

Proposition 4 (Climate Bond) Update – Salton Sea Spending Plan

Actions Taken in past 6 weeks:

- Several discussions with CNRA Staff
- Development of an alternative funding plan (Matrix) which allocated \$3 million to the Authority
- Outreach to Senate and Assembly Budget members and consultants
- Outreach to Senator Padilla and Assemblymember Gonzalez
- Review of the Governor’s May Revise and Prop 4 Spending Plan
- Testify in Budget Committee urging inclusion of the Authority in final state plan.

Key Dates

- June 15 – Budget Must be Passed by Legislature (“Skinny Budget)
- July 1 – State Fiscal Year Begins
- July 18 – Legislature Summer Recess
- August 18 – Legislature reconvenes
- September 12 – End of 2025 Session

Administration’s Spending Plan

Public Resources Code Section 91033(b):

(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 the Salton Sea Conservancy.*
- (2) The Salton Sea Authority.*

The May Revision includes various augmentations related to the Salton Sea including:

Chaptered Legislation: Salton Sea Conservancy (SB 583)

- Includes 15 permanent positions, \$9.9 million Proposition 4, and ongoing Salton Sea Lithium Fund (SSLF) for the establishment and operation of the Salton Sea Conservancy. Specifically, this request consists of \$1.6 million Prop 4 and 4 positions in 2025-26; \$3.2 million Prop 4 and 6 positions in 2026-27; \$3.9 Prop 4 and 4 positions in 2027-28; \$1.2 million Prop 4, \$2.8 million SSLF, and 1 position in 2028-29; and \$3.1 million SSLF in 2029-2030 and ongoing.

Department of Water Resources, High Priority Project Funding for Salton Sea Restoration Projects

- Includes a total of \$178 million of Federal Trust Fund Authority for fiscal years (FY) 2025-2029 from the Department of Interior’s funding in the Inflation Reduction Act for aquatic and wetland habitat projects required on the Water Board's Stipulated Order 2017-0134; also provides \$11 million of State Reimbursement Authority for 2025-26.
- Under the Governor’s Cap-and-Invest proposal, the Administration proposes to cut all previously appropriated discretionary funding, and instead uses those funds to pay for CalFire operations. One of the previous appropriations in the budget year that would be reduced is \$3 million for Salton Sea restoration activities.
- Complete CNRA Budget Change Proposal **Attached**

Alternative Proposal presented by the Authority:

ENTITY	INTENDED USES OF FUNDING
Salton Sea Authority	<p>Multi-benefit uses of funding by the Salton Sea Authority, include:</p> <p>(1) Supporting the Salton Sea Conservancy: The Salton Sea Authority is the statutorily-designated local government entity in the region that advocates for and implements restoration and economic revitalization projects at the Salton Sea in partnership with the State and federal government. The Authority secured and is implementing the most significant federal funding partnership at the Sea with the U.S. Army Corps of Engineers (Corps) that will deliver near and long-term management projects at a 65% federal cost share. The Authority’s continued advocacy efforts will be critical to the project’s success as Congress requires local entity support as a condition to future federal appropriations for this work. Given the Conservancy’s distinct role to operate and maintain completed Salton Sea Management Plan (SSMP) projects and own SSMP lands, and its potential role in managing completed Corps projects, there is considerable support and technical assistance that the Authority is best positioned to provide. This work includes providing assistance in standing-up the Conservancy over its initial phases; engaging regional, state, and federal partners to facilitate the Conservancy’s early-stage efforts; and facilitating ongoing engagement with partners throughout the region to ensure that local community buy in for this work is secured.</p> <p>(2) Implementing Conservancy Activities: The Authority is well-positioned to be an implementer of Conservancy activities</p>

given its long and successful history of facilitating communication and partnerships throughout the Salton Sea region and its ability to be nimble in undertaking specific tasks, activities, programs, and projects. As the soon-to-be second largest state conservancy, the Salton Sea Conservancy will play a critical role in catalyzing conversations in and around the Sea, but the Authority can provide seamless real-time, on-the-ground facilitation of project and program implementation as a result of its historical engagements and its reputation as an agile entity that can get projects done.

(3) Facilitating the U.S. Army Corps of Engineers Federal Feasibility Study: The Authority has led federal advocacy efforts to secure major federal financial investment in Salton Sea restoration most notably by securing federal legislation authorizing the study (2020) and several federal funding measures to advance it (2021, 2024). In 2022, after the Authority secured the study and the initial funding for it, the Authority worked to bring the State on board with the project as a joint local sponsor of it with the Authority. The Authority secured authorization from the Corps in 2024 to expand this work to ensure all communities surrounding the Sea benefit from the project. This work will result in federally funded restoration projects at the Salton Sea at a 65% federal cost-share, diminishing the State's fiscal burdens for long-term Salton Sea management. The Authority's leadership in outreach, education and advocacy is required to ensure this work addresses local concerns, has local buy-in, and continues to be funded at the federal level. In particular, local support is required by Congress as a condition to secure additional federal appropriations for this work.

In addition, ongoing engagement by the Authority will include working with the Corps study team and subject matter experts in the fields of hydrology, biology, agriculture, and water and land use policy to develop a hydrologic model of the Sea to guide the development of near-term and long-term projects to be cost-shared by the federal government. With its well-established local relationships, Authority will lead local outreach and communications on the study and ensure that local voices guide the development of projects and have local community buy-in.

(4) Supplemental funding for the North Lake Pilot Demonstration Project* (originally initiated under Proposition 68): This funding will continue efforts to construct an approximately 156-acre lake at the North end of the Salton Sea to create shallow and deep-water habitats for fish and birds. The Authority's unique relationships and outreach abilities within Riverside County (an Authority member agency) help uniquely position the Authority to bring partnerships together to restore and manage the habitat for fish and wildlife, control dust for public health protection, and provide recreational opportunities to facilitate economic revitalization.

(5) Completion of the Desert Shores Channel Restoration Project: This funding will support habitat restoration and dust suppression by refilling the five southernmost boat channels in the Desert Shores Marina. Working in partnership with Imperial County (an Authority member agency) and closely aligned with community stakeholders, the Authority has actively created and engaged in partnership development between local, state, and federal agencies for active restoration work and infusion of funding, including the initial \$1.25 million grant from USBR to move this project forward.

(6) Leveraging opportunities for improved economic development and revitalization. This funding will further the Authority's ongoing engagement and activities around the planning, analyzing, and implementing of focused opportunities to support and promote economic activities that could be useful in funding Conservancy actions related to environmental protection and restoration of the Sea. The Authority's engagement and involvement in partnerships to facilitate expanded North Lake recreation, tourism, and natural resources activities (lithium) would be valuable in providing economic investment opportunities to further advance the goals and objectives in and around the Salton Sea.

Given the delineation of roles and tasks, and the value that the Authority delivers in particular to the development and implementation of a federal funding strategy that will greatly increase federal investment at the Salton Sea and reduce State funding burdens, as well as the North Lake and Desert Shores projects, the following reflects an equitable distribution of the Proposition 4 allocation pursuant to Section 91033(b) between

	<p>the Authority and the Conservancy over the next 2-3 year time period:</p> <p>\$3 M allocation to Salton Sea Authority:</p> <ul style="list-style-type: none"> • \$1M each for use in supplementing funding for the North Lake Pilot Demonstration Project and for completion of the Desert Shores Channel Restoration Project (Total \$2M allocation¹) • \$1M for the Authority's ongoing work relative to the federal feasibility study², support of the Salton Sea Conservancy, and implementation of Conservancy activities
	INTENDED USES OF FUNDING
Salton Sea Conservancy	<p>Start-up costs for the initial steps toward creation of the Conservancy. Most recent state conservancy created is the Delta Conservancy in 2009 – start-up costs were in the range of \$1.3 million. Given cost-of-living adjustments and escalation, it is conceivable that start-up costs for a new conservancy in 2025 would be in the range of \$3-4 million</p>

1. Based on timing and adequacy of need – other potential uses as determined by the Authority Board could include community stakeholder planning efforts, including proposed local trail systems and other community amenities, for example
2. These funds may be creditable to the local sponsor's 50% matching commitment under the Imperial Steams Salton Sea and Tributaries Feasibility Study