



TO: Salton Sea Authority Board of Directors
FROM: Oracio Gonzalez, Ollin Strategies
DATE: July 2024
SUBJECT: California State Advocacy

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

On June 29, 2024, the legislature and Governor reached a final agreement on a state budget for the 2024-25 fiscal year. The agreement was inclusive of language included in AB 107, the legislature's budget proposal, which codified the governor's request to shift \$65.8 million in general fund dollars for the Salton Sea from his January 2024 proposal to the Greenhouse Gas Reduction Fund (GGRF). As noted in last month's report, the GGRF is a state account used to deposit proceeds collected under the state's Cap-and-Trade program. Over the last three years, GGRF quarterly auctions have generated an average of \$1.1 billion in revenue, with annual amounts averaging \$4.2 billion.

As part of the agreement, the Governor also agreed to the placement of a climate resiliency bond, in addition to an education bond, a total of \$20 billion in bonds, before voters in November 2024. With respect to the climate resilience bond, last week the legislature passed, and the acting Governor signed, SB 867 (Allen) placing a \$10 billion climate resilience bond on the November 2024 ballot ("Proposition 4"). If the bond is passed by voters, it will generate a total investment of \$170 million for the Salton Sea, with \$10 million of these dollars set aside for either the Salton Sea Authority or "the creation of a Salton Sea Conservancy." The relevant language of the bond proposal is below:

"91033.

(a) Of the funds made available by Section 91030, one hundred seventy million dollars (\$170,000,000) shall be available, upon appropriation by the Legislature, to implement the Salton Sea Management Program 10-year Plan, and any subsequent revisions to that plan, or any subsequent plans, to provide air quality, public health, and habitat benefits.

(b) Of the funds made available by subdivision (a), ten million dollars (\$10,000,000) shall be available for either of the following:

- (1) The creation of a Salton Sea Conservancy.
- (2) The Salton Sea Authority."

As the Board recalls, last year, Senator Padilla placed his legislation creating a Salton Sea Conservancy, SB 583, on hold on the Senate floor after the Governor's office raised concerns around

the cost to create the conservancy. The deadline for SB 583 to be advanced to the Governor is August 30, 2024, the last day before the legislature adjourns for the year. The current text of SB 583 is included at the end of this report. At present, it is unclear if Mr. Padilla will advance his legislation to the Governor before the legislature adjourns for the year.

It is worth noting that even if the climate resilience bond is passed by voters, the appropriation of dollars for the Salton Sea will not be automatic, and instead will occur as part of the yearly state budget process, and this includes any appropriations of the \$10 million set aside for either the conservancy or the Salton Sea Authority.

Legislative

Below is the status of measures the Authority voted to support.

AB 2757 (Garcia): will establish the Southeast California Economic Region to align state and federal programs, services and funding to promote the economic expansion of the communities most affected by the development of the Lithium Valley and other clean energy projects. Further, the bill will require the Labor and Workforce Development Agency, the Governor's Office of Planning and Research, and Go-BIZ to develop a list of programs that will utilize the Southeast California Economic Region designation and boundaries in program and service delivery, planning activities, and making funding awards. AB 2610 (Garcia) would expand the state's authority on the take of species to, in addition to the Quantification Settlement Agreement, also include impacts attributed to implementation of the Salton Sea Management Program and any water conservation agreements negotiated between the Imperial Irrigation District and the US Bureau of Reclamation to implement the Lower Colorado Rivera Basin System Conservation and Efficiency Program for the year's 2024 to 2026, inclusive. At present, IID is negotiating an agreement to conserve 800,000 acre-feet of Colorado River water during 2024-2026.

Location: Senate Committee Appropriations

AB 2922 (Garcia), would reauthorize the Capital Investment Incentive Program (CIIP) until January 1, 2035. The CIIP allows local governments to offer a partial property tax abatement for qualified manufacturing facilities for assessed property values in excess of \$150 million. The program, which is being used to help develop the Lithium Valley, expired in January 2024.

Location: Senate Committee on Appropriations

SB 1309 (Padilla): would direct the California Energy Commission (CEC), in consultation with other state agencies, including the Governor's Office of Business and Economic Development (Go-Biz) and the California Workforce Development Board, to establish a Lithium Battery Production Council to conduct an economic analysis on workforce development needs, infrastructure needs, sewage and wastewater treatment, and housing needs for lithium battery production.

Location: Held in "suspense" by Senate Appropriations Committee. Measure is dead for the year.

SB-583 Salton Sea Conservancy.(2023-2024)

SECTION 1.

Division 23.6 (commencing with Section 33810) is added to the Public Resources Code, to read:

DIVISION 23.6. Salton Sea Conservancy

CHAPTER 1. General Provisions

33810.

This division shall be known, and may be cited, as the Salton Sea Conservancy Act.

CHAPTER 2. Definitions

33811.

For purposes of this division, the following definitions apply:

(a) "Board" means the board of directors governing the Salton Sea Conservancy.

(b) "Conservancy" means the Salton Sea Conservancy established pursuant to Section 33812.

(c) "Final Imperial Streams Salton Sea and Tributaries Feasibility Study" means the study conducted by the United States Army Corps of Engineers in partnership with the State of California and the Salton Sea Authority together as joint local sponsors, pursuant to a Resolution of the U.S. Senate Committee on Environment and Public Works, 114th Congress, 2nd Session (April 28, 2016).

(d) "Fund" means the Salton Sea Conservancy Fund established pursuant to Section 33825.

(e) "Local public agency" includes, but is not limited to, a city, county, city and county, district, association of governments, or joint powers authority.

(f) "Long-Range Plan" means the plan prepared by the Salton Sea Management Program to comply with State Water Resources Control Board Order (revised) WR 2017-01342002-0013. The plan must be consistent with the requirements of the order and the Salton Sea Restoration Act established pursuant to Chapter 13 (commencing with Section 2930) of Division 3 of the Fish and Game Code, including the objectives set forth in subdivision (c) of Section 2931 of the Fish and Game Code.

(g) "Nonprofit organization" means a private, nonprofit organization that qualifies for tax exempt status under Section 501(c)(3) of Title 26 of the Internal Revenue Code.

(h) "Quantification Settlement Agreement" has the same meaning as defined in subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

(i) "Region" or "Salton Sea region" means the geographic boundaries of the Salton Sea ecosystem, as described in subdivision (d) of Section 2931 of the Fish and Game Code.

(j) "Salton Sea Authority" has the same meaning as subdivision (d) of Section 2941 of the Fish and Game Code.

(k) "Salton Sea Management Program" means the Natural Resources Agency, the Department of Water Resources, and the Department of Fish and Wildlife working under the direction of the Assistant Secretary for Salton Sea Policy to carry out the terms of State Water Resources Control Board Order WR 2017-0134.

(l) "Salton Sea Management Program Phase I: 10-Year Plan" means the plan for action over the 10-year period from 2018 to 2028. The plan's goal is to improve conditions around the Salton Sea by constructing projects that create habitat and reduce dust from exposed lakebed on 30,000 acres.

(m) "Tribe" means any federally recognized Native American tribe or a nonfederally recognized Native American tribe.

CHAPTER 3. Salton Sea Conservancy

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.

(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.

(b) The conservancy's jurisdiction is limited to the Salton Sea region.

33813.

The conservancy shall carry out programs, projects, and activities to further the conservancy's purposes specified in Section 33812. This may include any one, any combination, or all of the following:

(a) Expending funds and awarding grants and loans to develop and implement programs and projects that are designed to further the conservancy's purposes specified in Section 33812.

(b) Engaging community members and stakeholders through education, outreach, opportunities to provide input, and volunteering on programs and projects.

(c) Coordinating, collaborating, and partnering with federal, tribal, state, regional, and local jurisdictions and stakeholders to develop and implement programs that enhance beneficial uses, promote public health and recreational uses, and improve the operational efficiency of the completed projects.

(d) Identifying and working to resolve any barriers or impediments to progress, including capacity or organizational deficiencies.

CHAPTER 4. Governing Board

33814.

(a) By January 1, 2026, the conservancy shall be governed by a board of directors.

(1) The board shall consist of 15 voting members appointed as follows:

(A) Two public members appointed by the Governor subject to confirmation by the Senate, who are not elected officials and who reside within the conservancy's territory.

(B) One public member appointed by the Speaker of the Assembly, who is not an elected official and who resides within the conservancy's territory.

(C) One public member appointed by the Senate Committee on Rules, who is not an elected official and who resides within the conservancy's territory.

(D) One member who is appointed by the Riverside County Board of Supervisors and a resident of that county, or their designee.

(E) One member who is appointed by the Imperial County Board of Supervisors and is a resident of that county, or their designee.

(F) One member who is appointed by the Coachella Valley Water District and resides within the district's boundaries, or their designee.

(G) One member who is appointed by the Imperial Irrigation District and resides within the district's boundaries, or their designee.

(H) One member who is appointed by the Torres Martinez Desert Cahuilla Indians, or their designee.

- (I) One representative of a nongovernmental organization focused on environmental justice work in the region appointed by the Secretary of the Natural Resources Agency.
- (J) One representative of a nongovernmental organization focused on fish and wildlife habitat work in the region appointed by the Secretary of the Natural Resources Agency.
- (K) The Director of Finance, or the director's designee.
- (L) The Secretary of the Natural Resources Agency, or the secretary's designee.
- (M) The Director of Fish and Wildlife, or the director's designee.
- (N) The Director of Water Resources, or the director's designee.
- (2) The board shall also consist of six *ex officio* nonvoting members designated as follows:
- (A) The Secretary for Environmental Protection, or the secretary's designee.
- (B) The Chairperson of the State Water Resources Control Board, or the chairperson's designee.
- (C) One representative of the United States Bureau of Land Management, designated by the United States Secretary of the Interior.
- (D) One representative of the United States Fish and Wildlife Service, designated by the United States Secretary of the Interior.
- (E) One representative of the federal Bureau of Reclamation, designated by the United States Secretary of the Interior.
- (F) One representative of the United States Army Corps of Engineers, designated by the United States Department of Defense.
- (b) The local agencies specified in subparagraphs (D) to (G), inclusive, of paragraph (1) of subdivision (a) shall ensure that one of the appointed members of those agencies is the president of the Salton Sea Authority, so that the president of the Salton Sea Authority is always represented on the board.
- (c) The public members appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly, and the representatives of nongovernmental organizations appointed by the Secretary of the Natural Resources Agency, shall each serve a four-year term.
- (d) The locally appointed members specified in subparagraphs (D) to (G), inclusive, of paragraph (1) of subdivision (a) shall serve at the pleasure of the appointing board of supervisors or water or irrigation district.
- (e) The tribal representative shall serve at the pleasure of the Torres Martinez Desert Cahuilla Indians.

33815.

The Secretary of the Natural Resources Agency shall serve as the chairperson of the board and the president of the Salton Sea Authority shall serve as the vice chairperson of the board.

33816.

A majority of the voting members shall constitute a quorum for the transaction of the business of the conservancy. The board shall not transact the business of the conservancy if a quorum is not present at the time a vote is taken. A decision of the board requires an affirmative vote of five of the voting membership, and the vote is binding with respect to all matters acted on by the conservancy.

33817.

The board shall adopt rules and procedures for the conduct of business by the conservancy.

33818.

The board may establish advisory boards or committees, hold community meetings, and engage in public outreach.

33819.

The board shall maintain a headquarters office within the Salton Sea region. The conservancy may rent or own real and personal property and equipment pursuant to applicable statutes and regulations.

33820.

(a) The board shall determine the qualifications of, and shall appoint, an executive officer of the conservancy, who shall be exempt from civil service. The board shall employ other staff as necessary to execute the powers and functions provided for in this division.

(b) Within two years of hiring an executive officer, the board shall prepare and adopt a strategic plan to achieve the goals of the conservancy, consistent with Sections 33812 and 33813. The strategic plan shall describe its interaction with local, regional, state, and federal agencies and the Torres Martinez Desert Cahuilla Indians. The strategic plan shall establish priorities and criteria for ongoing and long-term operations, 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 based upon an assessment of project requirements, institutional capabilities, and funding needs throughout the Salton Sea region. The strategic plan shall be consistent with the Salton Sea Management Plan, the Long-Range Plan, and the final Imperial Streams Salton Sea and Tributaries Feasibility Study, and shall outline a plan that avoids any duplication of roles between the conservancy, the Salton Sea Management Program, and the Salton Sea Authority.

33821.

The board may enter into contracts with private entities and public agencies to procure consulting and other services necessary to achieve the purposes of this division.

33822.

The conservancy's expenses for support and administration may be paid from the conservancy's operating budget and any other funding sources available to the conservancy.

33823.

The board shall conduct business in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

33824.

The board shall hold its regular meetings within the Salton Sea region.

CHAPTER 5. Powers, Duties, and Limitations

33825.

The Salton Sea Conservancy Fund is hereby created in the State Treasury. Moneys in the fund, including authorized proceeds from the sale of bonds and allocations from the Salton Sea Lithium Fund pursuant to Section 2951 of the Fish and Game Code, shall be available, upon appropriation by the Legislature, only for the purposes of this division.

33826.

The conservancy may engage in partnerships with nonprofit organizations, local public agencies, including the Salton Sea Authority, and landowners.

33827.

In implementing this division, the conservancy shall cooperate and consult with the city or county in which a grant is proposed to be expended or an interest in real property is proposed to be acquired, and shall, as necessary or appropriate, coordinate its efforts with the Salton Sea Authority, and with other state agencies, in cooperation with the Secretary of the Natural Resources Agency.

33828.

(a) The conservancy may require a grantee to enter into an agreement with the conservancy on terms and conditions specified by the conservancy.

(b) The conservancy may require a cost-share or local funding requirement for a grant. The conservancy may make that cost-share or local funding requirement contingent upon the total amount of funding available, the fiscal resources of the applicant, or the urgency of the project. The conservancy may waive cost-share requirements.

(c) The conservancy may fund or award grants for plans and feasibility studies consistent with its plans.

(d) The conservancy may seek repayment or reimbursement of funds granted on terms and conditions it deems appropriate. The proceeds of repayment shall be deposited in the fund.

(e) The conservancy may require any funds that exceed the costs of eligible or approved projects or of acquisition to be returned to the conservancy, to be available for expenditure when appropriated by the Legislature.

(f) The conservancy may award grant funds to state agencies, local public agencies, tribes, and nonprofit organizations to further the purposes of this division.

33829.

(a) The conservancy may provide grants and loans to state agencies, local public agencies, tribes, and nonprofit organizations to further the purposes of this division.

(b) An entity applying for a grant from the conservancy to acquire an interest in real property shall specify all of the following in the grant application:

(1) The intended use of the property.

(2) The manner in which the land will be managed.

(3) How the cost of ongoing operations, maintenance, and management will be provided, including an analysis of the maintaining entity's financial capacity to support those ongoing costs.

33830.

The conservancy may sue and be sued.

33831.

The conservancy may acquire from willing sellers or transferors interests in real property and improve, lease, or transfer interests in real property, in order to carry out the purposes of this division.

33832.

The conservancy may enter into an agreement with a public agency, nonprofit organization, or private entity for the construction, management, or maintenance of facilities authorized by the conservancy.

33833.

The conservancy shall not exercise the power of eminent domain.

33834.

(a) The conservancy may pursue and accept funds from various sources, including, but not limited to, federal, state, and local funds or grants, gifts, donations, bequests, devises, subventions, grants, rents, royalties, or other assistance and funds from public and private sources.

(b) The conservancy may accept fees levied by others.

(c) The conservancy may create and manage endowments.

(d) All funds received by the conservancy shall be deposited in the fund for expenditure for the purposes of this division.

33835.

Notwithstanding Section 10231.5 of the Government Code, on or before January 1, 2027, and annually thereafter, the conservancy shall prepare and submit a report to the Governor and the Legislature, pursuant to Section 9795 of the Government Code, on its implementation of Sections 33812 and 33813, including, but not limited to, all of the following:

(a) A schedule of projects undertaken by the conservancy and a schedule of grants and loans made by the conservancy.

(b) A schedule of grants awarded to the conservancy and the disposition of the funds granted.

(c) The disposition of the funds appropriated to the conservancy in the fiscal year preceding the year in which the report is made.

(d) A detailed workplan for the upcoming year that identifies projects for delivery, objectives, major tasks, and expected completion dates.

(e) An identification of additional funding, legislation, or other resources required that would more effectively enable the conservancy or local governments to carry out the purposes of this division.

33836.

(a) The conservancy may expend funds and award grants and loans to develop projects and programs that are designed to further the purposes of this division.

(b) The conservancy may provide and make available technical information, expertise, and other nonfinancial assistance to public agencies, nonprofit organizations, and tribal organizations, to support program and project development and implementation.

33837.

Nothing in this chapter shall limit or alter either of the following:

(a) The state's obligations to the Salton Sea as identified in any state plan or contractual commitment related to the management of the Salton Sea, including the Salton Sea Management Plan, the Long-Range Plan, the Quantification Settlement Agreement, and all related agreements and laws, or an applicable State Water Resources Control Board order, including Orders WRO 2002-0013 and WR 2017-0134 and orders issued on or after January 1, 2023.

(b) The state's required consultation and coordination of restoration projects with the Salton Sea Authority pursuant to Article 2 (commencing with Section 2940) of Chapter 13 of Division 3 of the Fish and Game Code.

SEC. 2.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.