

Memorandum

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: November 20, 2025

Re: Desert Shores Update

On October 14th a meeting with the community of Desert Shores was held to discuss the findings of technical work performed by Nicklaus Engineering, Inc., aided by AECOM. Commissioned by the GAFCON team, the results demonstrated what we long suspected – that the project conceived by local stakeholders, to “Build the Berm, Drill the Well, and Fill the Hole” was infeasible without significant engineering modifications which would address (among other things) highly porous soils and seismically active geology. Based on those findings, and for discussion purposes only, Nicklaus performed a cost analysis of a reengineered original concept, along with an analysis of what was assumed as a pure mitigation strategy – which would involve simply filling the channels to grade with imported material, and a hybrid solution where only a portion of the lake was reconstructed. This analysis indicated that under the least expensive option – pure mitigation, it will cost approximately \$8 million to address the Desert Shores challenge, and at the high end, a reengineered preferred alternative, it would cost nearly \$23 million to construct. (These estimates did not take into consideration any post-completion operations and maintenance costs associated with the project).

Based on this information and given the pending expiration of the USBR Grant at 12/31/25, we initiated discussions and have agreed in principle with the Bureau to amend the grant to utilize the remaining funds (approximately \$800,000) to design and permit a shovel ready project that is feasible, fundable, and buildable. We expect this modification to be implemented prior to the end of the year.

Informed by the Nicklaus work, and with the grant modification in hand, we plan to proceed in coordination with community stakeholders to develop a project with scope and scale that we collectively believe can be funded and constructed. One major issue which must be overcome, however, is site control for the project, which consists of over 200 separate, privately owned parcels. Previous efforts to secure landowner consent for even testing purpose have proven difficult if not impossible, not because of lack of consent but that the majority of land owners are out of market and difficult and in some

cases impossible to locate. We believe that to advance this project it may, and likely will be necessary, working on a consensual basis with participating community stakeholders, to exercise eminent domain authority to access the properties for project purposes. This effort would only affect the back of the lots previously submerged by the Sea and should not affect any existing structures. The resulting work should be value added to each landowner in the community and will mitigate a longstanding public nuisance.

Recommendation:

1. Authorize staff, subject to approval of the President and Vice President and the review of legal council, to enter into a modified grant agreement which utilizes substantially all of the remaining grant proceeds for design purposes.
2. Direct staff to move forward to develop a project scope, recognizing that the success of the project may include a public taking of lands in order to ensure project success.

Staff is not requesting authority to proceed with any takings at this time, but does seek guidance from this board that if it were necessary to ensure the success of a project strongly supported by the community and without local opposition, and with well evaluated risks, that a taking for project purposes would be worthy of consideration.