



AGENDA: **BOARD OF DIRECTORS MEETING**
DATE: **Thursday, November 14, 2024, at 10:00 a.m.**
LOCATION: **Imperial County BOS Chamber**
940 W Main Street
El Centro, CA 92243
(442) 265-1020

The Following Salton Sea Authority Directors will be attending via video/teleconference from:

Director Yxstian Gutierrez
 Riverside County 5th District
 4080 Lemon Street, 5th Floor
 Riverside, CA 92502

Remote viewing and participation for this meeting is accessible at:
<http://www.SaltonSea.com/meetings>

I. CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

A copy of the agenda and supplemental materials will be available for viewing or download from SaltonSea.com/meetings

II. CHANGES TO AGENDA

The Board will be asked to review and may change the order of Agenda items to accommodate scheduling or other needs of the Board, the public, or meeting participants. Members of the public are encouraged to arrive at the beginning of the meeting to ensure they are present for Board discussion or action regarding items of interest. The Board may also add Agenda items but only as provided under Government Code section 54954.2.

III. PUBLIC COMMENTS

This Public Comments time is reserved for commenting on any item not on the agenda. California law prohibits members of the Board from acting on matters not on the agenda.

Members of the public may address the Board regarding any matter within the Authority’s jurisdiction but are asked to speak to any specific item on the agenda at the time it is called.

Speakers should state their name for the record and address all comments to the Chair, limiting remarks to three (3) minutes.

In person attendees should complete a “request to speak” form and provide it to the Clerk of the Board. Remote speakers must use Zoom’s “raised hand” feature (or if by phone, press *9) to be recognized.

Written comments may be emailed to info@saltonsea.com, or delivered by hand or mail to 82500 Highway 111, Suite 4, Indio, California, “Attn: Clerk of the Board, Salton Sea Authority”. Please include “Public Comment, 11/14/2024 Board meeting” in the subject line, and also include your name and address (addresses will be redacted), referencing the specific agenda item if appropriate.

All written comments will be distributed to the Board, posted on SaltonSea.com for public viewing and, **if received before noon on Wednesday, November 13**, will be publicly acknowledged during the Board meeting. (Written comments will be included in the public record but not be read aloud.)

IV. BOARD MEMBER COMMENTS

This time is set aside for members of the Board to share thoughts and concerns regarding general Authority matters not on the agenda, ask questions of staff, and request items to be added to a future agenda.

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 to allow for public discourse.

V. ITEMS FOR DISCUSSION AND POSSIBLE BOARD ACTION

- A. CONSENT CALENDAR – Approve, Receive, and File
 - 1. Minutes of Salton Sea Authority Board Meeting September 12, 2024
 - 2. Salton Sea Authority Warrant Register Ratification
 - a. September 30, 2024
 - b. October 31, 2024
 - 3. Salton Sea Authority Internal Financial Report for September 30, 2024
 - 4. Approve 2025 Meetings Schedule and Calendar
- B. Salton Sea Authority 2024 Annual Report and Audit presentation – Shannon Ayala, Davis Farr (receive and file)
- C. Health & Safety Update
 - 1. Salton Sea Summit Update (UCR rep invited)
 - 2. Pacific Institute Scope outlined in MIP (Michael Cohen - invited)
 - 3. Status of 2025 update to MIP
 - 4. Development of framework to address issues and concerns
- D. Outreach, Education & Advocacy strategic planning update (CV Strategies)
- E. SB 583 / Proposition 4 update and strategy
- F. USACE Feasibility Study Update

- G. Project Updates
 - 1. North Lake Pilot Demonstration Project
 - 2. Desert Shores
 - a. Review and Approve contract for Geotechnical, Geologic, and Hydrogeologic Services
 - 3. Bombay Beach

VI. REPORTS

- A. Federal
 - 1. Federal Activities – Lisa Moore Lehman, Partner, Cultivating Conservation
 - 2. US Bureau of Reclamation – Jeremy Brooks - No Report
- B. State
 - 1. State Advocacy Report
 - 2. State of California – Mr. Miguel Hernandez, Public Affairs Officer, California Natural Resources Agency
 - 3. Salton Sea State Recreation Area Update on Activities – Enrique Arroya Ocotillo Wells District Superintendent
- C. Local
 - 1. Salton Sea Action Committee – Alan Pace, SSAC President
- D. Executive Director’s Report and Comments - G. Patrick O’Dowd, Executive Director/GM, Salton Sea Authority

VII. ITEMS FOR NEXT MEETING

VIII. ADJOURNMENT

NEXT MEETING TIME & LOCATION:

The Salton Sea Authority board is scheduled to meet on:

Thursday, January 16, 2024, at 10:00a.m.
Coachella Valley Water District
Steve Robbins Administrative Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

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 at the front desk at 82500 Highway 111, Suite 4 Indio, CA 92201.



OFFICIAL PROCEEDINGS
SALTON SEA AUTHORITY
BOARD OF DIRECTORS MEETING
September 12, 2024

I. CALL TO ORDER

The regularly scheduled meeting of the Salton Sea Authority (“Authority”) Board of Directors (“Board”) was called to order by Chair Dockstader, at 10:04 a.m., September 12, at Coachella Valley Water District and via Zoom Webinar.

PLEDGE OF ALLEGIANCE Led By Director Plancarte

ROLL CALL

DIRECTORS PRESENT ON SITE

Gina Dockstader, Secretary
V. Manuel Perez, Director
Altrena Santillanes, President
Thomas TorteZ, Director
Luis A. Plancarte, Director
Ex-Officio Samantha Arthur

AGENCY

Imperial Irrigation District
Riverside County
Torres Martinez Desert Cahuilla Indians
Torres Martinez Desert Cahuilla Indians
Imperial County
California Natural Resources Agency

DIRECTORS PRESENT VIA ZOOM

Cástulo R. Estrada, Vice-President

AGENCY

Coachella Valley Water District

DIRECTORS ABSENT

Yxstian Gutierrez, Treasurer
Ryan E. Kelley, Director
John Aguilar, Director
Alex Cárdenas, Director

AGENCY

Riverside County
Imperial County
Coachella Valley Water District
Imperial Irrigation District

Note: Director TorteZ arrived after roll call.

MEMBERS OF THE PUBLIC PRESENT

On Site: Tonya Marshall, CDFW, Ronald Spears, Bahia Del Mar POA, Pat Cooper, Rivco, Supervisor Perez, Eric Reyes, Los Amigos de la Comunidad, Karina Quintanilla, City of Palm Desert, Kurt Leuschner, Collage of the Desert.

Via Zoom: Tom Sephton, Jasmyn Phillips, V. Doyle, Chuck Tobin, Burrtec, Leadership Counsel, ECV, Mario Llanos, CNRA, Nathan White, Agess, Inc. Darren Simon, SDCWA, Michael Cohen, Pacific Institute, Aydee Palomino, Alianza, Evon Willhoff, DWR and Kristi Even, Eide Bailly.

II. PUBLIC COMMENTS

Ron Spears spoke on behalf of Bahia Del Mar POA and the Desert Shores Channel Restoration Committee, expressed frustration with the lack of progress at Desert Shores, emphasizing the community's priority of building a berm and drilling a well. Ron also advised on a mini canyon seepage measurement project being undertaken by the community.

Eric Reyes, Los Amigos de la Comunidad commented the IID SCIA.

Karina Quintanilla, Mayor of Palm Desert gave an update on the upcoming Salton Sea Summit.

Nathan White, Agess congratulated President Dockstader on her new role as President. requested the Authority be more involved in the Desert Shores project, and asked that the Army Corp take on other solutions and broaden their horizons and spectrum.

III. BOARD MEMBER COMMENTS

Director Perez expressed an interest in the projects committee meeting to discuss mitigation, South end of the Sea, Lithium, or anything else that is in the works. Also mentioned a CVAG meeting to discuss air quality.

Director Torteza asked about updated reports on bacterial hazards and whether they being relayed to the public.

Vice President Estrada stated that the Authority needs to get a better handle on communicating recruitment. What happened to the money from CNRA on the Outreach, did they keep or did they take it back? The Authority is the body of all the agencies to represent outreach, we need to get more serious. President Dockstader agreed.

President Dockstader presented the resolution for departing President Santillanes. Director Santillanes thanked everyone.

IV. ITEMS FOR DISCUSSION AND POSSIBLE BOARD ACTION

- A. CONSENT CALENDAR – Approve, Receive, and File
1. Minutes of Salton Sea Authority Board Meeting July 18, 2024
 2. Salton Sea Authority Warrant Register Ratification July 31, 2024
 3. Salton Sea Authority Internal Financial Report for June 30, 2024 and July 31, 2024

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

*Approved by the following vote:
AYES: 5*

NOES: 0
ABSENT: 5
ABSTAINED: 0
MOTION PASSED: 5-0

- B. Resolution in Recognition of Director’s Service to the Salton Sea Authority
- C. **On motion by Perez second by Plancarte, the Board approved the** Resolution in Recognition of Director’s Service to the Salton Sea Authority.

Approved by the following vote:
AYES: 6
NOES: 0
ABSENT: 4
ABSTAINED: 0
MOTION PASSED: 6-0

~~D. HD Presentation – System Conservation Implementation Agreement (SCIA)~~
Postponed to a future meeting (date to be determined).

- E. SSMP – Monitoring Implementation Plan Presentation – Tonya Marshall, CDFW gave a brief presentation.

Ron Spears asked if we have information on the genetic makeup for the birds. Samantha Arthur stated that there has been a decline in fish eating birds, but a huge rise in shorebirds.

Nathan White asked that the mapping of the Pacific Flyway include the negative and positive impacts in some of these studies. There was a broader discussion regarding the same.

- F. Education, Outreach, and Advocacy – Review current priorities and budget allocations. Executive O’Dowd gave a brief overview. He proposed to reclassify 6 months’ worth of state advocacy to a public relations contract with CV Strategies. Director Perez asked Tara Bravo of CV Strategies to provide a history of CV Strategies and their accomplishments at and around the Eastern Coachella Valley.

Staff Recommended that funds allocated to State Advocacy in the 2025 Budget be reclassified for Education, Outreach, and Advocacy, and that a scope of work provided by CV Strategies to implement this work be approved and funded thereby.

On motion by Dockstader, second by Perez, the Board approved the Education, Outreach, and Advocacy budget reclassification and CV Strategies scope of work.

Approved by the following vote:
AYES: 5
NOES: 0
ABSENT: 5
ABSTAINED: 0
MOTION PASSED: 5-0

- G. Salton Sea Authority Committees - Legislative Advocacy. Executive O’Dowd recommended the formation of a separate legislative advocacy committee to inform how we deal with both state and federal policy and issues as they come up.

Director Perez commented. Committee to be formed at the discretion of the President.

Director’s Perez, Plancarte and Santillanes excused themselves, they had prior commitments.

H. Project Updates

- a. North Lake Pilot Demonstration Project, Executive O’Dowd gave a brief overview. The Authority, State, County and Dudek had a very productive gathering in Sacramento based on the geotechnical work done by Dudek. They are looking at different options and direction being further refined by the engineers. Also working on public engagement process to reintroduce the current thinking and direction of this project. Proposed meetings are set for September, October and November.
- b. Desert Shores, Executive O’Dowd gave a brief overview. Yesterday Gafcon and the Authority issued an RFP for technical services to evaluate the hydrology and geotechnical nature of the berm. The RFP was written specifically to address the request from the community to build a berm, drill a well and fill a hole. We are hoping to engage Tom Sephton in the process of reviewing those proposals as a community representative. The timeline to respond is October 11, contract is due October 25. Eric Reyes commented.
- c. Bombay Beach – Samantha Arthur mentioned there is a newsletter on the CNRA site to SAVE THE DATE for a community workshop on the wetlands project at Bombay Beach sometime in October. Eric Reyes recommended that the State have a presentation for the community, so they are involved.

V. **REPORTS**

A. Federal

1. Federal Activities – Lisa Moore Lehman, Partner, Cultivating Conservation gave update on Appropriations legislation for FY25, the Corp Feasibility Study and the Bicameral New River and Tijuana Cross Border Pollution Legislation that is being introduced.
2. US Bureau of Reclamation – Jeremy Brooks – No Report

B. State

1. State Advocacy Report – Oracio Gonzalez, Principal, Ollin Strategies gave a brief update on SB 583, AB2757, AB2922 and Chapter 6.
2. State of California – Mr. Miguel Hernandez, Public Affairs Officer, California Natural Resources Agency gave a brief update. They have completed their 1st update on the budget tracker, President Dockstader stated that she loves this report! Their next community meeting is set for September 26 at 10am, October 5th they will have a free tour of the SCH project.

3. Salton Sea State Recreation Area Update on Activities – Cassandra Van Dyne, Interpreter & Educator, California State Parks gave a brief update.

C. Local

1. Salton Sea Action Committee – Alan Pace, SSAC President – No Report

- D. Executive Director’s Report and Comments - G. Patrick O’Dowd, Executive Director/GM, Salton Sea Authority gave a brief update. The Authority had a successful trip to the Prado Dam. We ran into an issue with the insurance company on the upcoming trip to Ownes Lake, unfortunately, we may need to postpone, he will know more by the Friday.

VI. ITEMS FOR NEXT MEETING

1. Approval of 2025 Meetings Calendar

VII. ADJOURNMENT

Meeting Adjourned 12:09 P.M.

NEXT MEETING TIME & LOCATION:

The Salton Sea Authority board is scheduled to meet on:

Thursday, November 14, 2024, at 10:00a.m.
Imperial County BOS Chamber
940 West Main Street
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 at the front desk at 82500 Highway 111, Suite 4 Indio, CA 92201.



Salton Sea Authority Checking Account Activity

September 1, 2024 through September 30, 2024

Date	Number			Amount
09/03/2024	ACH	Riverside County	Replenish payroll account	(75,000.00)
09/03/2024	ACH	Gafcon, Inc	Grant reimbursement for period ended	(18,721.50)
09/03/2024	ACH	G. Patrick O'Dowd	Expense Reimbursement FY 23/24	(8,829.50)
09/03/2024	ACH	Cultivating Conservation	Consulting services 07/24	(7,350.00)
09/03/2024	ACH	Ollin Strategies	Consulting services 08/24	(7,000.00)
09/03/2024	ACH	Eide Bailly LLP	Accounting services 06/24	(6,006.02)
09/03/2024	ACH	Best, Best & Krieger	Legal services 07/24	(2,527.00)
09/03/2024	ACH	SystemGo IT LLC	Website services 08/24	(382.00)
09/04/2024	EFT	Lee and Associates Property Management	Office rent 09/24	(1,200.00)
09/09/2024	Deposit	IID	Member contribution FY 24/25	200,000.00
09/17/2024	1300000009	County of Imperial	Void check to be reissued	417.21
09/25/2024	ACH	Cultivating Conservation	Consulting services 08/24	(7,350.00)
09/25/2024	ACH	Ollin Strategies	Consulting services 09/24	(7,000.00)
09/25/2024	ACH	Eide Bailly LLP	Accounting services 07/24	(5,056.00)
09/25/2024	Deposit	County of Riverside	North Lake reimbursements through 03	(2,579.85)
09/25/2024	ACH	Best, Best & Krieger	Legal services 08/24	(1,498.60)
09/25/2024	ACH	UC Riverside Foundation	SSA Summit sponsorship donation FY 2	(500.00)
09/25/2024	ACH	SystemGo IT LLC	Website services 09/24	(382.00)
09/27/2024	EFT	Frontier Communications	Internet service 09/24	(94.99)
09/30/2024	EFT	Banc of California	Visa billing cycle ended 08/24	(3,188.93)
09/30/2024	EFT	Imperial Irrigation District	Electricity service 08/24	(211.07)

Beginning Cash Balance \$ 643,313.59

Monthly Activity 45,539.75

Ending Cash Balance \$ 688,853.34



Salton Sea Authority
Checking Account Activity
 October 1, 2024 through October 31, 2024

Date	Number		Amount
10/02/2024	EFT	Lee and Associates Property Management	Office rent 10/24 (1,200.00)
10/11/2024	EFT	Banc of California	Visa billing cycle ended 09/24 (847.82)
10/29/2024	EFT	Imperial Irrigation District	Electricity service 10/24 (143.52)
10/29/2024	EFT	Frontier Communications	Internet service 10/24 (94.99)
10/30/2024	ACH	Davis Farr LLP	Audit services FY 24 (10,000.00)
10/30/2024	ACH	Cultivating Conservation	Consulting services 09/24 (7,350.00)
10/30/2024	ACH	Eide Bailly LLP	Accounting services 08/24 (6,106.51)
10/30/2024	ACH	Best, Best & Krieger	Legal services 09/24 (2,174.20)
10/30/2024	ACH	SystemGo IT LLC	Website services 10/24 (382.00)
10/30/2024	ACH	Lisa Bravata	Mileage reimbursements 10/24 (47.57)
Beginning Cash Balance			\$ 688,853.34
Monthly Activity			(28,346.61)
Ending Cash Balance			\$ 660,506.73



Salton Sea Authority

Budget to Actual

General Fund (Unaudited)

For the Period July 1, 2024 through September 30, 2024

	A	A	B	C	B / C	B - C
	August 2024	September 2024	YTD FY 25	Budget FY 25	YTD Target 25%	\$ Variance
1 REVENUE						
2 Local Government / Member Assessments	\$ -	\$ -	\$ 810,000	\$ 800,000	101%	\$ 10,000
3 Other Federal / State / Local Contributions	-	-	-	10,000	0%	(10,000)
4 Sponsorships	-	-	-	10,000	0%	(10,000)
5 Grant and Other Reimbursements to General Fund	22	31	67	30,000	0%	(29,933)
6 TOTAL REVENUE	22	31	810,067	850,000	95%	(39,933)
7 EXPENSES						
8 SSA Administration						
9 Salaries & Benefits						
10 Total Salaries	17,400	17,400	50,461	225,900	22%	(175,439)
11 Total Employee Benefits	9,498	9,224	26,990	127,000	21%	(100,010)
12 Total Salaries & Benefits	26,897	26,624	77,451	352,900	22%	(275,449)
13 Contract / Professional Services						
14 DC Advocates	7,350	7,350	22,050	89,600	25%	(67,550)
15 Sacramento Advocates	7,000	7,000	21,000	84,000	25%	(63,000)
16 Attorney Fees	1,499	2,174	6,200	59,400	10%	(53,200)
17 Audit & Accounting	6,153	21,543	32,706	62,000	53%	(29,294)
18 Other Contract Services	-	-	-	17,400	0%	(17,400)
19 Total Contract / Professional Services	22,001	38,068	81,956	312,400	26%	(230,444)
20 Administration						
21 Travel/Mileage	2,425	532	4,041	50,000	8%	(45,959)
22 Office Rent, Utilities, and Repair/Maintenance	1,401	1,411	4,218	24,000	18%	(19,782)
23 Equipment / IT Maintenance	382	382	1,146	5,100	22%	(3,954)
24 Non-capitalized Office Equipment	-	-	515	8,000	6%	(7,485)
25 Insurance	1,056	1,056	3,169	13,000	24%	(9,831)
26 Office Expense/Operating Supplies	950	137	1,624	8,700	19%	(7,076)
27 Office Expense/Online Services	282	282	856	5,400	16%	(4,544)
28 Dues, Subscriptions	1,176	676	2,927	10,000	29%	(7,073)
29 Operating Expenses / County Charges	1,065	157	1,377	5,400	25%	(4,023)
30 Board Room Usage and Recordings	-	-	-	3,600	0%	(3,600)
31 Interest Expense	-	-	-	1,500	0%	(1,500)
32 Total Administration	8,738	4,633	19,873	134,700	15%	(114,827)
33 TOTAL EXPENSES	57,636	69,324	179,281	800,000	22%	(620,719)
34 NET REVENUE / (EXPENSES)	\$ (57,614)	\$ (69,293)	\$ 630,787	\$ 50,000	1262%	\$ 580,787

*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
(Preliminary & Unaudited)
As of September 30, 2024

1	ASSETS		
2	Checking/Savings		
3	PacWest Checking	\$	688,853
4	Rivco Payroll		26,059
5	Rivco Investment		2,235
6	Rivco Investment FMV Adjustment		(432)
8	Checking/Savings	\$	716,716
9	Accounts Receivable		-
10	Interest Receivable		-
11	Rent Deposits		1,250
12	Prepaid Items		8,365
13	Grants Receivable		231,917
14	Right to Use Asset		25,583
15	TOTAL ASSETS		983,831
17	LIABILITIES & FUND BALANCE		
18	LIABILITIES		
19	Accounts Payable		37,973
20	Credit Card Payable		856
21	Accrued Payroll		13,302
22	Accrued Vacation		75,696
23	Lease Liability		25,736
24	Due to Riverside County		218,339
26	TOTAL LIABILITIES		371,903
28	FUND BALANCE		611,927
30	TOTAL LIABILITIES & FUND BALANCE	\$	983,831

*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.

January 16

Coachella Valley Water District*
10:00 a.m.

July 17

Coachella Valley Water District*
10:00 a.m.

March 20

Imperial County BOS*
10:00 a.m.

September 18

Imperial County BOS*
10:00 a.m.

May 15

Coachella Valley Water District*
10:00 a.m.

November 20

Coachella Valley Water District*
10:00 a.m.

June 19

Imperial County BOS*
10:00 a.m.

Location Addresses

Coachella Valley Water District*
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

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

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2024

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	14
Notes to the Basic Financial Statements	15
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	23
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Prop 68 DWR Grant Fund	24
Notes to Required Supplementary Information	25

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 ended June 30, 2024, 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, 2024, and the respective changes in financial position and cash flows 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.

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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 October 22, 2024 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
October 22, 2024

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, 2024. 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 provides 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>2024</u>	<u>2023</u>	<u>Change</u>
Assets:			
Current assets	\$ 559,208	598,266	(39,058)
Capital assets, net	<u>25,582</u>	<u>-</u>	<u>25,582</u>
Total assets	<u>584,790</u>	<u>598,266</u>	<u>(13,476)</u>
Liabilities:			
Current liabilities	523,305	682,194	(158,889)
Long-term liabilities	<u>80,345</u>	<u>46,620</u>	<u>33,725</u>
Total liabilities	<u>603,650</u>	<u>728,814</u>	<u>(125,164)</u>
Net position:			
Net investment in capital assets	(154)	-	(154)
Unrestricted	<u>(18,706)</u>	<u>(130,548)</u>	<u>111,842</u>
Total net position	<u>\$ (18,860)</u>	<u>(130,548)</u>	<u>111,688</u>

The decrease in current assets is due to a decrease in grant receivables, offset by an increase in cash. The decrease in current liabilities is due to a decrease in grant payable due to a decrease in activity in the current year compared to prior year.

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

Statement of Activities

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenues			
Member contributions	\$ 810,000	810,000	-
Intergovernmental	331,667	570,790	(239,123)
Other revenue	<u>437</u>	<u>502</u>	<u>(65)</u>
Total revenues	<u>1,142,104</u>	<u>1,381,292</u>	<u>(239,188)</u>
Expenditures			
Administration	712,313	897,879	(185,566)
Technical and project support	<u>318,103</u>	<u>442,544</u>	<u>(124,441)</u>
Total expenditures	<u>1,030,416</u>	<u>1,340,423</u>	<u>(310,007)</u>
Changes in net position	111,688	40,869	70,819
Beginning net position	<u>(130,548)</u>	<u>(171,417)</u>	<u>40,869</u>
Ending net position	<u>\$ (18,860)</u>	<u>(130,548)</u>	<u>111,688</u>

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

MAJOR FUNDS

General Fund

This fund accounts for all administrative activity and expenses 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 the elimination of a short-term position and decreases in finance, grant and other consulting expenses.

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.

GENERAL FUND BUDGET

Actual revenues were under budget by \$220,399 primarily due to budgeted revenue from other sponsorships not being received and a decrease in reimbursements from grants for administrative services. Actual expenses were under budget by \$177,729 due to the elimination of a contract grant position during the prior year and decreased grant expenditures.

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

CAPITAL ASSETS

**Capital Assets
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Right of use asset	\$ 27,908	-	27,908
Accumulated amortization	<u>(2,326)</u>	<u>-</u>	<u>(2,326)</u>
Capital assets, net	<u>\$ 25,582</u>	<u>-</u>	<u>25,582</u>

At the end of the fiscal year, the Authority's investment in capital assets amounted to \$25,582, net of accumulated amortization. This is a result of the new office lease entered into in May 2024. See note 3 for additional details.

LONG-TERM LIABILITIES

**Long-term Liabilities
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Compensated absences	\$ 75,696	51,800	23,896
Lease payable	<u>25,736</u>	<u>-</u>	<u>25,736</u>
Total long-term liabilities	<u>\$ 101,432</u>	<u>51,800</u>	<u>49,632</u>

Long-term liabilities are not due and payable in the current period. Additional information may be found in note 4 of the notes to financial statements.

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 82500 Highway 111, Suite 4, Indio, CA 92201.

BASIC FINANCIAL STATEMENTS

SALTON SEA AUTHORITY
STATEMENT OF NET POSITION

June 30, 2024
(with comparative information for prior year)

	2024	2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 288,231	125,042
Accounts Receivable	34	11,331
Grants receivable	256,132	457,878
Prepaid items	14,811	4,015
Total current assets	559,208	598,266
Noncurrent assets:		
Capital assets, net	25,582	-
TOTAL ASSETS	584,790	598,266
LIABILITIES:		
Current liabilities:		
Accounts payable	36,231	20,530
Grants payable	239,640	439,151
Unearned revenue	210,000	200,000
Accrued expenses	16,347	17,333
Compensated absences, current	7,569	5,180
Lease liability, current	13,518	-
Total current liabilities	523,305	682,194
Noncurrent liabilities:		
Compensated absences, due in more than one year	68,127	46,620
Lease liability, due in more than one year	12,218	-
Total noncurrent liabilities	80,345	46,620
TOTAL LIABILITIES	603,650	728,814
NET POSITION (DEFICIT):		
Net investment in capital assets	(154)	-
Unrestricted	(18,706)	(130,548)
TOTAL NET POSITION	\$ (18,860)	(130,548)

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
STATEMENT OF ACTIVITIES

Year ended June 30, 2024
(with comparative information for prior year)

Function	Expenses	Program Revenues Operating Grants & Contributions	Net Revenue (Expense)	
			2024	2023
Administration	\$ 712,313	13,564	(698,749)	(897,879)
Technical and project support	318,103	318,103	-	128,246
Total	\$ 1,030,416	331,667	(698,749)	(769,633)
General revenues:				
Member contributions			810,000	810,000
Other revenue			437	502
Total general revenues			810,437	810,502
Change in net position			111,688	40,869
Net position (deficit), beginning			(130,548)	(171,417)
Net position (deficit), ending			\$ (18,860)	(130,548)

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024
(with comparative information for prior year)

	General Fund	Special Revenue		Totals	
		Prop 68 DWR Grant Fund	Nonmajor Grants Fund	2024	2023
		Fund	Fund		
ASSETS:					
Cash and cash equivalents	\$ 288,231	-	-	288,231	125,042
Accounts receivable	34	-	-	34	11,331
Grants receivable	-	236,655	19,477	256,132	457,878
Due from other funds	16,492	-	-	16,492	18,456
Prepaid items	14,811	-	-	14,811	4,015
TOTAL ASSETS	319,568	236,655	19,477	575,700	616,722
LIABILITIES:					
Accounts payable	36,231	-	-	36,231	20,530
Grants payable	-	220,919	18,721	239,640	439,151
Unearned revenue	210,000	-	-	210,000	200,000
Accrued expenses	16,347	-	-	16,347	17,333
Due to other funds	-	15,736	756	16,492	18,456
TOTAL LIABILITIES	262,578	236,655	19,477	518,710	695,470
FUND BALANCES:					
Nonspendable	14,811	-	-	14,811	4,015
Unassigned	42,179	-	-	42,179	(82,763)
TOTAL FUND BALANCES (DEFICIT)	56,990	-	-	56,990	(78,748)
TOTAL LIABILITIES AND FUND BALANCES	\$ 319,568	236,655	19,477	575,700	616,722

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, 2024

Fund balances of governmental funds	\$ 56,990
-------------------------------------	-----------

Amounts reported for governmental activities in the statement of net position are different because:

Capital related transactions

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the Authority as a whole.

Capital assets	27,908
Accumulated amortization	(2,326)

Long-term liability transactions

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. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Compensated absences	(75,696)
Lease liability	<u>(25,736)</u>

Net position of governmental activities	<u>\$ (18,860)</u>
---	--------------------

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, 2024
(with comparative information for prior year)

	General Fund	Special Revenue		Totals	
		Prop 68 DWR Grant Fund	Nonmajor Grants Fund	2024	2023
REVENUES:					
Member contributions	\$ 810,000	-	-	810,000	810,000
Intergovernmental	13,564	264,480	67,187	345,231	570,790
Other revenue	437	-	-	437	502
TOTAL REVENUES	824,001	264,480	67,187	1,155,668	1,381,292
EXPENDITURES:					
Administration	685,863	10,713	2,851	699,427	885,395
Technical and project support	-	253,767	64,336	318,103	442,544
Capital outlay	27,908	-	-	27,908	-
Debt Service:					
Principal	2,172	-	-	2,172	-
Interest	228	-	-	228	-
TOTAL EXPENDITURES	716,171	264,480	67,187	1,047,838	1,327,939
Excess (deficiency) of Revenues over (under) Expenditures	107,830	-	-	107,830	53,353
OTHER FINANCING SOURCES (USES):					
Proceeds from lease	27,908	-	-	27,908	-
Transfers in	-	-	-	-	20,991
Transfers out	-	-	-	-	(20,991)
TOTAL OTHER FINANCING SOURCES (USES)	27,908	-	-	27,908	-
Net changes in fund balance	135,738	-	-	135,738	53,353
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	(78,748)	-	-	(78,748)	(132,101)
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 56,990	-	-	56,990	(78,748)

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended June 30, 2024

Net changes in fund balances - total governmental funds \$ 135,738

Amounts reported for governmental activities in the statement of activities are different because:

Capital Related Transactions

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capital outlays exceeded amortization in the current period.

Amortization expense	(2,326)
Capital outlay	27,908

Long-term Liability Transactions

Some 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. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Authority as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Payments on lease	2,172
Issuance of lease	(27,908)
Net change in compensated absences	<u>(23,896)</u>

Change in net position of governmental activities \$ 111,688

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2024

(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 joint powers agreement was amended in 2002 to add member agency Torres Martinez Desert Cahuilla Indians. Each of the parties to the joint powers' 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, 2024

(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, 2024

(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.

Additionally, the Authority reports the following nonmajor governmental fund:

Nonmajor Grant Fund – The fund accounts for the United States Department of the Interior Bureau of Reclamation grant activity related to the Desert Shores Revitalization project to restore habitat and improve air and water quality at the Salton Sea.

(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 and assets are depreciated based on the straight-line method. The Authority has a Right of Use lease asset that qualifies for reporting, and it is amortized over the life of the lease.

(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 revenues in the fund that is reimbursed.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2024

(1) Summary of Significant Accounting Policies (Continued)

(g) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government does not report any deferred inflows of resources.

(h) Fund Balance

Fund balances are reported in the fund statements in the following classifications:

Non-spendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. The Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts.

If the Board action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resulting fund balance is considered to be committed, not restricted. The Authority considers a resolution to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2024

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

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the Board of Directors or by persons to whom the Board has delegated the authority to assign amounts for specific purposes.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the Authority's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

(i) **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(j) **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) **Comparative Data**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2024

(2) Cash and Cash Equivalents

Cash as of June 30, 2024 is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	<u>\$288,231</u>
Total cash	<u>\$288,231</u>

Cash and cash equivalents as of June 30, 2024 consisted of the following:

Deposits with financial institutions	\$254,049
County of Riverside	<u>34,182</u>
Total cash	<u>\$288,231</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) Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Capital assets:				
Right of use asset	\$ -	27,908	-	27,908
Less accumulated amortization for:				
Right of use asset	<u>-</u>	<u>(2,326)</u>	<u>-</u>	<u>(2,326)</u>
Total capital assets, net	<u>\$ -</u>	<u>25,582</u>	<u>-</u>	<u>25,582</u>

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2024

(4) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due in one Year
Compensated absences	\$ 51,800	29,113	(5,217)	75,696	7,569
Lease payable-office	-	27,908	(2,172)	25,736	13,518
Total long-term liabilities	<u>\$ 51,800</u>	<u>57,021</u>	<u>(7,389)</u>	<u>101,432</u>	<u>21,087</u>

The Authority entered into a lease for office space on March 25, 2024. The current lease term began April 1, 2024 and expires April 30, 2026. The Authority is required to make monthly fixed payments ranging from \$1,200 to \$1,250 with a discount rate of 5%. As of June 30, 2024, the lease payable is \$25,736.

Future lease payable requirements are as follows:

Year ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$13,518	982	14,500
2026	<u>12,218</u>	<u>282</u>	<u>12,500</u>
	<u>\$25,736</u>	<u>1,264</u>	<u>27,000</u>

(5) 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.

(6) Employee Benefits

The Authority's staff includes two employees of the County of Riverside. 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.

REQUIRED SUPPLEMENTARY INFORMATION

SALTON SEA AUTHORITY

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

Year ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Member contributions	\$ 800,000	800,000	810,000	10,000
Intergovernmental	219,400	219,400	13,564	(205,836)
Other sponsorship	25,000	25,000	-	(25,000)
Other revenue	<u>-</u>	<u>-</u>	<u>437</u>	<u>437</u>
TOTAL REVENUES	<u>1,044,400</u>	<u>1,044,400</u>	<u>824,001</u>	<u>(220,399)</u>
EXPENDITURES:				
Administration	893,900	893,900	685,863	208,037
Capital outlay	-	-	27,908	(27,908)
Debt service:				
Principal	-	-	2,172	(2,172)
Interest	<u>-</u>	<u>-</u>	<u>228</u>	<u>(228)</u>
TOTAL EXPENDITURES	<u>893,900</u>	<u>893,900</u>	<u>716,171</u>	<u>177,729</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>150,500</u>	<u>150,500</u>	<u>107,830</u>	<u>(42,670)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease	<u>-</u>	<u>-</u>	<u>27,908</u>	<u>27,908</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>27,908</u>	<u>27,908</u>
Net changes in fund balance	150,500	150,500	135,738	(14,762)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>(78,748)</u>	<u>(78,748)</u>	<u>(78,748)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 71,752</u>	<u>71,752</u>	<u>56,990</u>	<u>(14,762)</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
REVENUES:				
Intergovernmental	\$ 2,000,000	2,000,000	264,480	(1,735,520)
TOTAL REVENUES	<u>2,000,000</u>	<u>2,000,000</u>	<u>264,480</u>	<u>(1,735,520)</u>
EXPENDITURES:				
Administration	79,700	79,700	10,713	68,987
Technical and project support	<u>1,920,300</u>	<u>1,920,300</u>	<u>253,767</u>	<u>1,666,533</u>
TOTAL EXPENDITURES	<u>2,000,000</u>	<u>2,000,000</u>	<u>264,480</u>	<u>1,735,520</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, 2024

(1) **Budgets and Budgetary Data**

The Authority is only required to adopt an annual budget for the General Fund and 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/General Manager 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.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Directors
Salton Sea Authority
Indio, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salton Sea Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California

October 22, 2024

Board of Directors
Salton Sea Authority
Indio, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Salton Sea Authority (the "Authority") as of and for the year ended June 30, 2024, and have issued our report thereon dated October 22, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 6, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified independence threats related to the preparation of the financial statements and proposing journal entries. We have applied certain safeguards to reduce the threats to an acceptable level, including using an independent party within the firm to perform a quality control review of the financial statements, and obtaining confirmation from Salton Sea Authority's management that their review of the financial statements included comparing the financial statements and footnotes to the underlying accounting records.

Significant Risks Identified

We have identified the following significant risks:

We identified Grant Revenues as a significant risk. As a result, we documented controls related to grant billing and performed a grant analysis to ensure all expenditures incurred through June 30 have been recorded as revenue.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Salton Sea Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the grant receivables.

Management's estimate of the revenues and expenses and collectability of grant receivables is based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the revenues and expenses and collectability of grant receivables and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Salton Sea Authority's financial statements relate to revenue recognition.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated October 22, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

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

DavisFarr LLP

Irvine, California
October 22, 2024

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: November 14, 2024

Re: Health Assurance Framework

For some time this Board has been focused on and actively discussing the impacts to human health and safety resulting from the changes taking place at the Salton Sea (Sea). To that end, working with and through our member agencies, in coordination with our federal and state partners, and in collaboration with affected local stakeholders, staff has been in diligent pursuit of a defensible framework of understanding and assurance that the changes taking place at the Sea are not causing or increasing risks to human health and safety.

Those changes derive from many contributing causes. Some reflecting the predictable evolution of the Sea is experiencing as a geologic sump, which were anticipated at least three quarters of a century ago. Other changes reflect a more recent phenomenon resulting from the acceleration of those predictable changes from increased conservation, and additional risks not previously anticipated possibly attributable to the chemical and biological changes taking place in more recent years.

Plans and studies to address the changes at the Sea were being discussed and developed as far back as the late '60s and early 70's (and likely sooner), but no projects were advanced during the whole of the 20th century. Even when the first transfer of approximately 100,000 acre-feet was implemented through conservation investments in 1989, impacts to the Sea were not fully considered or mitigated. More recently, the Quantification Settlement Agreement signed in 2003, and the most recent [System Conservation Implementation Agreement](#) executed earlier this year, attempted to assess the impacts from these accelerated conservation measures. But even in their best efforts, including the integration of an adaptive management plan to address the unanticipated, the scope and scale of impacts at the Sea are so significant that any deviation from estimates left unmitigated could produce significant, potentially dire, consequences to those most exposed to those unmitigated impacts.

As a part of its commitment and responsibility under the QSA, IID has implemented a "Salton Sea Air Quality Mitigation Program" (AQMP) which was developed provide a comprehensive, science-based, adaptive approach to address air quality mitigation requirements associated with the transfer of conserved water. Each component of the

program is used to identify, prioritize, and guide implementation for dust control measures on exposed Salton Sea playa. Details of the program are available to the public at SaltonSeaProgram.com. In addition, the local air boards, environmental justice stakeholders, and even the Torres Martinez Desert Cahuilla Indians have active monitoring programs around the Sea. And universities, including UCR, UCI, and others, have been researching health effects of the changing Sea for decades.

The State of California, through the implementation of its Monitoring Implementation Program, it has endeavored to aggregate these study efforts. And though the program is voluntary in nature and does not yet specifically target research in a particular area of concern, it has the potential to be a useful tool for data retention and cost avoidance potentially resulting from lost knowledge or duplicative effort. In addition, we understand that Pacific Institute is looking at the full spectrum of health influencers throughout the region, including but not limited to changes at the Sea. This should prove useful in assigning responsibility for implementing solutions to reduce the potential for health risks over time.

It is also instructive to look to the mitigation efforts implemented in the Owens Valley by the Los Angeles Department of Water and Power, where over the past 20 years they have invested over \$2.5 billion in addressing PM¹⁰ exposures in a region 1/3rd the size of the Salton Sea. The initial monitoring of exposures included the installation of over 200 air monitors – 1 every square kilometer – to map and develop an understanding of risk. In addition, spotters were physically situated in the hills on either side of the valley to locate and identify any emissive activity, and satellite imagery is produced every 5 days to determine the adequacy of playa coverage. The local air board has the authority to significantly fine LADWP for daily noncompliance, and a robust community monitoring program which provides texts and phone calls to impacted community members any time an issue of concern develops.

The Salton Sea Authority (Authority) has been pursuing a pathway to align all regional stakeholders engaged in monitoring, testing, studying, and communicating regional health risks, so that the community members can know that their interests are being guarded and their families are being protected from potential negative impacts associated with the changing ecosystem. This work should also be useful in informing efforts by State, federal, and other stakeholders implementing projects around the Sea in ensuring that their efforts are being prioritized in a manner reflective of the risk.

Recommendation:

Subject to further board direction, Staff plans to continue work in this regard, integrating findings into public relations efforts under way and informing the project being defined by the Authority/DWR/USACE feasibility study now well under way.

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: November 14 , 2024

Re: SB 583 / Proposition 4 Update

[Senate Bill 583](#) (2024 – Padilla), known as the “Salton Sea Conservancy Act” was signed into law on September 27, 2024. It creates a new state conservancy to operate, maintain, and manage projects, as they are completed, that are planned or built under the authority of the Salton Sea Management Program, and manage land and property rights, including easements and water rights, within the Salton Sea Region after restoration or mitigation projects are built. The formation of the conservancy was also made contingent on the passage of the Safe Drinking Water, Wildlife Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (also known as [Proposition 4](#)), which as of this writing is leading in the ballot count by a margin of just under 60% and will likely pass.

With its passage, Prop 4 includes \$170 million in additional, much needed project funding for the Salton Sea Management Program, of which \$10 million in funding set aside for utilization by either of the conservancy and the Authority.

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.

It will be important to ensure that the allocation of that the discreetly set aside \$10 million facilitates the dual purpose of creating this new conservancy while at the same time addressing to the maximum extent possible capital requirements for important, ongoing community-centric projects under the Authority’s care and oversight.

Once enacted, SB 583 requires that the conservancy be stood up by January 1, 2026, and shall be governed by a fifteen (15) person board of directors. The board make-up

includes one representative appointed by each of the Salton Sea Authority's five member agencies (including the Authority's then current President which will be a permanent member of the board), and various appointees by state and federal agencies. The Board also includes seven (7) ex officio members.

Prior to January 1, 2027, the executive officer of the conservancy shall be an appointee of the Secretary of the Natural Resources Agency. After that date, the executive officer will be selected by the conservancy Board.

Over the coming weeks and months there will be considerable work necessary to pull together the conservancy and its leadership team. The Authority, exercising its local leadership both directly and through the combined abilities of its member agencies, can and should play a key role in the forming and implementation of this new conservancy to ensure that its role in addressing Salton Sea challenges is clearly defined and strategically optimized to benefit current and future generations of local stakeholders.

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: November 14 , 2024

Re: SB 583 / Proposition 4 Update

[Senate Bill 583](#) (2024 – Padilla), known as the “Salton Sea Conservancy Act” was signed into law on September 27, 2024. It creates a new state conservancy to operate, maintain, and manage projects, as they are completed, that are planned or built under the authority of the Salton Sea Management Program, and manage land and property rights, including easements and water rights, within the Salton Sea Region after restoration or mitigation projects are built. The formation of the conservancy was also made contingent on the passage of the Safe Drinking Water, Wildlife Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (also known as [Proposition 4](#)), which as of this writing is leading in the ballot count by a margin of just under 60% and will likely pass.

With its passage, Prop 4 also provides \$170 million in additional, much needed project funding for the Salton Sea Management Program, including \$10 million in funding for utilization by either of the conservancy and the Authority.

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.

It will be important to ensure that the allocation of that the discreetly set aside \$10 million facilitates the dual purpose of creating this new conservancy while at the same time addresses to the maximum extent possible capital requirements for important, ongoing community-centric projects under the Authority’s care and oversight.

Once enacted, SB 583 requires that the conservancy be stood up by January 1, 2026, and shall be governed by a fifteen (15) person board of directors. The board make-up

includes one representative appointed by each of the Salton Sea Authority's five member agencies (including the Authority's then current President which will be a permanent member of the board), and various appointees by state and federal agencies. The Board also includes seven (7) ex officio members.

Prior to January 1, 2027, the executive officer of the conservancy shall be an appointee of the Secretary of the Natural Resources Agency. After that date, the executive officer will be selected by the conservancy Board.

Over the coming weeks and months there will be considerable work necessary to pull together the conservancy and its leadership team. The Authority, exercising its local leadership both directly and through the combined abilities of its member agencies, can and should play a key role in the forming and implementation of this new conservancy to ensure that its role in addressing Salton Sea challenges is clearly defined and strategically optimized to benefit current and future generations of local stakeholders.

IMPERIAL STREAMS AND SALTON SEA AQUATIC ECOSYSTEM RESTORATION FEASIBILITY STUDY

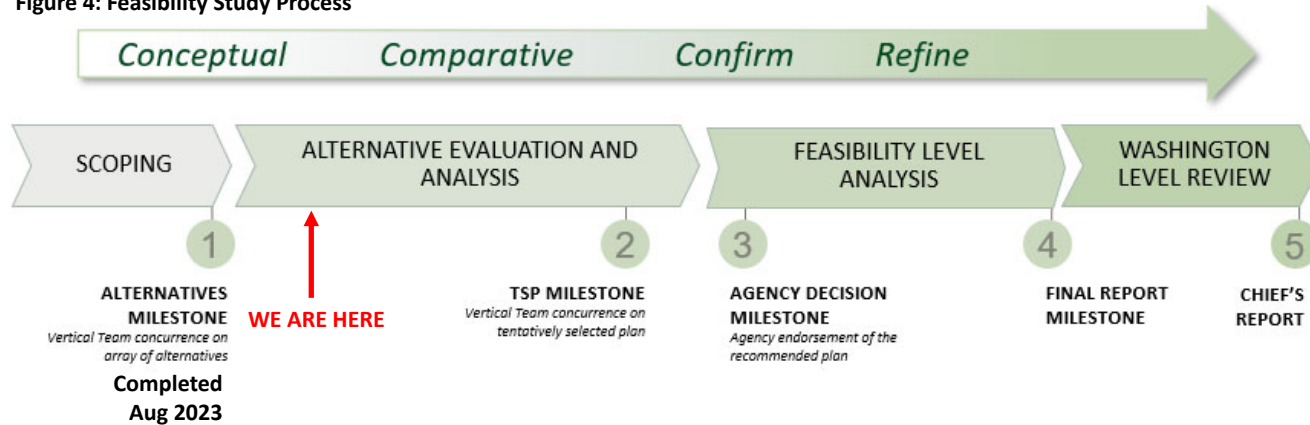
RIVERSIDE AND IMPERIAL COUNTIES, CALIFORNIA



The Salton Sea Authority

U.S. ARMY CORPS OF ENGINEERS STUDY PROCESS

Figure 4: Feasibility Study Process



KEY MILESTONES AND MEETINGS

MILESTONE AND/OR MEETING	DATE
Feasibility Cost Sharing Agreement Signed	16 December 2022
Interagency Meeting	16 March 2023
Public Meetings (Link)	18 May 2023
Non-Governmental Organization Pre-Scoping Meeting	22 May 2023
Environmental Justice Pre-Scoping Meeting	1 June 2023
Alternatives Milestone Meeting	23 August 2023
Vertical Team Alignment Memo Signed	26 November 2023
Revised Vertical Team Alignment Memo (with Early Implementation Increment) Signed	9 August 2024

ENVIRONMENTAL COMPLIANCE

- ✓ Sent letters inviting Cooperating and Participating agencies 07 March 2023
- ✓ Conducted NEPA pre-scoping
- ✓ Held Interagency meeting on 16 March 2023
- ✓ Held 2 public meetings during afternoon and evening of 18 May 2023
- ✓ Held 30-day public comment period, closed 06 June 2023
- ✓ Began coordination of study schedule with Cooperating and Participating agencies
- ✓ Initiated informal consultation with U.S. Fish and Wildlife Service
- ✓ Began development of U.S. Fish and Wildlife Service Fish and Wildlife Coordination Act formal Scope of Work Agreement
- ✓ Distributed initial Section 106 Consultation letters 26 May 2023; 26 Tribes identified

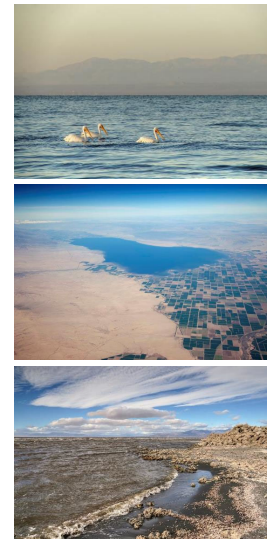
DECISION-MAKING CRITERIA

The following criteria will be used to evaluate alternative plans and eventually select a Recommended Plan that is supported by USACE leadership, non-federal sponsors, and the community:

- Effectiveness of achieving study objectives
- Cost efficiency
- Acceptability as defined in [Guidance](#)
- Duration to achieve restoration benefits
- Resiliency to future inflow scenarios
- Acres of emissive seabed managed
- Environmental Justice benefits
- Recreation benefits
- National Economic Development
- Regional Economic Development benefits

STUDY SCOPING STATUS

- The Water Resources Reform and Development Act of 2014 codified internal expedited project delivery processes for feasibility studies in law by limiting the time and funding to produce a Chief's Report to 3 years and \$3 million, known as the "3x3x3 Rule."
- Based on the size of the study area which exceeds typical restoration projects, and the complexity of the issues facing the Salton Sea, the study team is seeking an exemption to the "3x3x3 Rule" by requesting additional time and funding to execute the recommended study scope; exemption request is pending final Assistant Secretary of the Army (Civil Works) approval.
- The recommended study scope will likely take seven (7) years to complete for approximately \$22.5 million, dependent on funding availability and complexity of analyses.



WHAT'S NEXT?

- The study team is working together with subject matter experts in the fields of hydrology, climate, biology, agriculture, and water and land use policy to develop a hydrologic and hydraulic model of the Sea.
- Alternative plans will be evaluated to select an effective and cost-efficient plan to recommend for agency endorsement. This plan, the tentatively selected plan, will be presented to USACE leadership at the Tentatively Selected Plan milestone, currently anticipated for October 2027.



U.S. ARMY CORPS OF ENGINEERS, LOS ANGELES DISTRICT

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O’Dowd, Executive Director /GM
Date: November 14, 2024

Re: Desert Shores Geotechnical, Geologic, and Hydrogeologic Services

On September 11 the Authority issued an RFP for the subject services and had an initial expression of interest from six well qualified firms. After touring the site and outlining the assignment, the final list of groups being evaluated for this work included two firms, Nicklaus Engineering, Inc. and Tetra Tech. The Authority assembled a team to review and score the proposals and met with the prospective firms comprised of the following individuals:

- | | |
|-------------------|-------------------------------|
| Tom Sephton | Community Representative |
| Jeff Lamoure | Imperial County |
| Melinda Dorin | Department of Water Resources |
| Paul Najar | Gafcon, Inc |
| G. Patrick O’Dowd | Salton Sea Authority |

Based on the proposals submitted and the interviews held, the review team was unanimous in its scoring and selection of Nicklaus Engineering, Inc. as the recommended bidder. As part of the due diligence, an additional scope of work was identified which could contribute to the project’s success. Each bidder included the initial scope of work and the additional scope. Nicklaus’s proposes to perform the base scope of work for \$306,479.00 and the optional scope for an additional \$102,897.00, resulting in a total scope of work if authorized of \$409,376.00.

The Projects Committee has reviewed this recommendation and the Bureau of Reclamation has confirmed that this scope of work is fundable under the existing grant.

Recommendation:

Subject to review of executable documents by Authority legal, staff recommends authorization to proceed to contract with the Nicklaus, Inc. proposal for the implementation of the work.

November 4, 2024

Mr. Paul Najar
Sr. Vice President & General Counsel
Gafcon PM-CM LLC
10301 Meanley Drive, Suite 225
San Diego, CA 92131
pnajar@gafcon.com

Subject: Desert Shores Restoration Project; RFQ/P for Geotechnical, Geologic, and Hydrogeologic Services Best and Final Offer

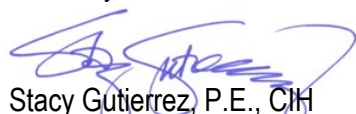
Mr. Paul Najar:

Please find attached Nicklaus Engineering, Inc.'s (Nicklaus) revised costs for the Desert Shores Restoration Project. Per your request, Nicklaus separated the costs for the optional tasks from those tasks requested in the Statement of Work to conduct a Feasibility Study comprising Geotechnical, Geologic, and Hydrogeologic Services for the Desert Shores Restoration Project in response to the Request for Qualifications/Proposals issued on September 11, 2024.

This revision to the estimated costs represents Nicklaus' best and final offer to complete the requested Statement of Work for a total of **\$306,479.00**. The estimated costs for the the optional tasks would be \$102,897.00. Should you choose to to include the optional tasks, the total estimated cost is \$409,376.00.

Should you require additional information or have any questions, please feel free to contact Mr. Antonio Alvarez at (928) 246-1616 or aalvarez@neiaw.com or Mr. Mike Daniel at (928) 750-0351 or mdaniel@neiaw.com.

Sincerely,



Stacy Gutierrez, P.E., CIH
President
Nicklaus Engineering, Inc.



MEMO

TO: Salton Sea Authority Board of Directors and G. Patrick O’Dowd
FROM: Lisa Moore
RE: **Federal Report**
DATE: November 11, 2024

This memo describes how the November 5, 2024 election will modify federal policymaking, below. With respect to our most active area of federal engagement — the U.S. Army Corps of Engineers Salton Sea Feasibility Study — it is relevant to recall that the Authority secured the authorization for the study via our Democratic Congressional delegation in the Water Resources Development Act (WRDA) which was signed into law by President Trump in December 2020.

In addition, through our work with the current administration, we have secured ample funds to move the study forward for the next two years. That said, in the last year of the Trump administration, the administration proposed cuts of 22 percent and 32 percent for the Corps and Reclamation, respectively. Federal spending is expected to be less significant under a Republican administration.

Another open question will be whether a Republican Congress will continue with the practice of congressionally directed spending (earmarks) in federal appropriations legislation. President-elect Trump has in the past supported the practice. The three contenders for the Senate Majority Leader position being vacated by Senator Mitch McConnell have different positions on the practice. How this issue is resolved will have some impact on our ability to seek funding through earmarks.

Presidency/Congress Outlook

With the election, the federal government will move from split government (a Democratic presidency, Republican House and Democratic Senate) to (likely) full Republican control. This is not uncommon at the beginning of a presidency. Biden was in this position at the beginning of his presidency, as were Clinton, Obama and Trump. Typically, a Republican presidential administration in this position would work to achieve Republican priorities on tax policy, immigration and federal spending in the first two years. Such focus is common in this situation because the mid-term elections in 2026 could shift power back to Democrats in either/both the House or Senate.¹

It is important to note that while the shift is significant, Senate Democrats retain the ability to block legislation through the Senate filibuster. In the Senate, any one Senator may hold the floor on a matter for an indefinite period by filibustering the matter (speaking), grinding legislative work to a halt. In such a case the Senate Majority Leader may either pull the matter from consideration or may make a

¹ Each election, a third of the Senate is up for reelection. The 2024 map was unfavorable to Democrats with them defending more seats than Republicans. The 2026 Senate map is arguably more favorable to Democrats who only will be defending 13 seats to 20 Republican seats. To win the Senate back in 2026 Democrats would need to hold their seats and flip Republican seats. Given which seats are up in 2026, that is likely to be a tall order for Democrats.

motion to invoke cloture, which ends the filibuster. Cloture motions, however, must win 60 votes to pass, meaning that the new Senate majority (53 votes) will need some Democratic votes to move legislation.² This has a tendency to somewhat moderate whatever legislation is under consideration.

In California, the Associated Press has called 42 House races. Of relevance to our work, Congressman Ruiz (D-Calif.) was reelected. While Ken Calvert's (R-Calif.) race has not yet been officially called (as of the date of this memo), he is comfortably ahead of his Democratic challenger. Overall, the House is predicted to remain in Republican control, but has not yet been officially called. In the Senate, Adam Schiff (D-Calif.) was elected to fill Senator Feinstein's seat. Alex Padilla (D-Calif.) was not up for election this cycle.

The Senate flipped to Republican control, with Republicans now holding the majority of the upper chamber 53 to 46. Vice President-elect Vance will serve as the President of the Senate and may preside over the chamber and cast a tie breaking vote where needed. Republicans will control all Senate committees. Senate Republicans will elect a new Majority Leader by secret ballot on Wednesday, November 13. The leading contenders are Senators John Thune (S.Dak.), John Cornyn (Tex.) and Rick Scott (Fla.). The Senate Majority leader exerts great influence over the Senate. He determines the Senate's agenda, with the authority to determine which bills and nominations are considered.

The selection of leader Wednesday may affect whether Congress continues to permit the earmarking of federal appropriations legislation. While a common practice for years and a way for Congress to ensure that its priorities are implemented, Republicans ended the practice for many years. By agreement with Democrats in 2021, earmarks were again permitted. That said, Republican conservatives continue to oppose the practice. Senate Majority Leader contender Scott is a vocal opponent. Senator Cornyn has also been opposed to the practice. Senator Thune has been a supporter.

On the question of maintaining the filibuster in the Senate on legislation, all three Senate Majority leader contenders have been vocal supporters of maintaining the filibuster in that context. After the election, for example, Senator Scott noted that President-elect Trump would need 60 votes to implement his tariff plans. While it might seem advantageous to Republicans to remove the filibuster for legislation in order to get around Democrats, to do so would remove a lot of their own leverage with the new administration to ensure Senate Republican priorities are enacted.

Within the administration, it will remain to be seen how the new Trump administration constitutes the Corps of Engineers. Early in the first Trump term, Trump proposed moving several functions out of the Corps to other agencies like Interior and Transportation. As noted above, the last Trump budget proposed significant cuts to the Corps. In the first two years of the Biden administration through various legislative vehicles, funding for the Corps and Reclamation were increased significantly. It would be surprising in the new political landscape to see funding increases to these agencies.

² In 2013, a Democratic Senate voted to end the filibuster for lower judicial nominations and executive branch nominees; in 2017, a Republican Senate voted to end the filibuster for Supreme Court nominees. Both of these changes were made by a majority vote. Neither Republicans nor Democrats have in the past had a majority of members in support of ending the filibuster for legislation.