation and impact analysis, and may take a year to complete. The phase concludes when the PDT has identified a single alternative as the agency's "Tentatively Selected Plan," and releases a draft Integrated Feasibility/NEPA Report for public and agency review.

In this step, the focused array of alternative plans (including the "no action" plan) are compared against each other, with emphasis on the outputs and effects that will have the most influence in the decision-making process. A comparison of the outputs of the various plans must be made and the beneficial and adverse effects of each plan must be compared, including monetary and non-monetary benefits and costs.

Using the selection criteria (based on the study objectives) that were agreed to at the Alternatives Milestone, the PDT will identify a single alternative from among all those that have been considered – this is the Tentatively Selected

Plan – or preferred alternative in NEPA terms. The Tentatively Selected Plan must be shown to be preferable to taking no action (if no action is not recommended) or implementing any of the other alternatives considered during the planning process. The criteria for selecting the recommended plan differ, depending on the type of plan and whether desired project outputs are NED, NER, or a combination of both. If a "Locally Preferred Plan" is going to be recommended, the District must first get a policy waiver through the Headquarters office.

During this phase of analysis, the economic and environmental benefits, impacts and costs needed to distinguish between the various alternatives, will be developed. The duration of this phase will vary depending on the complexities of the study and the amount of modeling, data, analyses or other information that must be developed in order to evaluate alternatives and identify a Tentatively Selected Plan. The PDT must describe

the environmental impacts per alternative, and include the mitigation plan (whether it's at a conceptual level or it is model driven) per alternative, including the estimated range of preliminary costs, as the Tentatively Selected Plan will not yet have been optimized. For Ecosystem Restoration studies, the PDT will be required to select a model, collect the data, and conduct a Cost Effectiveness/ Incremental Cost Analysis

(CE/ICA) during this phase as the results will be used to identify the NER Plan. During this Alternative Evaluation and Analysis Phase, coordination and communication between the Corps, FWS and NMFS will likely focus on areas such as:

- High level analysis of impact on fish, wildlife and habitat of alternative plans.
- Identify ways to scale measures / alternatives to avoid or minimize impacts

### ALTERNATIVE EVALUATION & ANALYSIS PHASE

SCOPING

ALTERNATIVE EVALUATION & ANALYSIS

FEASIBILITY LEVEL ANALYSIS

CHIEF'S REPORT

#### Typical Engagement Between the Corps and the Services During Alternative Evaluation & Analysis

Headquarters – Corps and Services	<ul style="list-style-type: none"> <li>■ Resolve conflicts in agency policies</li> <li>■ Communicate policies clearly to regional and local offices</li> </ul>
Regional Offices – Corps Divisions and Services Regional Offices	<ul style="list-style-type: none"> <li>■ Quarterly/regular dialogue on ongoing and expected studies</li> <li>■ Address areas of concern not resolved during development of project-specific PMPs (e.g., expected level of detail of analysis or data collection)</li> </ul>
Local Offices – Corps Districts and Field or Regional Offices	<ul style="list-style-type: none"> <li>■ Continued engagement via FWCA, including assessing impact on fish and wildlife species</li> <li>■ Provide input on opportunities to scale measures / plans to minimize impacts on fish and wildlife</li> <li>■ Communicate anticipated information needs for ESA - section 7 consultation and/or EFH consultation.</li> </ul>

## ALTERNATIVE EVALUATION & ANALYSIS

6-13 months

- Analyze, Evaluate and Compare Alternatives to Identify the Tentatively Selected Plan
- Develop the "Future without Project Condition"
- Prepare the Draft Integrated Feasibility Report and Environmental Documentation
- Secure a Waiver from the ASA(CW) if a Locally Preferred Plan is being Pursued

2

### TSP MILESTONE

Vertical Team Concurrence on Tentatively Selected Plan

- Release Draft Integrated Feasibility/NEPA Report for Concurrent Review

3

### AGENCY DECISION MILESTONE

Agency Endorsement of Recommended Plan

or adverse effects, or provide environmental benefits.

- Develop initial design and quantify range of mitigation alternatives (including compensation).
- Collecting or planning for the information and data needs required for environmental

evaluation and consultation activities (such as developing the Biological Assessment or EFH Assessment).

During this phase, the PDT should work with the Services to identify the information necessary to facilitate developing the draft FWCAR. If anadromous/estuary/marine resources are affected, input from NMFS should be solicited to reduce environmental impacts to these species and their habitats. The FWCAR should address those alternatives that are to be evaluated in the draft Integrated Feasibility/NEPA Report. A draft FWCAR should be provided to the Corps early enough so that the views of the appropriate Services can be considered in the draft Integrated Feasibility/NEPA Report, and made available to the public during the public review period. To the extent that the Tentatively Selected Plan is modified as a result of public review, the draft FWCAR may be revised and a final report should be included as an attachment to final Integrated Feasibility/NEPA Report.

Specifically, during the Alternative Evaluation and Analysis Phase, the Corps and Services will engage on the following:

## GENERAL ACTIONS

- The Corps and the Services will continue ongoing communication regarding criteria that will be used to evaluate and identify the Tentatively Selected Plan.
- The Corps will develop a conceptual mitigation plan for the Tentatively Selected Plan including identification of the period of time needed for monitoring to ensure success, criteria for determining ecological success, description of available lands for mitigation and basis of determination, conceptual adaptive management plan, identification of entity responsible for monitoring, and description of consultation process with Services and other appropriate agencies.

## ESA

- Agencies should continue communication on the expectation of initiation of formal consultation (if determined), and the data, analysis or other information available to develop a Letter of Concurrence, or Biological Opinion, if required.
- Towards the end of this phase, the Corps will send their Biological Evaluation/

Assessment and conclusions to appropriate Services, advising them whether the potential impacts associated with the Tentatively Selected Plan are considered "may affect," "likely to adversely affect" (i.e., take is anticipated and a Biological Opinion is required), or "may affect but not likely to adversely affect" (Letter of Concurrence will be prepared by the appropriate Services).

## FWCA

- The FWCAR, Planning Aid Report/Letter is provided to the Corps. The FWCAR will include: 1) documentation of the recommended project's impacts upon fish and wildlife; and 2) concise recommendations for measures that should be taken to conserve fish and wildlife resources in light of those impacts.
- Corps to include draft FWCAR, Planning Aid Letter/Report in draft Feasibility/NEPA Report.

## MSA

- The Corps will develop the EFH Assessment to be provided to NMFS and included in the draft Integrated Feasibility/NEPA Report. The EFH Assessment should focus on the potential impacts associated with the Tentatively Selected Plan. The level of detail in an EFH Assessment should be commensurate with the complexity and magnitude of the potential adverse effects of the action. Mandatory contents are: a description of the proposed action; an analysis of the potential adverse effects of that action on EFH and the managed species; the Corps conclusions regarding the effects of the action on EFH; and proposed mitigation, if applicable.
- NMFS will begin preparation of EFH Conservation Recommendations and communicate the recommendations to the Corps. Note that the recommendations may not be communicated until the next phase of study; it is preferable that both the Corps and the NMFS establish a schedule for the recommendations, as it triggers a series of responses and response deadlines.

## MMPA

- All practical efforts in the study planning will be made to avoid taking of a marine mammal. Although rare in Corps civil works activities or projects, if the taking of a marine mammal is unavoidable, then the NMFS and/or FWS will be contacted as early as practicable to begin process of obtaining an incidental take authorization (ITA). The process to obtain an ITA could take a year or more, so early coordination between agencies is critical. The Corps will request an ITA issued under either sections 101(a)(5)(A) or (D) of the MMPA (16 U.S.C. § 1371 (a) (5)). Those provisions direct the Secretaries (of Commerce or Interior, depending on the species in question) to allow, upon request, the incidental, but not intentional taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographical region, if certain findings are made and either regulations are issued or, if the taking is limited to "harassment," a notice of proposed authorization is provided to the public for review.

## CZMA

- The Corps will determine if the activity will have reasonably foreseeable effects to the state's coastal uses or resources.

The steps that the PDT will take to develop additional design or analysis of the Tentatively Selected Plan to reduce risk and uncertainty with cost data, engineering effectiveness, environmental impacts, and economic benefits are presented to Corps Headquarters leadership at a Tentatively Selected Plan Milestone meeting. At this meeting, the Headquarters Chief of Planning and Policy confirms the plan identified as the Tentatively Selected Plan and approves release of the draft Integrated Feasibility/NEPA Report.

Once, the draft Integrated Feasibility/NEPA Report is released for concurrent public review and Corps technical, policy, and legal review, the Corps will also provide the draft report to the Services.

Receipt of an adequate EFH Assessment by NMFS triggers initiation of the EFH consultation. NMFS will review and comment on the Corps' EFH Assessment

within the time allotted for the NEPA review. NMFS comments will contain EFH Conservation Recommendations, as necessary, in addition to comments on the NEPA report. There may be situations where EFH is designated for a species that is also listed as threatened or endangered under ESA, necessitating consultation under both ESA and MSA. Because of this dual obligation, the Corps and NMFS can find efficiencies by integrating EFH and ESA consultations in order to streamline the environmental review process. In situations where EFH designations and ESA for listed species overlap, but involve listed or non-listed species, separate consultations may be the most efficient way to proceed.

Following public/agency review and Corps technical, legal, and policy review of the draft Integrated Feasibility/NEPA Report, the Corps PDT will consider and address all comments received. The purpose of the public review of the draft Integrated Feasibility/NEPA Report before much more detailed engineering and modeling analyses is to ensure consideration of public comment and technical review on the



## CAN THERE BE MORE THAN ONE ALTERNATIVE PLAN CARRIED FORWARD INTO FEASIBILITY LEVEL ANALYSIS?

*When a Locally Preferred Plan (LPP) is carried forward, the alternative determined to be the NED (or NER) alternative will also be brought forward for more detailed design and cost estimating.*

*In some cases, based on a number of factors including authorities and study objectives, a team may recommend that more than one plan be carried forward for additional detailed analysis and design.*

Tentatively Selected Plan, before moving that alternative forward.

Following public/agency and Corps reviews, and once the PDT has developed a path forward to develop sufficient cost and design information for the final Integrated Feasibility/NEPA report that is responsive to comments, the Agency Decision Milestone meeting is held. The purpose of this milestone meeting is to get senior leadership of the Corps to endorse the Tentatively Selected

Plan, taking into consideration the concurrent review results of the draft Integrated Feasibility/NEPA Report. At this point, the agency

has considered the public review and impacts of the Tentatively Selected Plan and endorses it as the agency's "Recommended

Plan." For NEPA purposes, the term "Recommended Plan" is the same as the "Preferred Alternative."



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## FOCUS ON ESA - SECTION 7 COORDINATION/CONSULTATION

*If the FWS/NMFS has identified listed or proposed species or designated or proposed critical habitat earlier in the study (Scoping Phase), then the Corps should have a prepared Biological Assessment at the beginning of the Feasibility-Level Analysis Phase (or sooner if practicable) with a determination as to whether the Tentatively Selected Plan (now the Corps' "Recommended Plan") may affect any such species and/or critical habitat.*

*If the Biological Assessment determines the Recommended Plan is not likely to adversely affect endangered or threatened species or critical habitat, then the Corps may request informal consultation with FWS/NMFS.*

*If the Biological Assessment indicates that the Recommended Plan is likely to adversely affect a listed endangered or threatened species or critical habitat, then the Corps will request formal consultation with FWS/NMFS. Formal consultation is "initiated" on the date the Corps' request is received by FWS/NMFS, if all relevant and required data are provided. If all required data are not initially submitted, then formal consultation is initiated*

*on the date on which all required information has been received.*

*It is critical at this juncture of the feasibility study and ESA consultation process that the Corps and FWS/NMFS communicate often and establish timeframes leading to a final Biological Opinion (timeframes for formal consultation are established by the ESA, and are referenced in the Final ESA Section 7 Consultation Handbook (March 1998)).*

*While the written acknowledgement process is optional, it is highly recommended that FWS/NMFS provide written acknowledgement so that the Corps has established timeframes for the Biological Opinion; or in the instance where FWS/NMFS request additional data/information, the Corps has a clear understanding of the request, leading to a quicker response time.*

*For further details on the ESA consultation process, reference the Final ESA Section 7 Consultation Handbook (link located in Appendix B).*

## FEASIBILITY-LEVEL ANALYSIS PHASE

At this phase, the Tentatively Selected Plan is now referred to as the “Recommended Plan.” This phase of the study can be expected to last several months to a year, as the PDT develops additional design of the recommended plan to reduce risk and uncertainty with cost data, engineering effectiveness, environmental impacts, and economic benefits, and documents the process and the recommendation in the updated Integrated Feasibility/NEPA Report.

During this phase, the PDT will scale measures or elements of the recommended plan to reasonably optimize technical and cost effectiveness of the project, including economic and environmental considerations. The Corps PDT should also seek input from the Services through the coordination and consultation processes underway. The result of this study phase will be a sufficiently detailed design on the Recommended Plan (and Locally Preferred Plan if appropriate) in order to improve the estimate of project costs, engineering effectiveness, and environmental or economic benefits. At the end of this phase, there will be



sufficient design and technical/cost information to make a recommendation to the Chief of Engineers.

The level of design detail on the recommended plan for Federal investment under SMART Planning has not changed. The level of design at the end of the feasibility study process is not intended to be either construction-ready or permit-ready; additional detail will be developed during the Preconstruction, Engineering and Design (PED) phase, after the project has been recommended for Congressional authorization for construction. Specifically, during the Feasibility-Level Analysis Phase:

### ESA

- The Corps should provide the Biological Evaluation/Assessment to FWS and/or NMFS, if it was not provided during the previous phase of study. FWS and/or NMFS will review the Biological Evaluation/Assessment provided by the Corps. If

the Corps makes a formal consultation request, the FWS/NMFS will determine the completeness of the ESA initiation package submittal and make an assessment of the information needed to develop the Biological Opinion or determine whether any additional information is needed.

- Agencies conclude informal consultation, if applicable.
- For formal consultation, after receiving a complete initiation package, the

Services will develop the draft Biological Opinion and Incidental Take Statement, as appropriate. The FWS and/or NMFS will share the draft Biological Opinion with the Corps to ensure that they have correctly characterized the action and that any reasonable and prudent alternatives, reasonable and prudent measures, and terms and conditions are appropriate and within Corps authority. The final Biological Opinion must be provided

### Typical Engagement Between the Corps and the Services During the Feasibility Level Analysis of the Recommended Plan

Headquarters – Corps and Services	<ul style="list-style-type: none"> <li>■ Resolve conflicts in agency policies</li> <li>■ Communicate policies clearly to regional and local offices</li> </ul>
Regional Offices – Corps Divisions and Services Regional Offices	<ul style="list-style-type: none"> <li>■ Quarterly/regular dialogue on ongoing and expected studies</li> <li>■ Resolve study-specific issues when escalated from local offices</li> </ul>
Local Offices – Corps Districts and Field or Regional Offices	<ul style="list-style-type: none"> <li>■ Informal and formal consultation activities</li> <li>■ Share new information / data when it is available, especially when it impacts decisions/ consultation</li> <li>■ Communicate clearly when decisions impact other agency's actions</li> </ul>

## FEASIBILITY LEVEL ANALYSIS

6-13 months

- Consider and Respond to Public Comment and Corps Technical, Legal and Policy Review Comments
- Consultation Activities (including ESA and MSA)
- Develop Sufficient Detail on Cost and Benefits of Proposed Project and Social, Environmental and Economic Impacts to Provide a Policy-Compliant Recommendation
- Incorporate Environmental Documentation in Integrated Feasibility Study Report
- Final Integrated Report Package Transmitted to Corps HQ

4

### CIVIL WORKS REVIEW BOARD

Release Report for State & Agency Review

for inclusion in the final Integrated Feasibility/NEPA Report.

### FWCA

- The Corps will give full consideration to the recommendations in the draft FWCAR. To the extent that the Tentatively Selected Plan is modified as a result of public review, the draft FWCAR is revised and finalized early enough to be made an integral part of the final



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Integrated Feasibility/NEPA Report.

- The FWCAR will be finalized and provided to the Corps.

### MSA

- The Corps will provide a response to EFH Conservation Recommendations within 30 days of receipt from NMFS. The Corps may incorporate EFH Conservation Recommendations and provide an acknowledgement letter to NMFS. NMFS will then respond within 10 days acknowledging the Corps' acceptance of the EFH Conservation Recommendations and conclude the EFH consultation. Alternatively, the Corps may provide an interim response to the EFH Conservation Recommendations if a full response cannot be completed within 30 days of receipt of recommendations.

The final response to the EFH Conservation Recommendations must be provided to NMFS at least 10 days prior to agency final approval of the action. If the Corps is not adopting the EFH Conservation Recommendations, the Corps will provide a substantive response explaining the reasons for not adopting the EFH Conservation Recommendations. The Corps' final response to the EFH Conservation Recommendations will be included in the final Integrated Feasibility/NEPA Report.

### MMPA

- If it has been determined that a marine mammal taking is unavoidable, the Corps, NMFS/FWS should coordinate closely throughout the process. A summary of MMPA

coordination/consultation should be provided in the final Integrated Feasibility/NEPA Report.

### CZMA

- Corps documents conclusions of CZMA coordination and compliance in the final Integrated Feasibility/NEPA Report.

Incorporating ongoing technical review input, the PDT prepares the final Integrated Feasibility/NEPA Report identifying the agency recommendation and the rationale justifying that recommendation. The final report package, including the Integrated Feasibility/NEPA Report, the final Biological Opinion and the draft Record of Decision or draft Finding of No Significant Impact, is transmitted from the Corps District, through Division, to Headquarters.



## CHIEF'S REPORT PHASE

SCOPING

ALTERNATIVE EVALUATION  
& ANALYSIS

FEASIBILITY LEVEL ANALYSIS

CHIEF'S REPORT

### CHIEF'S REPORT PHASE

Once received at Corps Headquarters, the final Integrated Feasibility/NEPA Report package undergoes final Headquarters policy review and the Chief's Report is developed. All environmental coordination and documentation associated with the feasibility study should be completed at this point.

A Civil Works Review Board meeting – the fourth decision milestone – is held at Corps Headquarters where the Corps' Deputy Commanding General for Civil and Emergency Operations, with input from other senior leaders, makes a determination concerning the release of the final Integrated Feasibility/NEPA Report for state and agency review and final public comment. The draft Report of the Chief of Engineers (Chief's Report) is also released concurrently with the final Integrated Feasibility/NEPA Report.

The fifth decision milestone, and when the feasibility study ends, is when the Chief of Engineers signs the Chief's Report and

transmits it and the Integrated Feasibility/NEPA Report (including a draft Record of Decision (ROD) or draft Finding of No Significant Impact (FONSI) to the ASA(CW)). The ASA(CW) then submits the report documentation to the OMB, which reviews the report to make sure that it is consistent with Administration policies and priorities, and provides clearance to release the report to Congress. The ASA(CW) then submits the Integrated Feasibility/NEPA Report (including a signed ROD/FONSI) to Congress for authorization to construct the recommended project.

Specifically, during the Chief's Report Phase:

- District/Division sends final Integrated Feasibility/NEPA Report to Headquarters for policy review.
- A Civil Works Review Board (CWRB) is held.
- The Corps releases the final Integrated Feasibility/NEPA Report and draft Chief's Report for State and Agency Review. If the NEPA Report is Environmental Impact Statement, a Notice of Availability is prepared for

the Environmental Protection Agency to publish in the Federal Register.

- The Chief of Engineers signs the Chief's Report.

## CHIEF'S REPORT

3-4 months

- Corps HQ Develops the Chief's Report with the recommendation of a Specific Water Resources Development Project for Congressional Authorization

5

### CHIEF'S REPORT

Chief's Report Signed



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# Appendix A: Acronyms & Key Terms

## ACRONYMS

<b>ASA(CW)</b>	Assistant Secretary of the Army for Civil Works
<b>CE/ICA</b>	Cost Effectiveness/Incremental Cost Analysis
<b>CEQ</b>	Council on Environmental Quality
<b>CWRB</b>	Civil Works Review Board
<b>CZMA</b>	Coastal Zone Management Act
<b>EA</b>	Environmental Assessment
<b>EC</b>	Engineer Circular
<b>EFH</b>	Essential Fish Habitat
<b>EIS</b>	Environmental Impact Statement
<b>ER</b>	Engineer Regulation
<b>ESA</b>	Endangered Species Act
<b>FWCA</b>	Fish and Wildlife Coordination Act
<b>FWCAR</b>	Fish and Wildlife Coordination Act Report
<b>MMPA</b>	Marine Mammal Protection Act
<b>MSA</b>	Magnuson-Stevens Fishery Conservation and Management Act
<b>MSC</b>	Major Subordinate Command
<b>NED</b>	National Economic Development (usually in reference to the “NED plan”)
<b>NEPA</b>	National Environmental Policy Act
<b>NER</b>	National Ecosystem Restoration (usually in reference to the “NER plan”)
<b>NMFS</b>	National Marine Fisheries Service
<b>OMB</b>	Office of Management and Budget
<b>P&amp;G</b>	1983 Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (also called Principles & Guidelines)
<b>PAL</b>	Planning Aid Letter
<b>PAR</b>	Planning Aid Report
<b>PB</b>	Planning Bulletin
<b>PED</b>	Preconstruction Engineering and Design
<b>PDT</b>	Project Delivery Team
<b>PMP</b>	Project Management Plan

<b>TSP</b>	Tentatively Selected Plan
<b>FWS</b>	U.S. Fish and Wildlife Service
<b>WRDA</b>	Water Resources Development Act
<b>WRRDA</b>	Water Resources Reform and Development Act (of 2014)

## KEY TERMS

**Agency Decision Milestone** – This is the third decision milestone in the SMART Planning process. A panel of senior leaders from Corps headquarters will determine whether the tentatively selected plan should be endorsed and move forward into feasibility-level design phase.

**Alternatives Milestone** – This is the first decision milestone in the SMART Planning process. The vertical team concurs on the proposed way forward on continuing analysis and evaluation on a focused array of alternatives.

**Charette** – A structured, collaborative session in which a group comes together to develop a solution to a problem.

**Chief’s Report** – The favorable report of the Chief of Engineers, signifying that the Chief of Engineers approves the project recommendation. This is the final decision milestone in the SMART Planning Process.

**Civil Works Review Board** – This is the fourth decision milestone in the SMART Planning process. Division Commanders and District Commanders present the results of their water resources development studies and the recommendations for projects that require authorization by the United States Congress. The CWRB briefing serves as the corporate checkpoint that the final feasibility/NEPA report are ready for State and Agency Review.

**Cost Effectiveness/Incremental Cost Analysis (CE/ICA)** – Corps guidance requires a CE/ICA for recommended environmental





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restoration and mitigation plans. A cost effectiveness analysis is conducted to ensure that the least cost solution is identified for each possible level of environmental output. An incremental cost analysis is conducted to reveal changes in costs for increasing levels of environmental outputs.

**Decision Documents** – Documents that record decisions, such as a Record of Decision, which include the reasons for selecting a particular alternative.

**Feasibility Level Design** – This phase of the study includes development of the Final Integrated Feasibility/NEPA Report and additional design of the recommended plan to reduce risk of uncertainty with cost data, engineering effectiveness, environmental impacts, and economic benefits.

**SMART** – Specific, Measurable, Attainable, Risk Informed, Timely

**SMART Planning** – Corps planning process emphasizes risk-informed planning that leads to decisions.

**Services** – Collectively, the U.S. Fish and Wildlife Service and National Marine Fisheries Service.

**Project Delivery Team (PDT)** – A multidisciplinary group assembled to develop the feasibility study. The group generally includes staff

within a District and other Corps offices, as well as project sponsor's staff. FWS and NMFS staff can also participate as members of a PDT.

**Recommended Plan** – In SMART Planning, once the Corps endorses the tentatively selected plan (after public review of the draft Integrated Feasibility/NEPA Report), it then becomes the Corps "recommended plan."

**Tentatively Selected Plan** – This is the plan identified after plan formulation analysis that meets planning objectives of the study. The tentatively selected plan may, or may not, be the NED plan or NER plan.

**Tentatively Selected Plan Milestone** – This is the second decision milestone in the SMART Planning process. The milestone is met when the PDT has concurrence on the tentatively selected plan and the path forward from the vertical team representing District, Division, and Headquarters decision makers. This milestone is the trigger for public release of the draft Integrated Feasibility/NEPA Report for concurrent agency and public reviews.

**Vertical Team** – The exact makeup of the vertical team may vary from study to study depending on the complexity and scope of the study; however it will include decision-makers and technical expertise from the District, Division and Headquarters. The vertical team is involved informally throughout study process, and formally during decisional milestones.

# Appendix B: Resources and More Information

## SMART PLANNING AND ENVIRONMENTAL COMPLIANCE PROCESS OVERLAYS

FIGURE 4: SMART PLANNING FEASIBILITY STUDY PROCESS OVERLAID WITH FWCA AND NEPA COMPLIANCE ACTIVITIES

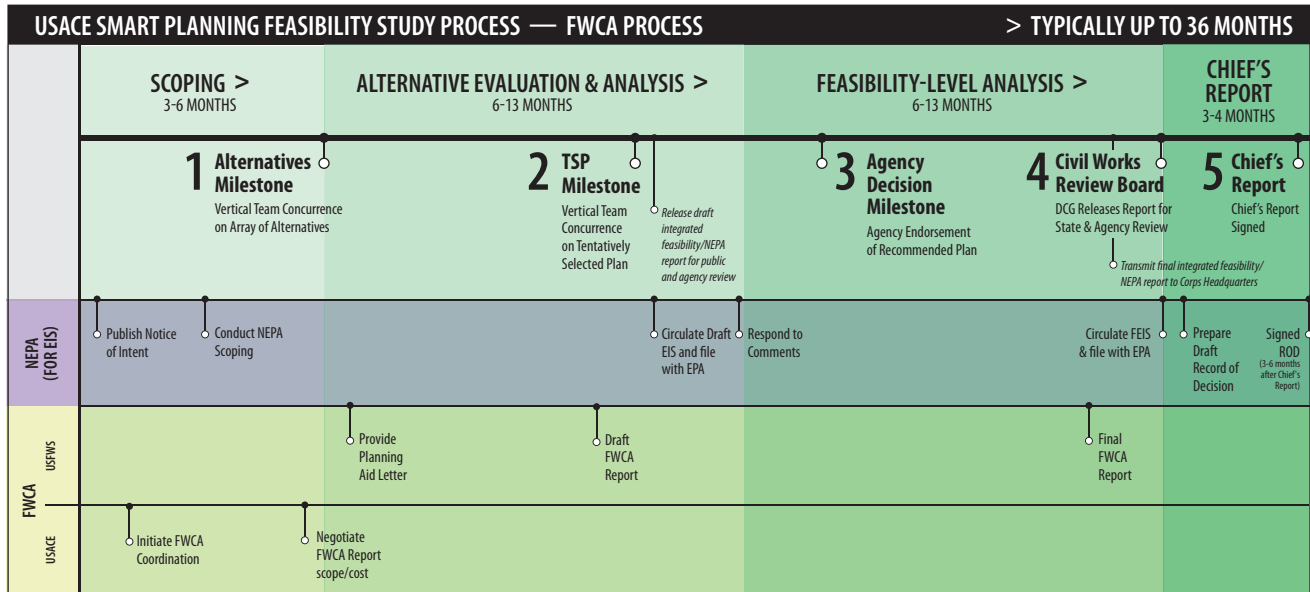


FIGURE 5: SMART PLANNING FEASIBILITY STUDY PROCESS OVERLAID WITH MSA AND NEPA COMPLIANCE ACTIVITIES

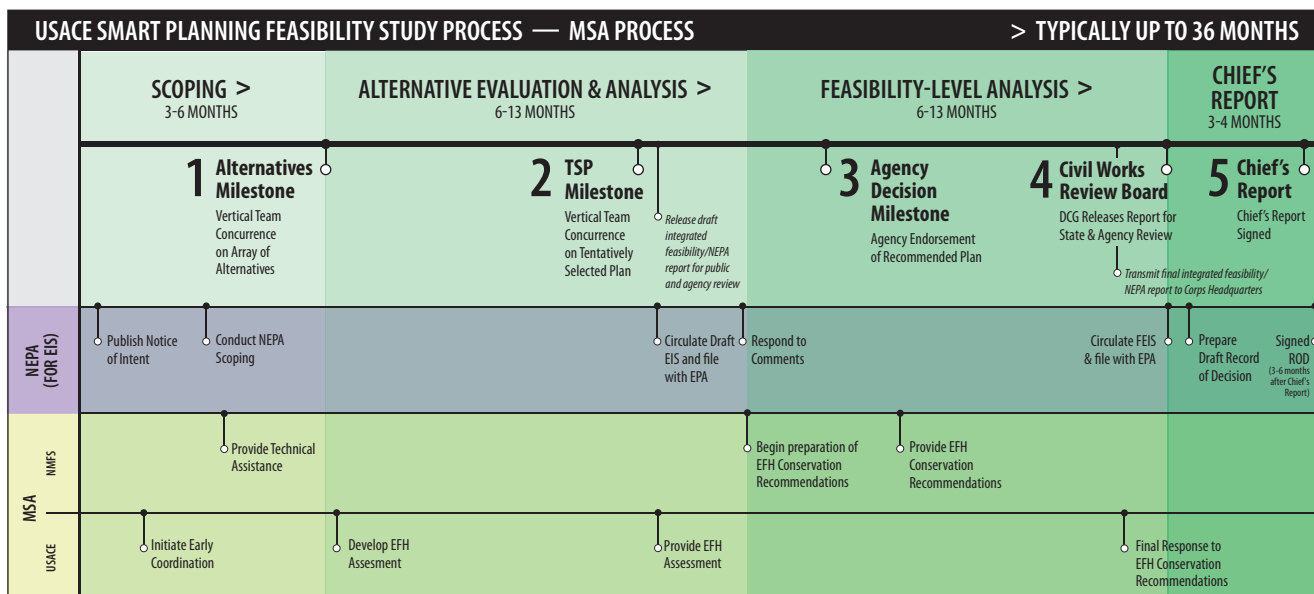
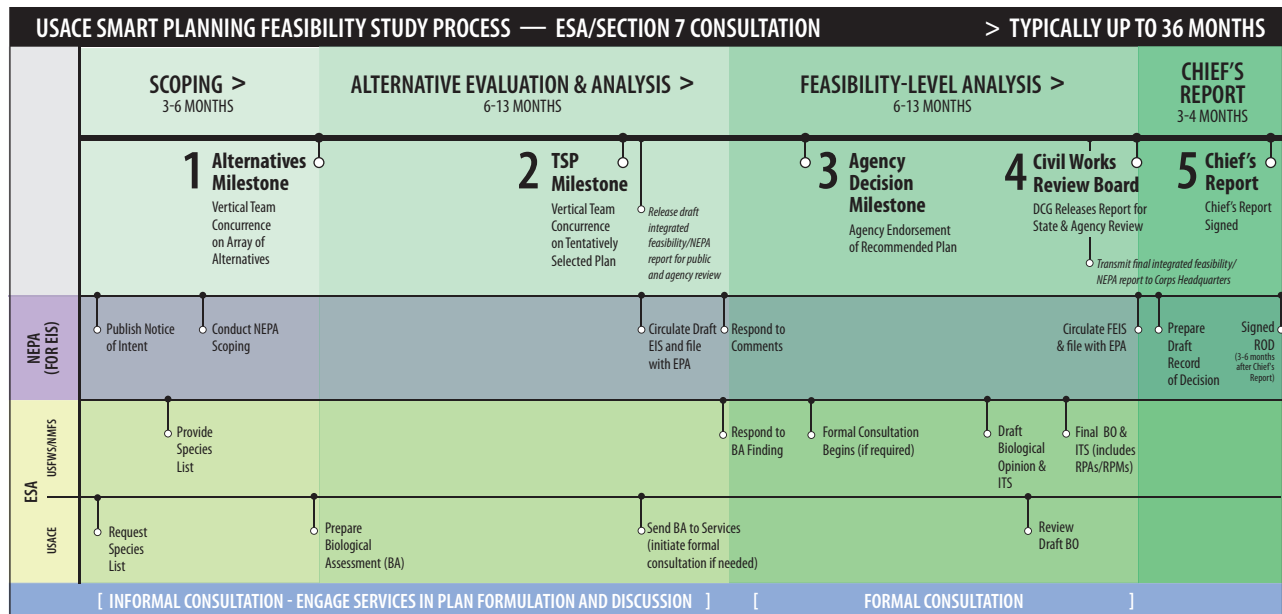


FIGURE 6: SMART PLANNING FEASIBILITY STUDY PROCESS OVERLAID WITH ESA AND NEPA COMPLIANCE ACTIVITIES



## HANDBOOKS AND GUIDES TO RESOURCE CONSULTATION AND COORDINATION

- Endangered Species Consultation Handbook: Procedures for Conducting Consultation and Conference Activities Under Section 7 of the Endangered Species Act. U.S. Fish & Wildlife Service and National Marine Fisheries Service. March 1998.  
[http://sero.nmfs.noaa.gov/protected\\_resources/section\\_7/guidance\\_docs/documents/esa\\_section7\\_handbook.pdf](http://sero.nmfs.noaa.gov/protected_resources/section_7/guidance_docs/documents/esa_section7_handbook.pdf)
- Essential Fish Habitat Consultation Guidance, Version 1.1. National Marine Fisheries Service. April 2004  
[http://www.habitat.noaa.gov/pdf/efhconsultationguidancev1\\_1.pdf](http://www.habitat.noaa.gov/pdf/efhconsultationguidancev1_1.pdf)
- Water Resources Development under the Fish and Wildlife Coordination Act. U.S. Fish & Wildlife Service. November 2004.  
<http://www.fws.gov/habitatconservation/fwca.pdf>
- SMART Planning Feasibility Study Process Overlaid with Major Environmental Compliance Laws and Processes. U.S. Army Corps of Engineers. June 2015.  
<http://planning.usace.army.mil/toolbox/processes.cfm?Id=231&Option=National%20Environmental%20Policy%20Act>

## CORPS OF ENGINEERS REGULATIONS AND POLICIES

- Engineer Regulation 1105-2-100: Planning Guidance Notebook. 22 April 2000. Overarching regulation providing direction by which Corps of Engineers Civil Works projects are formulated, evaluated and selected for implementation.  
<http://planning.usace.army.mil/toolbox/library/ERs/entire.pdf>
- Engineer Regulation 200-2-2: Procedures for Implementing NEPA. 4 March 1988. Provides guidance for implementation of the procedural provisions of the National Environmental Policy Act (NEPA) for the Civil Works Program of the U.S. Army Corps of Engineers.  
[http://planning.usace.army.mil/toolbox/library/ERs/ER200-2-2\\_4Mar1988.pdf](http://planning.usace.army.mil/toolbox/library/ERs/ER200-2-2_4Mar1988.pdf)
- Corps Planning Bulletins: The Corps uses planning bulletins to provide interim policy and implementation guidance to the field until more difficult-to-update policies, such as Engineer Regulations and Engineer Circulars, can be updated. Planning Bulletins cover the breadth of policies related to SMART Planning feasibility study implementation, the 3x3x3 Rule, and the exemption process for the 3x3x3 Rule.

<http://planning.usace.army.mil/toolbox/library.cfm?Option=Listing&Type=PB&Search=Policy&Sort=Default>

- The Planning Community Toolbox: The collection of guidance and information for the Corps Planning community and their stakeholders.

<http://planning.usace.army.mil/toolbox/index.cfm>

## AGREEMENT BETWEEN THE CORPS AND U.S. FISH AND WILDLIFE SERVICE

- Agreement between the U.S. Fish and Wildlife Service and the U.S. Army Corps of Engineers for Conducting Fish and Wildlife Coordination Act Activities. January 2003.

[http://www.usace.army.mil/Portals/2/docs/civilworks/mous/USFWS\\_MOU\\_Jan2003.pdf](http://www.usace.army.mil/Portals/2/docs/civilworks/mous/USFWS_MOU_Jan2003.pdf)

## NATURAL RESOURCE PROTECTION LEGISLATION DISCUSSED IN GUIDE

**The Endangered Species Act** (as amended) (ESA) (16 USC §§1531, et seq.). Section 7(a)(2) of the ESA, states that each Federal agency shall, in consultation with the Secretary, insure that any action an agency authorizes, funds, or carries out is not likely to jeopardize the continued existence of a listed species or result in the destruction or adverse modification of designated critical habitat. Any discretionary Federal action that may affect a listed species must undergo Section 7 consultation. Section 7(a)(1) requires Federal agencies to use their authorities to further the conservation of ESA listed species and their designated critical habitats.

**The Fish and Wildlife Coordination Act** (as amended) (FWCA) (16 USC 661, et seq.). The FWCA provides that wildlife conservation shall receive equal consideration and be coordinated with other features of water resource development programs. A Federal action agency, such as the Corps, shall consult with FWS/NMFS with a view to the conservation of wildlife resources by preventing loss of and damage to such resources as well as providing for the development and improvement thereof in connection with such water resource

development. The FWS/NMFS may provide recommendations to the Federal action agency to which the action agency shall give full consideration.

### **The Magnuson-Stevens Fisheries Conservation and Management Act** (as amended) (MSA) (16 USC §§1801, et seq.).

The 1996 amendments to the MSA set forth a number of mandates for NMFS, regional fishery management councils, and other Federal agencies to identify and protect important marine and diadromous fish habitats. Marine fisheries councils, with assistance from NMFS, are required to delineate essential fish habitat (EFH) for all managed species. Federal action agencies which fund, permit, or carry out activities that may adversely impact EFH are required to consult with NMFS regarding the potential effects of their actions on EFH, and to respond in writing to our recommendations. In addition, NMFS may comment on any state agency activities which would impact EFH.

**Coastal Zone Management Act** (as amended) (CZMA) (16 USC §§ 1451, et seq.). The Coastal Zone Management Act, administered by NOAA, was enacted in 1972 to encourage coastal states, including the Great Lake states and U.S. Territories and Commonwealths) to develop comprehensive programs to manage and balance competing uses of and impacts to coastal resources. This act provides for the management of the nation's coastal resources, including the Great Lakes. Section 307 of the CZMA, called the "federal consistency" provision, generally requires that federal actions, within and outside the coastal zone, which have reasonably foreseeable effects on any coastal use (land or water) or natural resource of the coastal zone be consistent with the enforceable policies of a state's federally approved coastal management program. Federal actions include federal agency activities, federal license or permit activities, and federal financial assistance activities. Federal agency activities must be consistent to the maximum extent practicable with the enforceable policies of a state coastal management program, and license and permit and financial assistance activities must be fully consistent.





Photo by U.S. Army Corps of Engineers (Some rights reserved)

**The Marine Mammal Protection Act** (as amended) (MMPA) (16 U.S.C. § 1361 et seq.). Section 101(a) of the MMPA (16 U.S.C. § 1372) generally prohibits the “take” of marine mammals by U.S. citizens (including Federal agencies) or by any person or vessel in waters under U.S. jurisdiction, subject to certain exceptions. Among the enumerated exceptions to the take prohibition is take that is authorized under an incidental take authorization (ITA) issued under either sections 101(a) (5)(A) or (D) of the MMPA (16 U.S.C. § 1371 (a)(5)). Those provisions direct the Secretaries (of Commerce or Interior, depending on the species in question) to allow, upon request, the incidental, but not intentional taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing)

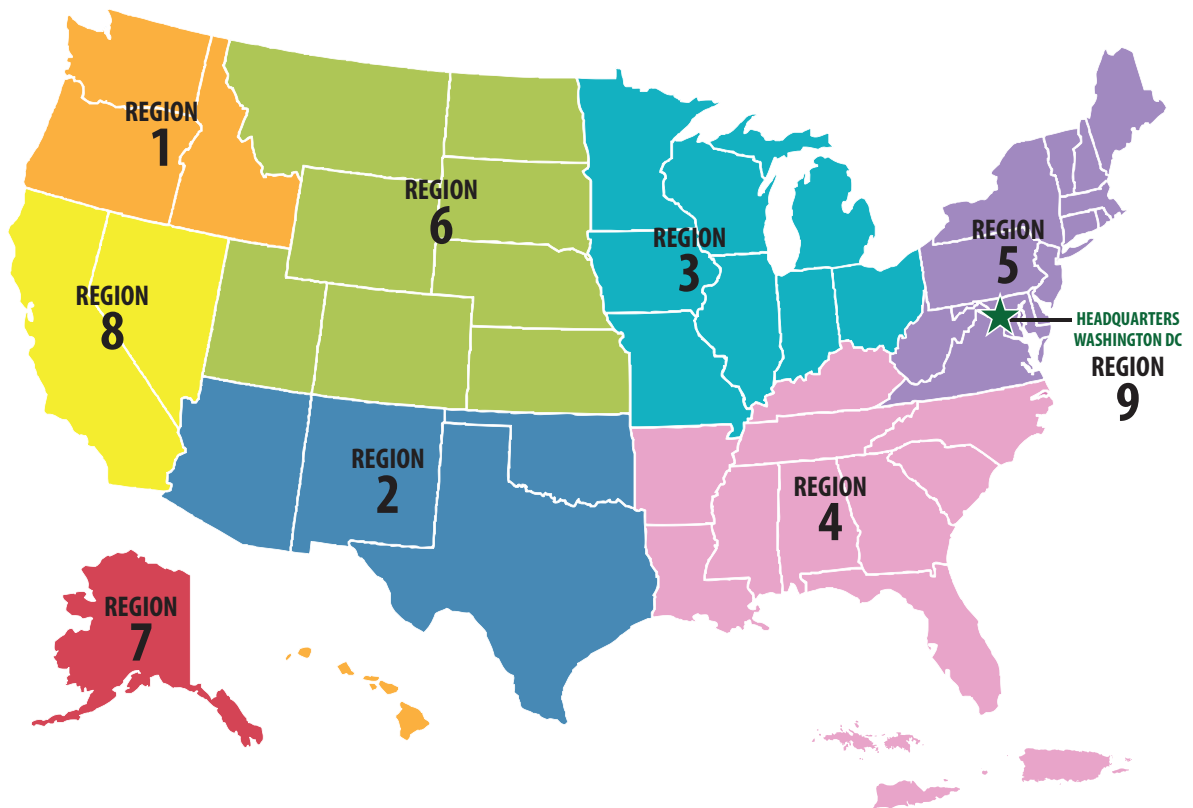
within a specified geographical region, if certain findings are made and either regulations or, if the taking is limited to “harassment,” an incidental harassment authorization is issued.

The term “take”, as defined by the MMPA, means “to harass, hunt, capture, or kill, or attempt to harass, hunt, capture, or kill any marine mammal.” The MMPA further defines “harassment” as “any act of pursuit, torment, or annoyance which: (i) has the potential to injure a marine mammal or marine mammal stock in the wild [Level A harassment]; or (ii) has the potential to disturb a marine mammal or marine mammal stock in the wild by causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding, or sheltering [Level B harassment].”



# Appendix C: Overview of Agency Structures (FWS/NMFS/Corps)

FIGURE 7: FWS REGIONS

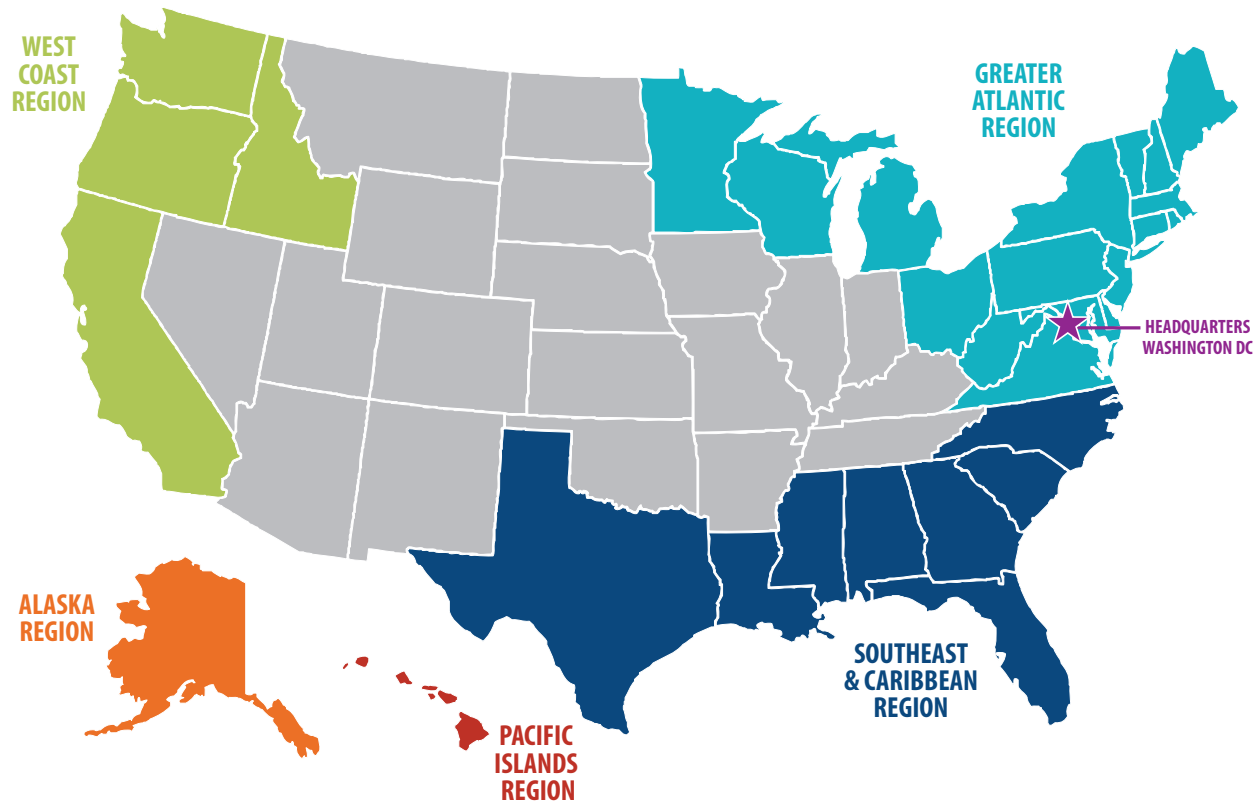


## U.S. FISH AND WILDLIFE SERVICE

The FWS is the principal Federal agency responsible for conserving, protecting, and enhancing fish, wildlife and plants and their habitats for the continuing benefit of the Nation. The agency enforces Federal wildlife laws, administers the Endangered Species Act, manages migratory bird populations, restores nationally significant fisheries, and conserves and restores wildlife habitat such as wetlands. Natural resource protection legislation relevant to the Corps studies and projects that affect the FWS trust resource responsibilities include the

Endangered Species Act of 1973, as amended, the Fish and Wildlife Coordination Act, as amended, the Migratory Bird Treaty Act, the Estuary Protection Act, and the Coastal Zone Management Act of 1972. In addition, several Executive Orders have also established guidance to the FWS relative to fish and wildlife protection and conservation. For more information, please visit <http://www.fws.gov/>.

FIGURE 8: NMFS REGIONS



## NATIONAL MARINE FISHERIES SERVICE

National Marine Fisheries Service (NMFS) is responsible for the stewardship of the nation's ocean resources and their habitat. The agency provides vital services for the nation: productive and sustainable fisheries, safe sources of seafood, the recovery and conservation of protected resources, and healthy ecosystems – all backed by sound science and an ecosystem approach to management. There are five NMFS Regions that are responsible for conducting consultations on Corps activities to be included in the SMART Planning process that may impact living marine resources within their Region. For more information, please visit <http://www.fisheries.noaa.gov>. Please note that limited resources and differing demands and priorities for NMFS may make upfront programmatic regional coordination unworkable. NMFS will fully participate in these activities where resources permit.

## U.S. ARMY CORPS OF ENGINEERS

The Corps employs more than 33,000 employees, with the vast majority of whom are civilian personnel. The Corps is organized into one Headquarters at Washington, DC, with eight Divisions with civil works missions and 38 Districts organized geographically, generally defined by watershed boundaries, across the U.S. The Corps also supports a military mission within the U.S. and overseas.

The Corps' organization in Headquarters is led by a 3-star General that holds two distinct titles: the Chief of Engineers and Commanding General of the U.S. Army Corps of Engineers. The Chief of Engineers works under the civilian oversight of the Assistant Secretary of the Army for Civil Works. Three deputy commanding Generals report to the Chief of Engineers: the Deputy Commanding General, Deputy Commanding

FIGURE 9: USACE REGIONS



General for Civil and Emergency Operations, and Deputy Commanding General for Military and International Operations.

Each of the eight Division (or Major Subordinate Command – MSC) offices is led by a Division Commander, typically a Brigadier General. The Corps Divisions are responsible for program development, program execution, regional collaboration, strategic planning, congressional relationships, and implementing plans and policies of the Chief of Engineers. The Divisions also have oversight authority over District programs and operations, including review and/or approval of feasibility studies. In executing a feasibility study, Divisions provide both review and Quality Assurance functions. A feasibility study will not advance to the Headquarters level without the support of the Division. Approximately 80% of Corps civilian employees work at District offices, which have lead responsibility for carrying out the bulk of the

Corps’ civil works mission areas. A District Commander (also referred to as a District Engineer), usually a Colonel, is responsible for overall management of a District. Districts employ a significant technical staff including engineers, planners, biologists, environmental scientists, archeologists, real estate specialists, contract specialists, project and program managers, and other disciplines. Districts are the primary planning and project implementation offices of the Corps, and are responsible for feasibility study execution. For each study, a Project Delivery Team (PDT), made up of a multidisciplinary group, is assembled to develop the study analysis and report. At the end of a study, the recommendation to the Chief of Engineers for Federal water resources investment is made by the District Commander in his/her role as the District Engineer. For more information, visit <http://www.usace.army.mil/>.

# Memorandum

**To:** G. Patrick O'Dowd, Executive Director /GM  
**From:** Salton Sea Authority Executive Committee  
**Date:** December 2, 2022  
**Re:** Request for Agenda Item about Recent Activity regarding Colorado River Shortages and Possible Impacts to Salton Sea and Region

At our last meeting, this board reviewed the ongoing discussions between our member agencies (as elected representatives of the people of the region), and state and federal representatives concerning the scale, timing, and impact to this region and the people who live here from any action which might be taken to address the challenges in the Colorado River basin and risks to those who rely on it – including us. At the direction of this board, and ever since the need for additional conservation was announced by Commissioner Touton in June, staff have been actively tracking the status of those negotiations. Based on our earlier meetings we expected that prior to any public vetting of a deal that we, collectively would receive an analysis of its terms and potential impacts, the plan to mitigate those impacts, cost estimates of implementing that plan, and how those costs would be funded. That did not happen at the level we had expected.

Last Monday, the Secretary of California Natural Resources Authority did reach out to the Authority for a hastily arranged video conference meeting, at which President Plancarte and Executive Director O'Dowd were able to participate. During that meeting the Secretary informed the Authority that an agreement had been reached between the state, the federal government, Imperial Irrigation District, Coachella Valley Water District, and the Torres Martinez Desert Cahuilla Indians regarding funding commitments to address mitigation at the Salton Sea. We were provided with a high-level overview of that agreement and advised that a press release would be issued that afternoon to announce its completion. Obviously, this is not the type of meaningful coordination and collaboration we had hoped for, nor the advanced notice we were anticipating based on our prior discussions with the Secretary and Commissioner.

Now that it appears there is an agreement in place, it is important for us to understand how it affects our community. We are requesting that you add to the agenda for our board meeting next Tuesday a presentation by the high-level state

and federal representatives sufficiently familiar with the deal to inform this board and our community what this agreement is and is not, what it does and does not commit the parties to, and what next steps are required to ensure that the promises made to the community and the region that the burden associated with addressing the challenges in the Colorado River basin not be inequitably borne by our citizens is being properly fulfilled.

Since the alarm bell was first sounded of the emergent challenges on the Colorado River we have worked tirelessly to be partners in effective sustainable solutions. However, in order for us to proactively participate in addressing those challenges, and particularly those matters which we have been charged by the people to take care over, it is essential that we be involved in this process not merely informed after decisions have been made, and that our partners ensure that we are all working collaboratively and transparently to leverage our collective resources – including the public trust delegated to our locally elected representatives – to seek a greater good and find and implement durable solutions for the benefit of all stakeholders.

## **COMMITMENT TO SUPPORT SALTON SEA MANAGEMENT RELATED TO WATER CONSERVATION IN THE LOWER COLORADO RIVER BASIN**

Preserving the Colorado River Basin, including water supplies in Lake Mead and Lake Powell, is essential to providing water to communities and economic activity across the American Southwest. Forty million Americans receive at least a portion of their water supplies from the reservoirs of the Colorado River Basin. Operating this critical water supply system relies on maintaining adequate lake elevations in both reservoirs to allow for continued water across the region and to Mexico.

Over the last twenty-three years, and accelerating over the past three years, the Colorado River system has experienced worsening drought and low run-off conditions that demonstrate the significant impacts of warming temperatures and climate change. Consequently, water levels in Lake Mead and Lake Powell are critically low. Without immediate action, water supply delivery and hydroelectric energy production could be severely impacted or even eliminated.

Water users, the seven Basin states, Tribal Nations, Mexico, and federal agencies are continuing to work together to stabilize the water supply system in the Colorado River Basin. This effort includes the development of voluntary agreements to conserve water in Lake Mead and Powell to protect critical elevations consistent with the Law of the River, including all compacts, agreements, laws, regulations, and policies that govern the Colorado River system.

Water users in the Imperial and Coachella Valleys of California are working with partners across the region to establish agreements to conserve water in Lake Mead. In conjunction, there may be additional impacts to the Salton Sea and its surrounding communities, including tribal nations. The Salton Sea is California's largest inland body of water, but continues to shrink due to reduced inflows into the lake as a result of evaporation, climate change, and agricultural to urban water transfers including the 2003 Quantification Settlement Agreement (QSA), which annually conserves and transfers Colorado River water from the Imperial Irrigation District (IID) to Southern California's Coastal Plain. This reduction of inflows into the Sea has resulted in exposed lakebed, called playa, which worsens air quality in the region when particles become airborne and has degraded the aquatic habitat upon which fish and bird species rely. The QSA limits the funding for mitigation related to those water conservation and transfer activities, as well as Salton Sea restoration, for certain QSA parties (IID, the San Diego County Water Authority, and Coachella Valley Water District) to \$163 million in 2003 dollars, adjusted for inflation.

Combined reduced water usage in the Imperial and Coachella Valleys associated with increased system conservation activities is expected to accelerate the exposure of lakebed and increase the salinity of the Salton Sea. State and federal agencies and local water agencies have estimated that up to 6,000 to 8,000 acres of lakebed may be exposed six to eight years sooner than had this reduction in water usage not occurred. Salinity concentrations are expected to increase by 6.2 to 9.0 parts per thousand by the year 2027. These increases in lakebed

exposure and salinity will accelerate the environmental impacts already occurring at the Salton Sea related to air quality, water quality, and habitat.

State government, Federal agencies, tribes, and water users around the Salton Sea are collectively committed to addressing, managing, and mitigating impacts to the Salton Sea and surrounding communities associated with additional water conservation activities. This collective commitment involves expanding and expediting physical projects that inundate portions of lakebed that would otherwise be exposed to protect human health by limiting dust emissions on dry playa and providing aquatic habitat for wildlife. At the same time, including through the work of state and local efforts to advance geothermal and lithium opportunities at the Salton Sea, the undersigned and other federal, state, tribal and local leaders are committed to bolstering additional local economic opportunities as well as developing secure long-term funding sources for the ongoing management of lands surrounding the Salton Sea.

Recognizing CNRA's lead role in Salton Sea restoration and management, the undersigned parties, pursuant to this document, commit to a set of concrete actions, listed in the attached document, to accelerate implementation of the Salton Sea Management Program 10-Year Plan (SSMP or Plan). This Plan is the focused effort, managed by the State of California, that has been established to address the shrinking lake to protect public health and preserve environmental habitat in the near term, while a long-term restoration solution is developed.

Signed by:

_____	Date _____
Tommy Beaudreau, Deputy Secretary Department of the Interior	

_____	Date _____
Wade Crowfoot, Secretary California Natural Resources Agency	

_____	Date _____
James C. Hanks, Board President Imperial Irrigation District	

_____	Date _____
Jim Barrett, General Manager Coachella Valley Water District	

## **Commitments**

Through this collective commitment (Commitment) to the Salton Sea and surrounding communities, and in order to facilitate additional voluntary conservation measures in the Lower Colorado River Basin, the parties commit to the following:

### **Section 1.**

#### **I. Staffing Project Implementation and Science Support**

- A. The United States Department of the Interior (Department) agrees to support Salton Sea Management Program implementation as follows:
  - i. Provide \$20 Million over four years to the State to support project implementation at the Salton Sea, contingent on appropriations and allotment of funds.
  - ii. The Department, in coordination with CNRA, agrees to support the advancement of scientific knowledge at the Sea through both direct expertise and through additional grant funding to support Salton Sea management.
  - iii. The Department agrees to provide up to \$2 Million over five years to support at minimum two Torres Martinez Desert Cahuilla Indian tribal positions to support SSMP project implementation.
- B. CNRA will pursue increasing the staffing capacity of the SSMP on top of the 65% increase in staffing for Salton Sea work since 2019.

#### **II. Land Access to Complete Projects**

- A. The Department and CNRA agree to secure expedited land access for SSMP on federal lands at the Sea by completing a programmatic land access agreement within 3 months of the completion of the United States Army Corps of Engineers Environmental Assessment for Salton Sea Management Program (SSMP) 10-Year Plan Projects (estimated to be completed by March 1, 2023) to enable land access for completion of projects on Department-managed lands.
- B. CNRA and IID agree to secure expedited land access for SSMP projects on IID lands at the Sea by completing a programmatic land access agreement within 3 months of the completion of the United States Army Corps of Engineers Environmental Assessment for Salton Sea Management Program (SSMP) 10-Year Plan Projects (estimated to be completed by March 1, 2023) to enable land access for completion of SSMP projects on approximately 25,000 acres of IID owned land. CNRA will



coordinate with IID to maintain IID access corridors to future exposed playa to implement projects, maintain access to drains, and avoid disruption to IID's operations and maintenance. CNRA shall provide IID with indemnification, defense and hold harmless protections related to project implementation for these SSMP projects.

- C. CNRA and CVWD agree to expedited programmatic land access for SSMP projects on CVWD lands at the Sea by completing a programmatic land access agreement within 3 months of the completion of the United States Army Corps of Engineers Environmental Assessment for Salton Sea Management Program (SSMP) 10-Year Plan Projects (estimated to be completed by March 1, 2023) to enable land access for completion of mitigation projects on approximately 1,000 acres of CVWD owned land. CNRA and the Department will coordinate with CVWD to maintain access to drains and avoid disruption to CVWD's operations and maintenance. CNRA shall provide CVWD with indemnification, defense and hold harmless protections related to project implementation for these SSMP projects.
- D. CNRA will consider use of its full authority to acquire the necessary property rights to accelerate project implementation consistent with this Agreement and subsequent agreements.

### **III. Securing Water Supply for SSMP Projects**

- A. The Department agrees to provide administrative and technical resources to help secure any additional water supplies necessary for SSMP implementation.
- B. IID agrees to provide on mutually acceptable terms an additional rediversion water supply pursuant to IID's pre-1914 appropriative water rights, subject to availability of flows in the New River at mutually agreeable locations, to the California Department of Water Resources (DWR) in an amount up to 100 KAFY for air quality and habitat projects.
- C. When sufficient stormwater flows and agricultural drainage is available through a combination of 1) drains located on the east side of the Coachella Valley Stormwater Channel (CVSWC) and, 2) the CVSWC, CVWD agrees to not hinder the use of 24 KAFY, as needed, by DWR to implement a 1,600-acre North Lake Project and a 160-acre North Lake Pilot Demonstration Project at the North end of the Salton Sea.

### **IV. Improving Permitting and Contracting to Effectively Implement Water Conservation, Mitigation Projects and SSMP Projects**

- A. With respect to voluntary water conservation actions proposed by IID and CVWD to assist with addressing drought conditions in the Colorado River basin and the

elevation of Lake Mead, CNRA agrees to expedite its determination of whether such actions are eligible to be conducted under the emergency suspension of the California Environmental Quality Act provided for in paragraph 9 of Executive Order N-7-22.

- B. CNRA agrees to use its full contracting authority to accelerate project implementation, and as necessary to consider pursuing extraordinary authority to facilitate accelerated project implementation.
- C. CNRA agrees, for SSMP projects, IID's QSA mitigation projects, and any voluntary water conservation actions, as permitted under applicable law, to accelerate permitting and contracting and to pursue new and utilize existing tools to expedite permitting and to consider using emergency permitting and permitting exemptions whenever possible and appropriate on a case-by-case basis in light of the public health and environmental crisis at the Salton Sea.
- D. The Department agrees, for SSMP projects, IID's QSA mitigation projects and any voluntary water conservation actions, as permitted under applicable law, to accelerate permitting and contracting and to pursue new and utilize existing tools to expedite permitting and to consider using emergency permitting and permitting exemptions whenever possible, and appropriate on a case-by-case basis in light of the public health and environmental crisis at the Salton Sea.
- E. Expedited permitting under this section shall be protective of the environment. CNRA agrees to utilize due diligence to identify and reasonably address impacts at the time of permitting and subsequently, including through adaptive management.

**V. Ongoing Coordination and Local Outreach and Engagement**

- A. CNRA, IID, CVWD, and the Department agree to establish a Salton Sea Coordination Committee, at the principal level, to provide policy-level coordination and support for Salton Sea management. CNRA will lead the Coordination Committee and convene meetings as frequently as necessary for the orderly implementation of projects under this and subsequent agreements, but at least quarterly.
- B. CNRA will lead and engage with local tribal and community leaders as appropriate, with support from IID, CVWD, and DOI, as the SSMP projects are implemented.
- C. CNRA and the Department will coordinate with IID efforts to implement QSA mitigation projects, including the completion of drain connections to the Salton Sea.
- D. The Department and CNRA shall coordinate with the United States Department of Agriculture and the United States Army Corps of Engineers to seek additional

financial resources to the Sea and its surrounding agricultural communities as available and appropriate.

## **Section 2.**

Through this Commitment, and in consideration of the IID's and the CVWD's proposal to implement voluntary water conservation actions, on mutually acceptable terms, to address the critical drought situation on the Colorado River, the parties agree to the following:

### **VI. Funding to expedite the 10-year plan for the Salton Sea**

The expenditure or advance of any money or the performance of any obligation of the United States under this commitment are contingent on appropriations or allotment of funds.

- A. The Department through the Bureau of Reclamation (Reclamation) will provide the following funding in support of the SSMP:
  - i. Up to \$225 Million to support expanded and accelerated projects at the Salton Sea that address air quality to protect public health and restore habitat.
  - ii. Up to \$2 Million to fund at minimum two staff or technical consultant positions for five years for the IID to support accelerated project implementation. IID will provide dedicated additional staffing to accelerate project implementation and to support project monitoring.
  - iii. Up to \$1 Million to fund at minimum one staff position for five years for the CVWD to support accelerated project implementation. CVWD agrees to provide dedicated additional staffing to accelerate project implementation and to support project monitoring.
- B. In addition to the specific commitments described above, the Department will continue to pursue additional funding or provide technical assistance as necessary.
- C. In addition to the \$582.6 Million that it has already expended or secured in its implementation of the SSMP, CNRA will continue to pursue additional funding as necessary to fulfill its obligations under the QSA and the related State Water Resources Control Board Orders WRO 2002-2013 (Revised) and WR 2017-0134.
- D. CNRA shall provide IID and CVWD with indemnification, defense and hold harmless protections for impacts to the Salton Sea arising from voluntary water conservation programs undertaken pursuant to this section to address the critical drought situation on the Colorado River. In addition, CNRA agrees to work with IID and

CVWD to develop the mechanism(s) to receive further liability and other protections such as indemnification for these voluntary water conservation programs.

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# Commitments to Support Salton Sea Management Related to Water Conservation in the Lower Colorado River Basin

*November 29, 2022*

*Tina Anderholt Shields, PE  
Water Department Manager*



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# Salton Sea Management Related to Water Conservation in the Lower Colorado River Basin

Authorizes \$250 million in federal funding and agency partnerships to accelerate implementation of Salton Sea Management Program dust suppression and aquatic habitat projects at the Salton Sea, \$22 million in the near-term, with another \$228 million subject to the implementation of additional voluntary IID and CVWD conservation measures for California's Colorado River Drought Protection Plan proposal.

- *Bureau of Reclamation/Department of Interior*
  - *California Natural Resources Agency*
    - *Imperial Irrigation District*
- *Coachella Valley Water District*





- \$20 million in federal funding to support the SSMP (I.A.i)
- State/federal scientific support and technical assistance (I.A.i)
- \$2 million in federal funding for two Torres Martinez Desert Cahuilla Indian tribal positions over five years to support SSMP project implementation (I.A.iii)
- Federal/state/IID/CVWD will work to expedite land access for SSMP projects (II.A-C)
- CNRA will provide IID/CVWD indemnification, defense and hold harmless protections related to SSMP projects (II.B-C)
  - IID will provide additional diversion water supplies, up to 100,000 AFY from the New River, for SSMP (III.B)



- CNRA will work to expedite determinations of eligibility for IID/CVWD conservation actions for emergency suspension of CEQA through drought Executive Orders (IV.A)
- CNRA will use its full authority to expedite SSMP project implementation and work to accelerate permitting and contracting for IID/CVWD conservation actions and IID's QSA mitigation projects (IV.B-C)
- CNRA will coordinate with IID to implement mitigation projects and drain connections (V.C)
  - Reclamation/CNRA will coordinate with USDA and ACOE to seek additional funding (V.D)



**IID**

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[www.iid.com](http://www.iid.com)

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In consideration of IID and CVWD proposals to implement voluntary conservation actions to address the critical drought situation on the Colorado River, Reclamation will provide:

- Up to \$225 million to support expanded and acceleration SSMP projects to address air quality and restore habitat (VI.A.i)
- Up to \$2 million to fund at least two IID positions over five years to support SSMP project implementation (VI.A.ii)
- Up to \$1 million to fund at least one CVWD position over five years to support SSMP project implementation (VI.A.iii)



**IID**

Salton Sea Authority Board of Directors  
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- 
- Federal commitment to pursue additional funding and technical assistance (VI.B)
  - CNRA commitment to pursue additional funding for SSMP and obligations under the QSA and related SWRCB orders (VI.C)
  - CNRA shall provide IID/CVWD indemnification, defense and hold harmless protections for impacts to the Sea from Drought Protection Plan conservation actions and will work with IID to develop mechanisms to receive further liability and other protections (VI.D)



**IID**

Salton Sea Authority Board of Directors  
Meeting 12/8/2022

# Drought Protection Plan Proposal Modeling

Intended to quantify accelerated and additional Salton Sea playa exposure resulting from reduced Salton Sea inflows due to additional conservation by the Imperial Irrigation District (up to 1,000,000 AF) and the Coachella Valley Water District (up to 140,000 AF) from 2023 to 2026, to protect critical Lake Mead elevations.

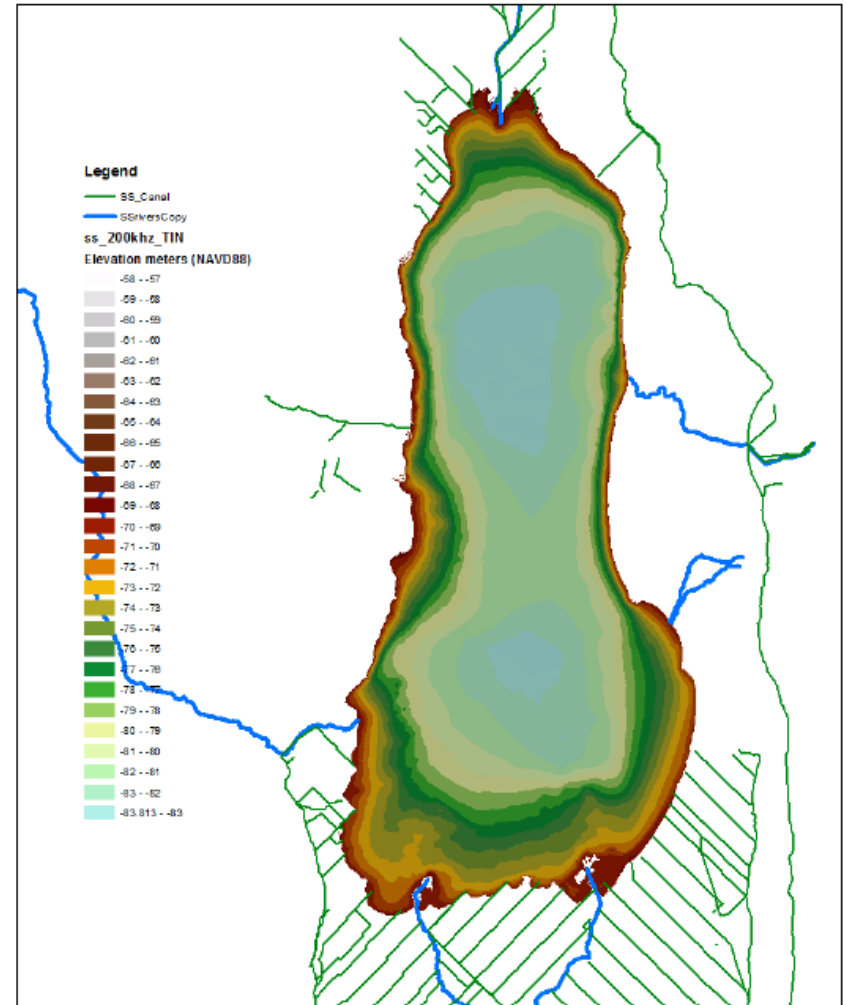


Figure 12. Elevation Data Points Collected from NewFields (200-kHz-Based Survey)

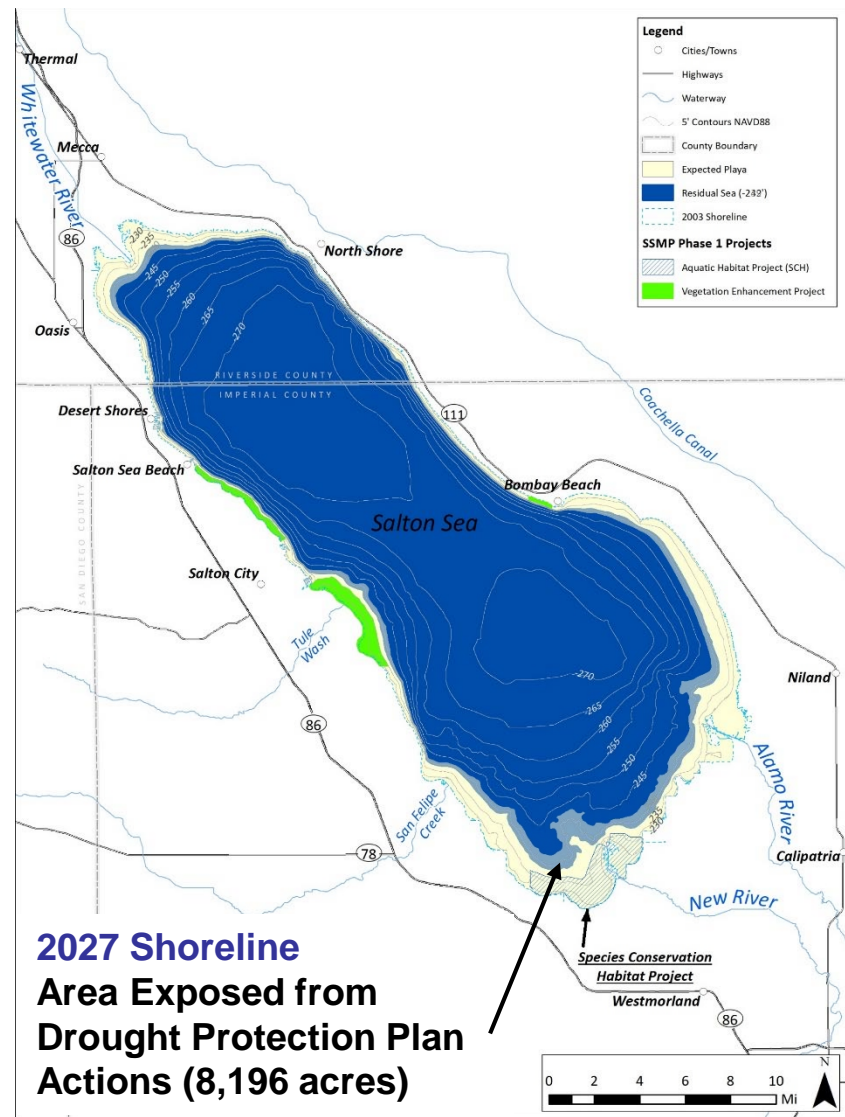


**IID**

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# Drought Protection Plan Proposal Salton Sea Exposed Playa Acreage Changes

	250 KAF Fallowing (inflow reduction ≈ 85 KAFY)	50 KAF Efficiency Conserv + 200 KAF Fallowing (inflow reduction ≈ 119 KAFY)
2023	0	0
2024	1,800	2,170
2025	3,035	4,204
2026	4,624	6,528
2027	5,771	8,196
2032	3,609	4,836
2037	2,087	2,980
2042	823	1,214
2047	379	758



**IID**

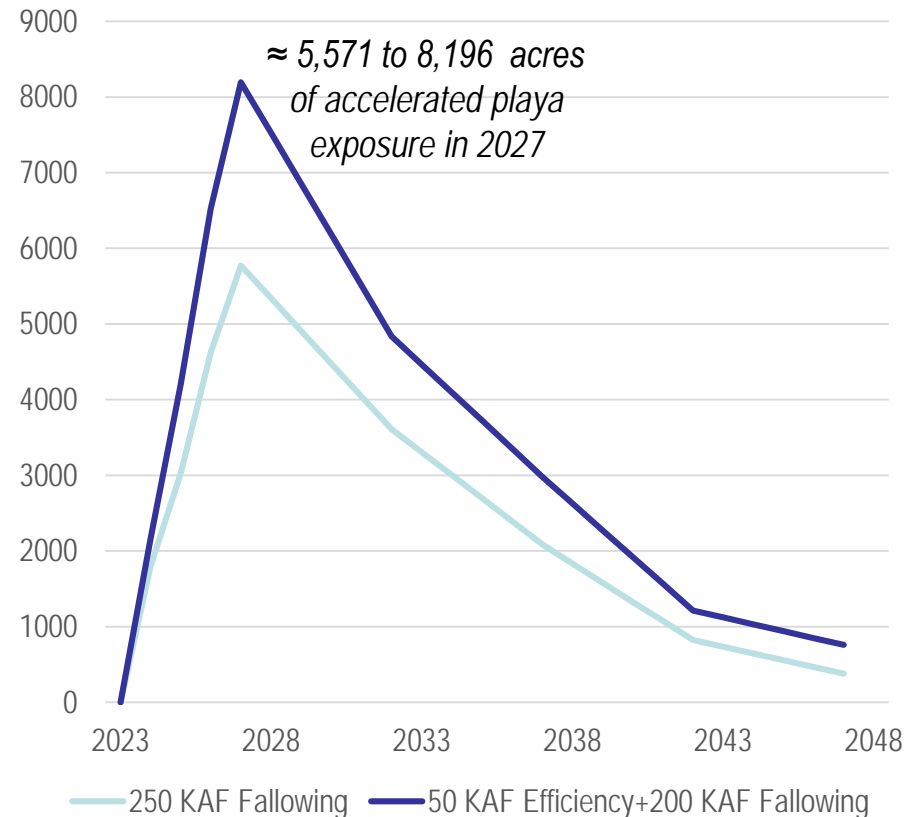
Salton Sea Authority Board of Directors  
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# Drought Protection Plan Proposal Assumptions

- $\approx 250,000$  AFY IID and  $\approx 35,000$  AF CVWD conservation from 2023-2026
- **IID Efficiency Conservation** has a 1:1 Salton Sea inflow reduction; *every 1 AF of conservation results in 1 AF Salton Sea inflow reduction*
- **IID Fallowing Conservation** has a 3:1 Salton Sea inflow reduction; *every 3 AF of conservation results in 1 AF Salton Sea inflow reduction*
- **2 IID Scenarios** – 50 KAF efficiency conservation + 200 KAF fallowing or 250 KAF fallowing

Increased Salton Sea Playa Exposure



# IID

Salton Sea Authority Board of Directors  
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# Inflation Reduction Act Funds Landmark Agreements to Accelerate Salton Sea Restoration

Media Contact: Interior\_Press@ios.doi.gov  
Michelle Helm 702.293.8189 mhelms@usbr.gov  
For Release: Nov 28, 2022

**WASHINGTON** – The Department of the Interior today announced a historic agreement funded by the Inflation Reduction Act that will mitigate impacts from the worsening drought crisis impacting the Salton Sea in Southern California.

Established by Deputy Secretary Tommy Beaudreau and leaders from the California Natural Resources Agency, Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD), the agreement will accelerate implementation of dust suppression and aquatic restoration efforts at the Salton Sea in Southern California. The agreement, which is set for consideration by the IID board of directors at its meeting tomorrow, will expedite implementation of the state's 10-year plan and enable urgent water conservation needed to protect Colorado River reservoir storage volumes amid persistent climate change-driven drought conditions.

"The Biden-Harris administration is committed to bringing every resource to bear to help manage the drought crisis and provide a sustainable water system for families, businesses and our vast and fragile ecosystems. This landmark agreement represents a key step in our collective efforts to address the challenges the Colorado River Basin is facing due to worsening drought and climate change impacts," said **Deputy Secretary Beaudreau**. "Historic investments from the Inflation Reduction Act will help to support the Imperial and Coachella Valley and the environment around the Salton Sea, as well as support California's efforts to voluntarily save 400,000 acre-feet a year to protect critical elevations at Lake Mead."

The Salton Sea, California's largest lake, is receding due to the drought crisis gripping the West and resulting necessary conservation actions in the Imperial Valley that have reduced inflows to the Sea. Exposed lakebed is contributing to harmful dust emissions to the surrounding environment and reducing important environmental habitat for wildlife.

Under the agreement, the Interior Department's Bureau of Reclamation will provide \$22 million in new funding through the Inflation Reduction Act in fiscal year 2023 to implement

projects at the Sea, support staffing at the Torres Martinez Desert Cahuilla Indian Tribe, and conduct scientific research and management that contributes to project implementation.

Subject to the implementation of voluntary conservation actions proposed by IID and CVWD, Reclamation will also provide an additional \$228 million over the next four years to expedite existing projects and bolster staffing capacity at the water agencies to help deliver new projects. This is in support of California's commitment to voluntarily conserve 400,000 acre-feet annually, starting in 2023. This \$250 million investment from the Inflation Reduction Act will complement the \$583 million in state funding committed to date.

"This agreement is a huge step forward," said **California Natural Resources Secretary Wade Crowfoot**. "It builds our momentum delivering projects at the Sea to protect communities and the environment and ensures that California's leadership conserving Colorado River water supplies doesn't come at the expense of local residents."

Under the agreement, the California Natural Resources Agency commits to accelerating project delivery through permit streamlining and use of its full contracting authority. It also commits to continue pursuing additional funding for projects to build on state funding already committed to Salton Sea Management Program implementation.

The Interior Department, IID and CVWD have agreed to establish programmatic land access agreements to enable state agencies to implement projects. In addition, the two water agencies will provide available future water supplies for new projects. This will enable California water agencies to commit to voluntarily reduce their water usage each year beginning in 2023 through 2026 to protect critical elevations in Lake Mead.

The Colorado River provides water to two countries, seven western states, 30 Tribal Nations and 40 million residents. It is currently experiencing the longest and worst drought on record, driven by hotter temperatures under climate change. Efforts continue in California and across the Colorado River Basin to find ways to stabilize water storage volumes in Lakes Powell and Mead. Reclamation and water agencies are working closely to take extraordinary actions to protect the Colorado River System.



## Press Release

### FOR IMMEDIATE RELEASE

November 28, 2022

### Media Contacts:

[Lisa Lien-Mager](#), California  
Natural Resources Agency  
(916) 407-6279

## Landmark Agreement Set to Accelerate Salton Sea Projects

### Federal, State and Local Leaders Boost Funding, Cooperation to Address Impacts to the Sea from Urgent Water Conservation in the Imperial and Coachella Valleys

SACRAMENTO – Leaders from the California Natural Resources Agency, Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD) hailed today's [announcement](#) by the Department of the Interior that a landmark agreement has been established to accelerate dust suppression and aquatic habitat projects at the Salton Sea to help facilitate urgent water conservation in the Imperial and Coachella valleys.

The agreement, which is set for consideration by the IID board of directors at its November 29 meeting, establishes actions to expedite implementation of projects as part of the state's Salton Sea Management Program 10-year Plan. The Salton Sea, California's largest lake, is receding due in part to existing water conservation actions in the Imperial Valley that have reduced inflows to the Sea. Areas of exposed lakebed contribute to harmful dust emissions and reduce important environmental habitat.

Under the agreement, the Bureau Reclamation, which is part of the federal Department of the Interior, is directing \$250 million to support Salton Sea efforts.

This funding enables California's commitment to voluntarily conserve 400,000 acre-feet annually for the next four years, starting in 2023. The \$250 million investment from the Inflation Reduction Act will complement the \$583 million in state funding committed to date.

"This agreement is a huge step forward," said California Natural Resources Secretary Wade Crowfoot. "It builds our momentum delivering projects at the Sea to protect communities and the environment and ensures that California's leadership in conserving Colorado River water supplies doesn't come at the expense of local residents."

The California Natural Resources Agency commits to accelerating project delivery through permit streamlining and use of its full contracting authority. It also commits to continue pursuing additional funding for projects to build on state funding already committed to Salton Sea Management Program implementation.

The Department of Interior, IID and CVWD agree to establish programmatic land access agreements to enable state agencies to implement projects. In addition, the two water agencies will provide available future water supplies for new projects.

The agreement enables California water agencies to move forward with proposals announced last month to voluntarily reduce their water usage each year beginning in 2023 through 2026 to protect critical elevations in Lake Mead.

"This agreement was developed as part of an ongoing effort by the Imperial Irrigation District to bring external resources and broader partnerships to the Salton Sea's many public health and environmental challenges," said IID General Manager Henry Martinez. "The district has steadfastly advocated the connection of the Salton Sea to the Colorado River for decades, and we appreciate Commissioner Touton and Secretary Crowfoot's direct involvement in this process as we work together to move California's voluntary conservation proposal forward."

"CVWD recognizes the need for additional conservation efforts to protect the viability of the Colorado River for all users," said CVWD General Manager Jim Barrett. "Understanding the importance of minimizing associated impacts to the Salton Sea through the additional conservation efforts, we fully support the efforts outlined in this agreement."

"The Salton Sea is a globally important stop along the Pacific Flyway for millions of migrating birds, providing habitat for around 400 species," said Frank Ruiz, Salton Sea program director for Audubon California, a member of the Salton Sea Partnership. "The federal government's investment is a major step forward towards projects to safeguard residents and the environment. We look forward to federal partners continuing to work with the state, water agencies, and local communities for long term durable solutions at the Salton Sea."

The Colorado River provides water to two countries, seven western states, 30 tribal nations, and 40 million residents. It is currently experiencing the longest and worst drought on record, driven by hotter temperatures under climate change. Efforts continue in California and across the Colorado River Basin to find ways to stabilize

water storage volumes in Lakes Powell and Mead. Reclamation and water agencies are working closely to take extraordinary actions to protect the Colorado River System.

###

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# RUIZ STATEMENT ON IID ACTION TO UNLOCK \$22M IN SALTON SEA FUNDING

November 29, 2022 | Press Release

The Inflation Reduction Act authorizes \$250 million in federal funding to accelerate implementation of the Salton Sea Management Program

**Washington, D.C.** – Today, Congressman Raul Ruiz, M.D. (CA-36) issued the following statement in reaction to the Imperial Irrigation District (IID) Board of Directors vote to support a historic agreement to mitigate impacts from the worsening drought crisis impacting the Salton Sea:

“I applaud IID’s vote today. It was the key to unlocking the first \$22 million of the Inflation Reduction Act’s (IRA) \$250 million for the Salton Sea. From my advocacy for the Salton Sea in the Colorado River Drought Contingency Plan Authorization Act to my recent letter to the Department of Interior urging this IRA funding, I have been fighting for equity in addressing the disproportionate burden any decrease in water to the Salton Sea would have on our vulnerable residents’ health and livelihood.

“IID’s vote takes a significant step toward adding more shovels to the ground using this bold investment to protect the public’s health and address this environmental crisis. I am very grateful for the collaborative all-hands-on-deck partnership between Federal, State, Tribal, and local agencies to address the Salton Sea.”

## BACKGROUND

The IID Special Board of Directors Meeting follows yesterday’s announcement from the Department of the Interior that it will invest up to \$250 million over several years in California’s Salton Sea Management Program (SSMP) using funds included in the IRA. The \$4 billion in drought funding included in the legislative package will provide critical new tools for the federal government to help mitigate the impact of drought in the Western United States.

Ruiz has consistently worked to secure funding for the Salton Sea region. Twice this year, he led efforts to ensure the Bureau of Reclamation upholds its commitments to address the crisis at the Sea, writing to Secretary Deb Haaland in August ([https://ruiz.house.gov/sites/ruiz.house.gov/files/2022-08-02\\_Letter\\_Colorado%20River%20Cutbacks%20to%20DOI.pdf](https://ruiz.house.gov/sites/ruiz.house.gov/files/2022-08-02_Letter_Colorado%20River%20Cutbacks%20to%20DOI.pdf)) to support the Salton Sea Management Plan and mitigate the effects of proposed water cuts on the Salton Sea region. Earlier this month, Ruiz again called on ([https://ruiz.house.gov/sites/ruiz.house.gov/files/2022-11-01\\_Letter\\_Salton%20Sea%20Mitigation%20Funding%20FINAL.pdf](https://ruiz.house.gov/sites/ruiz.house.gov/files/2022-11-01_Letter_Salton%20Sea%20Mitigation%20Funding%20FINAL.pdf)) the Department of Interior to ensure that drought mitigation funding under the IRA is used at the Sea.

###



November 23, 2022

The Honorable Camille Calimlim Touton  
Commissioner  
Bureau of Reclamation  
1848 C Street, NW  
Washington, DC 20240-0001

The Honorable Wade Crowfoot  
Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, California 95814

Dear Commissioner Touton and Secretary Crowfoot:

Thank you for meeting with us concerning your negotiations to develop a federal/state program to address the public health and environmental impacts on the Salton Sea region which will be caused by Colorado River water cuts to stabilize Lake Mead. We write to outline measures that we respectfully urge you to include in such an agreement to ensure the protection of the Salton Sea and the disadvantaged, tribal and agricultural communities we collectively represent.

First, the agreement must provide robust assured federal funding to address the Salton Sea impacts of Colorado River water cuts, an implementation approach that prioritizes public engagement and direction concerning the expenditure of those funds, and an assured supplemental funding mechanism to provide additional federal funds in the event that your agreement underestimates the amount of exposed playa requiring mitigation.

Determining the funding necessary for Salton Sea mitigation is uncertain given the lack of a full environmental review of proposed new Colorado River cuts on the region. We anticipate that the amount of funding provided in your agreement will likely be based on an assessment being conducted by the California Natural Resources Agency (CNRA). We understand that CNRA's assessment of impacts from 250,000 acre feet of water conservation from the Imperial Valley may be as little as 6,000 acres of exposed Salton Sea playa.

By contrast, our assessment of potential playa exposure is significantly greater — roughly seven times this level depending on the method of water conservation deployed (i.e., fallowing v. on farm). Our estimate is based on the playa exposure associated with a 200,000 acre feet reduction in Salton Sea Colorado River inflows as a result of the Quantification Settlement Agreement (QSA). The estimated playa exposure associated with QSA reductions is approximately 30,000 acres. Since the QSA was adopted in 2000, the Sea has declined by roughly 10 feet and tens of thousands of acres have been exposed. To date, CNRA mitigation projects have only addressed approximately

2,800 acres of required playa mitigation. The State of California has committed roughly \$500 million to address these Salton Sea QSA obligations — a number that is likely to fall well short of the funding required to fully mitigate playa exposure.

Our experience with the QSA is why we and the California Congressional delegation worked to include the \$4 billion fund in the Inflation Reduction Act (IRA) to create a mitigation program at the Salton Sea to address new playa exposure that will result from additional Colorado River water cuts on the region. We strongly encourage you to ensure that the IRA funding allocated to the Salton Sea recognizes the uncertainty in CNRA's estimates of exposure associated with new Colorado River water cuts. Your funding commitment must take into account our real world experience with playa exposure and mitigation costs in the very similar QSA context. The QSA cuts have resulted in a mitigation need in the hundreds of millions of dollars. The anticipated new Colorado River cuts are likely to be of a similar or greater scale and generate a similar or greater mitigation need. The federal IRA funding commitment must be at least at this scale.

Further, given the uncertainty in CNRA's estimates and the fact that CNRA's assessment has not been subject to technical review or public scrutiny, we believe your negotiated agreement must also include a backstop mechanism to fund mitigation costs if CNRA's estimate of playa exposure underestimates that exposure to ensure the sufficiency of funding to fully mitigate it. The Authority worked with our Congressional delegation to create a 2018 Farm Bill program that could effectively be used as an insurance policy to fund mitigation costs that exceed CNRA's current assessment of playa impacts.

While we understand the urgency to bring your current negotiations to conclusion, we ask that your agreement explicitly provide a commitment that the parties will work with us to develop this or another backstop funding mechanism. It is our strong view that the risk of underestimating playa exposure from Colorado River cuts should not fall to the already overburdened disadvantaged and tribal communities surrounding the Salton Sea, but rather assumed and managed by the federal government through such an assured backstop funding mechanism.

Second, while we support measures to expedite permitting and implementation of conservation projects at the Sea, we do not support measures to void public engagement and protections for our region. Local, state and federal environmental and public health protections must be maintained in order to protect the communities surrounding the Salton Sea. Further, as the Bureau of Reclamation embarks on a Supplemental Environmental Impact Statement and its broader review of the operational guidelines for Lake Mead which may result in calls for further Colorado River

cuts which would affect our region, it is critical that impacts to the Salton Sea be fully evaluated in those reviews.

Third, the agreement must include mechanisms to ensure that the commitments made by your administrations will be honored by subsequent administrations. At a minimum, federal funding commitments should be obligated and transferred to a protected trust fund that may be drawn upon as projects are developed in consultation with local officials and local communities to address the impacts of Colorado River water cuts.

As you know, the Salton Sea was the subject of a 2016 Memorandum of Understanding (MOU) between your agencies designed to address anticipated Salton Sea impacts associated with the Drought Contingency Plan then under negotiation. When the federal administration changed several months later, those commitments were not fully implemented. MOUs formulated by one administration are routinely disregarded by subsequent administrations.

Working with our Congressional delegation, the Authority has been the leading advocate in the development federal policy to support Salton Sea conservation, including through the development of the IRA's \$4 billion Colorado River conservation fund, the 2018 Farm Bill bipartisan drought legislation and the 2020 Water Resources Development Act (WRDA) authorization of a Salton Sea Authority, CNRA and Army Corps of Engineers funding partnership we will formally launch on December 16, 2022. In view of the significant federal tools and resources now available, we firmly believe that Colorado River and Salton Sea conservation are fully compatible goals and may be fully addressed through these mechanisms.

Thank you for consulting with us on your ongoing negotiations. We look forward to reviewing the details of the proposed program and working with you to ensure that the final program you develop fully protects our region.

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. Patrick O'Dowd', with a stylized flourish extending to the right.

G. Patrick O'Dowd  
Executive Director/General Manager



MEMO

TO: Salton Sea Authority Board of Directors and G. Patrick O'Dowd  
FROM: Lisa Moore  
RE: **Federal Report**  
DATE: December 5, 2022

On November 28, 2022, the Department of the Interior (Interior) and the California Natural Resources Agency (CNRA) announced that they had formulated an agreement regarding Salton Sea conservation associated with anticipated Colorado River water conservation measures to support Lake Mead. Broadly speaking, the recognition by Interior that the water cuts now under consideration will impact the Sea and must be addressed is progress. While it is an obvious fact to all who live in the Salton Sea region that Colorado River cuts will impact the Sea, the long-standing position from Interior has been that Colorado River water conservation from our region would not impact the Sea and that therefore no such funding commitment was required.

Notably, Interior's prior position that Colorado River cuts do not impact the Sea has not been shared by the California Congressional delegation, which has worked closely with the Authority over the last several years to develop a suite of federal funding tools to support Salton Sea conservation, including through the 2018 Farm Bill; the 2020 Water Resources Development Act/Corps of Engineers; and most recently the \$4 billion fund established through the Inflation Reduction Act (IRA) to, among other things, mitigate the impact of Colorado River water conservation on the Salton Sea region.

The November 28 agreement is Interior's initial implementation of that Congressional IRA direction. Moving forward much remains to be resolved to ensure that the commitments in the November 28 document are both improved and realized to ensure that the Congressional commitment to protect the Salton Sea region is in fact realized.

**The Agreement**

The agreement is characterized as a "commitment to support Salton Sea Management related water conservation in the Lower Colorado River Basin," and is divided into two sections. The first section focuses on CNRA's implementation of its Salton Sea Management Program (SSMP) and makes initial pledges to provide \$22 million to support SSMP projects, including through providing \$2 million in staffing resources to the Torres Martinez Desert Cahuilla Indians; to improve permitting and land access for projects; and to indemnify water agencies for liability associated with Colorado River water conservation measures.

The second section of the agreement is noted to be committed in consideration for a forthcoming pledge by IID and CVWD to Colorado River water conservation and contains more conditional funding language, including: "up to" \$225 million to accelerate Salton Sea projects to protect air quality and habitat; "up to" \$2 million for IID staff positions to facilitate project implementation; "up to" \$1 million for the same at CVWD; pledges of indemnification for Salton Sea impacts associated with Colorado River

water conservation measures and CEQA waivers; and the creation of a policy coordination committee led by CNRA.

The differences in language of these two sections — and the fact that the larger pledge in the second section is highly conditional — may be related to the federal Office of Management and Budget’s possible unwillingness to allow Interior to make a more assured funding pledge for work that Interior has not fully assessed or described. The Authority has called upon both Interior and CNRA to develop a robust assessment of the impacts of Colorado River water conservation measures on the Sea. Such an assessment would provide a better foundation to make more meaningful and assured IRA and other federal funding commitments.



TO: Salton Sea Authority Board of Directors  
FROM: Oracio Gonzalez, Ollin Strategies  
DATE: December 2022  
SUBJECT: California State Advocacy

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This memorandum provides a summary of state fiscal and legislative developments related to the Authority's state advocacy.

On December 5, 2022, the California State Legislature convened for the 2023-2024 legislative session. Last month, Senator Steve Padilla was elected to replace termed-out Senator Ben Hueso. Mr. Padilla is eligible to serve three four-year terms. Mr. Eduardo Garcia, who was reelected to the Assembly, is eligible to serve until 2026. As part of new district maps adopted by the state's Independent Redistricting Commission, both the Senate and Assembly district designations have changed to the 36<sup>th</sup> Assembly District and 18<sup>th</sup> Senate District, respectively.

#### State Fiscal Developments

In November, the State's non-partisan Legislative Analyst's Office projected that the state would face a \$25 billion deficit for the 2023-24 budget planning cycle. The deficit is attributed to lower than expected revenues from the state's high-income earners (those making over \$500,000 a year). State officials have pointed to several factors that have contributed to economic issues impacting those high earners including inflation, an underperforming stock market, layoffs and hiring freezes in tech, the war in Ukraine, and the federal reserve raising interest rates.

It is expected the state will confront the projected deficit with reduced spending as well as potentially clawing back spending commitments enacted in past budget cycles. Note, at present, the state has over \$23 billion in reserves as part of its Rainy-Day Fund, the funding account designed to off-set spending cuts during deficit years.

As it relates to the Authority's legislative and budget priorities for the upcoming year, the projected deficit is significant because, in 2021, the Governor committed to invest \$220 million for the Salton Sea over three years. In September of 2021, the Governor signed legislation investing the first \$40 million from his pledge to the Salton Sea, and as part of the 2022 budget, the Governor included an additional \$100 million. It was our expectation that the Governor would include the remaining balance of \$80 million as part of the 2023-24 state budget.

As noted in last month's report, it will be important that as we prepare to request that the Governor include the balance of this commitment to the Salton Sea as part of his 2023-24 budget proposal, that we proactively organize local stakeholders to ensure they mirror the Authority's request. The stronger the support coalition, the more likely we are to overcome any concerns over the state's finances and ensure this critical investment is included as part of next year's state budget.

The Governor will release his proposed budget on January 10, 2022.

### Lithium Valley

On November 17, 2022, the Blue Ribbon Commission on Lithium Extraction in California, also known as the Lithium Valley Commission, adopted its final report to the legislature. Pursuant to Assemblymember Garcia's AB 1657 (Chapter 271, Statutes of 2020), the report was officially transmitted to the legislature on December 1, 2022.

The report included 15 recommendations for consideration by the Legislature. Both Assemblymember Eduardo Garcia and Senator Steven Padilla are considering the recommendations of the report as they prepare their legislative package for the upcoming year.