



TO: Salton Sea Authority Board of Directors
FROM: Oracio Gonzalez, Ollin Strategies
DATE: September 2023
SUBJECT: California State Advocacy

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

Fiscal

On September 14, 2023, the State legislature adjourned for the remainder of the year. Prior to adjourning, the Assembly and Senate committees on Appropriations moved to "hold" the two climate bonds moving through the legislature, AB 1567 by Assemblymember Garcia and SB 867 by Senator Allen. In holding the measures, which effectively kills them for the year, the committees' noted that this action was taken "without prejudice," meaning the hold would not carry over into the next year. The decision to hold the bonds was driven by a desire to limit the number of bonds going on the March ballot, which was already slated to have the Governor's \$4.6 billion behavior health services bond.

While it is expected that both climate bond proposals will be reintroduced when the legislature reconvenes in January 2024, it is unclear if the bonds will put before voters in November 2024 or a later election.

As noted in a previous report, as part of the state budget enacted in June, the legislature reduced the magnitude of Salton Sea restoration funds that the Governor proposed to "shift" to a general obligation bond from \$169 million to \$119 million. Specifically, the legislature voted to restore \$50 million of the \$80 million the Governor had proposed to invest in the Salton Sea as part of his January 2023 budget proposal. The final budget adopted and signed by the Governor did, however, continue its "shift" of \$89 million in Salton Sea restoration dollars enacted as part of 2022 state budget, for total "shift" of \$119 million.

It is anticipated that both Assemblymember Garcia and Senator Allen will, at a minimum, move to reintroduce their bonds with amounts mirroring those included in the final version of their respective bond proposals. For reference, below are the amounts each proposal included for the Salton Sea.

- AB 1567 (Garcia), would have placed a \$15.9 billion general bond before voters on March 5, 2024. Of this amount, \$400 million is proposed for the Salton Sea, consisting

of \$119 million in “shifted” funds and \$281 million in new dollars for Salton Sea restoration. Of these funds, the bond would set aside \$30 million for the Salton Sea Authority. Separately, the bond would set aside \$15 million for a Salton Sea conservancy.

- SB 867(Allen), a measure that would place a \$15.5 billion general obligation bond before on March 5, 2024. As proposed, the measure included \$100 million for Salton Sea restoration activities.

Legislative

On September 11, 2023, Senator Padilla announced that he would be holding SB 583, his legislation creating a Salton Sea Conservancy, on the floor of the Senate as a two-year bill given ongoing negotiations with the Governor. Prior to this announcement, the Assembly Appropriations moved to amend the measure with language that changed the conservancy’s scope in two key areas. First, the committee stripped the conservancy of its power to implement projects under the Salton Sea Management Plan. Instead, the conservancy would now be limited to taking ownership of projects after they are completed by the state pursuant to the Salton Sea Management Plan. The language, in italics, is included below for reference.

33812.

(a) The Salton Sea Conservancy is hereby created as a state agency within the Natural Resources Agency for all of the following purposes:

“(1) To oversee the operation, maintenance, and management of projects that are planned and built under the authority of the Salton Sea Management Program to fulfill the state’s obligations as detailed in State Water Resources Control Board Order WR 2017-0134.

(2) To acquire, hold, and manage land or property rights within the Salton Sea region after restoration projects are built.”

This language reflects the amendment requested by the Authority in its June 11, 2023 letter to the Senator noting: “we respectfully request that you further refine the conservancy’s scope to the operation and maintenance of projects completed under the SSMP, the Long-Range Plan and the ongoing Imperial Streams Salton Sea and Tributaries Feasibility Study the U.S. Army Corps of Engineers is conducting in partnership with the State and the Authority.”

With the Conservancy now limited to management of projects after they are completed pursuant to the Salton Sea Management Plan, the Authority’s role under AB 71 and the requirement that the state coordinate and consult with the Authority on implementation of mitigation projects, should come back into force.

In addition to the language restricting the conservancy to management of mitigation projects after they are completed, additional language was added that enables the conservancy to engage

in several activities that may lead to duplication of activities the Authority is currently pursuing. Specifically, the conservancy is authorized to:

- “(3) To provide increased opportunities for equitable outdoor recreation.*
- (4) To undertake efforts to enhance public use and enjoyment of lands owned by the public.*
- (5) To assist the regional economy through the operation of the conservancy’s program.*
- (6) To support efforts that advance both environmental preservation and the economic well-being of Salton Sea region residents in a complementary manner.*
- (7) To support efforts that advance climate resiliency and equity.*
- (8) To create a public forum for discussing ongoing land management and other relevant issues within the Salton Sea region.”*

Several of these activities, for example supporting the economic well-being of the Salton Sea region or serving as a public forum for Salton Sea issues, are presently being undertaken by the Authority. That said, language was left in another part of the bill that may restrict those instances where duplication may take place. For example, under 33820(b), the conservancy is required to develop a strategic plan that will govern how it operates including avoiding “any duplication of roles between the conservancy, the Salton Sea Management Program, and the Salton Sea Authority.”

The final amendments to the conservancy measure included expanding the board to 15 voting members, with the transfer of the Director of Fish and Wildlife and the Director of the Water Resources from ex officio members to voting members. The Secretary of CalEPA was added as an ex officio member.

In terms of timing, the bill only has one more vote, the State Senate, before it clears the legislature and is sent to the Governor, and that can happen as early as January 2024. Based on what we have gathered, the Governor’s main objection to the measure was that he wanted to see a funding mechanism identified. With the climate bonds having been placed on hold for the year, the conservancy lacked a clear funding mechanism as it no longer had access to the \$15 million set aside in Mr. Garcia’s bond proposal. As noted, both bond proposals are expected to move forward next year and, assuming the funds for the conservancy are maintained, that should address the Governor’s main concern.