

MEMORANDUM

To: Salton Sea Authority Board of Directors
From: G. Patrick O'Dowd, Executive Director /GM
Date: May 21, 2026
Re: **FY 2026/27 Proposed Budget - Narrative Overview**

This memorandum presents the Authority's proposed General Fund Budget for FY 2026/27 with narrative explanation of material assumptions. The Board is asked to review, discuss, and approve the proposed budget.

REVENUE ASSUMPTIONS

Member Assessments - \$610,000

Budget maintains member contributions at prior year levels. Member assessments are the Authority's most stable revenue source.

Grant Reimbursements - \$310,000 net

Represents administrative overhead retained from three grant programs: Desert Shores (USBR, 6% on \$500K spend); North Lake Pilot Project / NLPDP (CDWR, 40% on \$200K annual program); and IRA / Feasibility Study Program (USBR, 40% on \$500K). Total gross grant activity is \$1.2M; net reimbursement to the General Fund is \$310,000. The IRA overhead component of \$200,000 is the single largest contingent item in the budget.

Account 4092 - \$80,000

This line carries an \$80,000 projection without a confirmed source. Management is pursuing state and federal partnership reimbursements and supplemental federal program funding relating to the Feasibility Study to cover it. In FY 2025/26, the same account was budgeted at \$525,000 for anticipated IRA receipts that did not materialize; the estimate has been right-sized accordingly and expenses were not incurred relating thereto.

EXPENDITURE ASSUMPTIONS

Salaries and Benefits - \$515,963

Current staff receive a 5% cost-of-living adjustment. Benefits increase 5% over prior year actuals. Three new positions - one Assistant General Manager (\$120K base) and two half-time interns (\$25/hour) - are budgeted at half-year each but will not be recruited or filled unless and until IRA grant funding is secured. Their cost is directly offset by the grant overhead they support; if funding is not secured, the positions are not filled.

Advocacy - \$216,000 (\$120K DC / \$96K Sacramento)

The DC advocacy contract has not been adjusted in four years despite substantially increased workload from Colorado River post-2026 negotiations, WRDA 2026, the IRA funds

utilization, and Feasibility Study coordination. The proposed rate of \$10,000 per month reflects a modest realignment to workload. Sacramento advocacy is budgeted at \$9,000 per month, reflecting an anticipated increase in state engagement as the Feasibility Study, North Lake Pilot Project, and state budget processes intensify.

Legal - \$42,000 (\$18K General / \$24K Legislative)

Legal costs are split for the first time into general corporate counsel (\$18K) and legislative/regulatory support (\$24K), the latter reflecting work on the Feasibility Study, WRDA language, and federal regulatory engagement. The split improves cost visibility for grant reporting.

All Other Operating

Finance/CPA (\$75K), outreach (\$40K), rent (\$18K), travel and conferences (\$54K), and remaining operating costs are generally estimated at 5% above prior year actuals or consistent with modified contractual terms. No new categories relative to prior year.

GRANT ADMINISTRATION

Separate from the General Fund, the Authority anticipates \$1.2M in gross grant receipts and \$890K in program expenditures across three programs: NLPDP (CDWR, \$200K receipts / \$120K spend), Desert Shores (USBR, \$500K / \$470K), and IRA/Colorado River (USBR, \$500K / \$300K, contingent). Net reimbursement of \$310,000 flows to the General Fund as described above.

FINANCIAL RISK AND CONTINGENCY

The budget's two unconfirmed revenue lines - \$200,000 in IRA program overhead and \$80,000 in account 4092 - are partially self-mitigating. The new staff positions funded by the IRA overhead will not be filled if the grant is not secured, so that revenue risk does not translate directly into a deficit. The \$80,000 in 4092 represents the residual exposure.

The Authority is forecasting to close FY 2025/26 with approximately \$175,000 in cash reserves. This reserve is sufficient to sustain operations through timing delays or a revenue shortfall without program disruption. Management does not treat the reserve as a substitute for securing the contingent revenues, but it provides meaningful operational flexibility.

Management will return to the Board with a mid-year budget status report by the close of Q1 FY 2026/27.

RECOMMENDATION

Management recommends the Board:

- Approve the FY 2026/27 Proposed General Fund Budget as presented;
- Authorize the Executive Director to execute expenditures consistent with the approved budget;
- Direct management to provide a mid-year budget status report no later than [Month] 2026; and
- Authorize the Executive Director to accept and administer federal or state grant awards consistent with program priorities described herein, subject to Board notification.

Salton Sea Authority
Final Draft Budget
FY 2026/27

		FY 26/27	FY 25/26	FY 25/26	
		Proposed	Trailing 12	Adopted	Excess FY25/26
		General Fund	Actuals	Budget	over budget
		Budget		General Fund	
Revenue					
1	4000 Local Gov/Member Assessments	610,000	800,000	800,000	-
2	4005 Grant Funding			-	-
3	4006 Grants & Other Reimbursements to General Fund	310,000	11,459	44,300	(32,841)
4	4091 Sponsorships	24,000	10,000	10,000	-
5	4092 Other Fed/State/Local Reimb.	80,000	-	525,000	(525,000)
6	Total Revenue	\$ 1,024,000	\$ 821,459	\$ 1,379,300	\$ (557,841)
Expenses					
7	Administration				-
8	Total Employee Salaries	338,929	238,504	238,750	(246)
9	Total Employee Benefits	177,034	118,646	126,452	(7,806)
10	Total Salaries and Benefits	\$ 515,963	\$ 357,150	\$ 365,202	\$ (8,052)
11	6000 Contract Service / Professional				
12	6100 Finance / CPA	75,000	53,505	75,000	(21,495)
13	6103 DC Advocates	120,000	80,850	89,600	(8,750)
14	6104 Sacramento Advocate	96,000	77,000	84,000	(7,000)
15	6110 Outreach & Engagement (Other Contract Services)	40,000	53,988	60,000	(6,013)
16	6201 Attorney - General	18,000	29,014	48,000	(18,986)
17	6202 Attorney - Legislative	24,000			-
18	6300 Equipment Maintenance	5,000	4,410	4,989	(579)
19	6310 Office Equipment and Furniture < \$5,000	3,500	1,715	5,000	(3,285)
20	6325 Insurance	16,500	15,189	10,933	4,257
21	6330 Office Exp/Operating Supplies	5,000	6,407	5,400	1,007
22	6335 Office Exp/Online Services (Licenses & User Fees)	4,000	1,553	4,053	(2,500)
23	6340 Postage, Mail	200	180		180
24	6350 Dues, Subscriptions	12,000	11,637	10,000	1,637
25	6355 Communications		(209)		(209)
26	6360 Interest Expense - RIVCO Investment		(513)	1,300	(1,813)
27	6365 Rent	18,000	15,022	17,400	(2,378)
28	6366 Repair and Service Maintenance	1,200			-
29	6370 Travel/Mileage	42,000	40,648	35,000	5,648
30	6375 Conferences/Seminars	12,000	5,645	15,000	(9,355)
31	6380 Public Relations		125		125
32	6400 Operating Expenses/County Charges	3,800	2,538	6,000	(3,462)
33	6403 Technical Support - General	4,800	1,576	5,600	(4,024)
34	6407 Communications & Outreach (Offsite Mtgs Support)	3,600	2,713	3,600	(887)
35	6420 Utilities	2,400	1,586	4,000	(2,414)
36	Total Operating Expenses	\$ 1,022,963	\$ 761,731	\$ 850,077	\$ (88,346)
37	Net Revenue / (Expenses)	\$ 1,037	\$ 59,728	\$ 529,223	\$ (469,495)
Grant Administration					
38	Grant Reimbursements				
39	4010 Grant Funding - CDWR (NLPDP)	200,000	1,042,680	2,044,300	(1,001,620)
40	4015 Grant Funding - USBR (Desert Shores)	500,000	287,991	750,000	(462,009)
41	4016 Grant Funding - USBR (IRA)	500,000			
42	Grant Revenues Total	\$ 1,200,000	\$ 1,330,671	\$ 2,794,300	\$ (1,463,629)
43	Grant Expenditures				
44	5010 Grant Funding - CDWR (NLPDP)	120,000	1,031,221	2,000,000	(968,779)
45	5015 Grant Funding - USBR (Desert Shores)	470,000	287,991	750,000	(462,009)
46	5016 Grant Funding - USBR (IRA/CO River)	300,000			
47	Grant Expenditures Total	\$ 890,000	\$ 1,319,212	\$ 2,750,000	\$ (1,430,788)
48	Net Grant Receipts (see line 3)	\$ 310,000	\$ 11,459	\$ 44,300	\$ (32,841)