

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director/GM
Date: June 20, 2025
Re: **Request for Modification - USBR Grant #R22AC00215**

For over a decade the community of Desert Shores has been pursuing a solution to the impacts to their community from the loss of connection to the Salton Sea resulting from declining sea inflows. Working originally with Imperial County in collaboration with the State, an [MOU which was signed on July 20, 2020](#), and the Authority joining in support of the effort in early 2021. In collaboration with the community stakeholders and in partnership with Imperial County (Imperial), supported by TetraTech, the Authority developed and advanced to the United States Bureau of Reclamation (USBR) a [grant proposal for the "Desert Shores Channel Restoration Project"](#) in May, 2021. This request ultimately resulted in the issuance of on February 28, 2022 of [USBR Grant #R22AC00215 "Restoring Habitat and Improving Air and Water Quality at the Salton Sea"](#) (hereafter, the "Grant") for \$1.25 Million.

Cost estimates in the Grant developed by TetraTech assumed that the project would rely on historical well data for hydrologic and geotechnical project assessments, and that the project would timely move forward to complete the expressed objectives of the community to "build a berm, drill a well, and fill the lake". But continuing delays and the ultimate inability of CVWD to locate the historic (over 60 years old) well data precipitated a need to perform additional, unanticipated testing for the project. Due to the expanding scope of work Gafcon, Inc. was brought on board on October 24, 2023 to facilitate community relations and develop an analysis of project feasibility.

Thereafter, working collaboratively with USBR, the state, and Imperial to develop an appropriate scope of work, an RFP was issued for technical services, two qualified contracts were evaluated, and [on November 14, 2024 this Board approved a contract](#) with Nicklaus Engineering, Inc. for its effort. Prior to doing so, however, extensive conversations with USBR were initiated to ensure that this additional work would be covered by the Grant. USBR noted in our discussions that because nearly all the costs – preconstruction and construction alike – were lumped together into the same cost category (6b. as discussed below), moving these funds around between expense types was consistent with their authority.

When issued, the Grant funds were segregated into two accounts for administration, as follows:

17. VENDOR CODE 0071372151		18a. UEI		18b. DUNS 111370784		19. CONG. DIST. 38
LINE#	FINANCIAL ACCT	AMT OF FIN ASST	START DATE	END DATE	TAS ACCT	PO LINE DESCRIPTION
1	0051018833-00010	\$224,778.00	11/01/2021	12/31/2025	0680	Mitigation & Revitalization Services
2	0051018833-00020	\$1,025,222.00	11/01/2021	12/31/2025	0680	Construction

Subsequent to approval, and execution, and in light of the pending maturity of the grant in December, 2025, we were asked to submit a request to modify the Grant to reflect changes in the cost categories. The Grant agreement provides that "[t]he Recipient shall not request reimbursement on construction costs until all regulatory compliance is complete. The estimated construction costs in the amount of \$1,025,222.00 will be suspended ... and will not be considered reimbursable until ... completion of environmental compliance activities". Obviously, with the additional permitting costs, this Grant language has the potential to be problematic. This request will ensure that the Grant (as modified) reflects our understanding that these costs are covered.

In a late draft of the final agreement, a more [detailed budget](#) was prepared for the project which segregated Construction costs discreetly by type, identifying within the overall "6g. Construction" budget a total of \$170,000 for preconstruction costs associated with Design, Permitting, Hydrology, and entitlement. The final agreement, however, does not separately delineate those costs:

BUDGET ITEM DESCRIPTION	TOTAL COST
6a. PERSONNEL (SALARIES AND WAGES)	
	\$ 1,561.88
6b. FRINGE BENEFITS	
	\$ 1,039.12
6f. CONTRACTUAL including Subawards	
	\$ 52,177.00
6g. CONSTRUCTION	
	\$ 1,195,222.00
TOTAL DIRECT COSTS:	\$ 1,250,000.00
TOTAL ESTIMATED PROJECT/ACTIVITY COSTS:	\$ 1,250,000.00

And other than the account baskets, there is no separate discussion of how these account categories were determined within the final, executed Grant agreement.

We are at a point where there will soon be insufficient funds remaining in the preconstruction account to ensure prompt payment of obligations due. It will be necessary (at the discretion of USBR) to either transfer funds into the preconstruction account or, in the alternative, make available all Grant funds universally identified as "Construction" under category 6g. to be utilized to fund both (a) preconstruction costs necessary to develop a feasible, achievable, shovel ready project, and (b) to the extent remaining and available, fund construction costs . In addition, and in order to ensure the completion of this project as contemplated, the Grant should be extended for an additional two (2) years.

Recommendations:

- a. Direct staff to formally request reallocation of USBR Grant #R22AC00215 "Restoring Habitat and Improving Air and Water Quality at the Salton Sea" to allow for some or all of the remaining Grant proceeds to be used for preconstruction or construction purposes for the reasons outlined herein, and
- b. Direct staff to formally request an extension of the grant for an additional two (2) years.

Desert Shores Restoration Project

Items to be completed prior to obtaining a construction permit:

1. Categories of work
 - a. Permitting
 - i. Grading
 - ii. Excavation
 - iii. Stormwater
 - iv. Utilities
 - v. Well permits
 - b. Site control
 - i. Legal services
 - ii. Procurement of easements / encroachment permits
 - iii. Coordination with County
 - iv. Community coordination
 - c. Design
 - i. RFP for conceptual landscape architect
 - d. Pre-construction Services
 - i. RFP for Design Build
 - ii. Construction feasibility analysis
 - iii. Cost estimating
 - e. Civil Engineering
 - i. Potential additional due diligence/testing
 - ii. Design build
 - f. Project Management
 - g. Community engagement