



QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

MEETING MINUTES

San Diego County Water Authority
2nd Floor Conference Room
4677 Overland Ave, San Diego, CA 92123
June 13, 2019 at 10:00 a.m.

Commissioners and Alternates present:

Bruce Wilcox, California Natural Resources Agency – Alternate Chair
Tina Shields, IID – Alternate Commissioner
Dan Denham, San Diego County Water Authority (SDCWA) – Commissioner
Kelly Rodgers, SDCWA – Alternate Commissioner
Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner

JPA staff present:

Kara Mathews, SDCWA – Chief Administrative Officer (CAO)
Jeff Ferre, Best, Best, and Krieger – Legal Counsel

Others present:

Kimberlyn Velasquez, SDCWA	Cindy Matejovsky, IID
Chris Woidzik, SDCWA	Joanna Smith Hoff, IID
Jessica Humes, IID	Shannon Ayala, Davis Farr LLP

PRELIMINARY MATTERS

1. Call to Order
Alternate Chair Wilcox called the meeting to order at 10:03 a.m.
2. Roll Call
There was a quorum of the Commission present at the time of the meeting.
3. Public Comment
There were no public comments.

ORGANIZATIONAL MATTERS

4. Action: Approval of Minutes of Regular JPA Meeting Held March 25, 2019
Commissioner Barrett made a motion to approve the minutes, seconded by Commissioner Denham. The minutes were approved unanimously.

5. Action: Approve Records Management of Outdated Files
CAO Mathews presented the annual records destruction list, per the JPA records management policy. Commissioner Denham made a motion to approve the proposed records destruction form, seconded by Commissioner Barrett. The motion passed unanimously.

FINANCIAL MATTERS

6. Information: Treasurer's Report ending March 31, 2019
Mr. Chris Woidzik provided a review of the Treasurers' Report ending March 31, 2019. The quarter ended with \$42.3 million in cash and investments. It was noted that the investment yield has been increasing and is currently at 2.5 percent. A total of \$73.5 million remains due from the QSA JPA water agencies. Commissioner Barrett asked about the high level of funds in Local Agency Investment Fund (LAIF) and it was determined that Mr. Woidzik would revisit the investment allocations once the Fiscal Year 2020 budget is adopted to properly time investments. Commissioner Barrett inquired as to whether the QSA JPA follows the SDCWA investment policy, to which Mr. Woidzik answered yes. Commissioner Denham stated funds should be more diversified going forward, pending any outstanding items such as the payback water and managed marsh land purchase.
7. Information: Financial Report Ending March 31, 2019
Mr. Chris Woidzik provided a review of the Financial Report ending March 31, 2019. Total assets are at \$114.9 million with \$1.7 million in liabilities. About 20.7 percent of the budget has been spent for Fiscal Year 2019. Commissioner Barrett asked Mr. Woidzik to provide a 10-year summary of QSA JPA budget allocation versus execution at the next meeting.
8. Information: Fiscal Year 2019 Invoicing
Mr. Chris Woidzik provided a reminder to submit all fiscal year 2019 invoices by the end of August for the annual audit to take place on time.
9. Information: Fiscal Year 2019 Audit Engagement
Ms. Shannon Ayala of Davis Farr LLP provided an overview of the Fiscal Year 2019 Audit Engagement letter. The Fiscal Year 2019 audit will be performed in October and will finish in November. Mr. Woidzik provided the audit calendar.
10. Action: Review and Consider Approval of QSA JPA Fiscal Year 2020 Budget and Work Plan
CAO Mathews presented the draft QSA JPA Fiscal Year 2020 Budget and Work Plan for consideration and approval. The projected budget for fiscal year 2019 is \$7,730,104 with budget savings and delays of \$7,399,166. The proposed fiscal year 2020 budget was presented at \$16,399,660 with major expenditures under Tasks 2, 8, 20, and 24.

Commissioner Barrett made note that the budget savings, or under-execution of the budget, for fiscal year 2019 is significant and poses a problem from a planning and management standpoint and stated that he would like a better understanding of historic budgeted versus actual numbers. Mrs. Jessica Humes of IID spoke to Task 8, Managed Marsh, which was

projected to start construction of Phase III during fiscal year 2019, but there were delays. Task 24 also had issues during fiscal year 2019 and projects were delayed due to permitting related to the ordinary high-water mark. Commissioner Barrett suggested that projects only be included in the budget that are shovel ready. Commissioner Denham asked about Task 24, as needed services with growers, as to whether these services were utilized. Mrs. Humes stated lab analysis and surface roughening services have been used in fiscal year 2019, but the irrigation and planting services have not been used due to lack of water availability. Commissioner Denham suggested not including as needed services in the budget and instead using mid-year budget adjustments when those services are needed. Alternate Commissioner Shields stated that not including these items in the original budget would suggest there are no plans to carry out these tasks, which is not the case.

Commissioner Denham asked about the Brown Pelican mitigation measure and if the QSA JPA is in compliance with the measure. Alternate Commissioner Shields stated the JPA is technically out of compliance. Mrs. Humes stated the Implementation Team has not received a path forward for the mitigation measure from the California Department of Fish and Wildlife (CDFW). CDFW has agreed that the original mitigation measure of implementing barges off the coast is not feasible, but an alternative has not been provided. Alternate Chair Wilcox stated CDFW will have to modify the incidental take permit. The new measure may entail monitoring for potential nesting. It was decided that a letter would be sent from the QSA JPA to CDFW acknowledging that the mitigation measure has not been met by the compliance date but will be met once the updated measure is decided upon. Commissioner Denham asked that this item be included in the next meeting agenda for follow up.

Alternate Commissioner Rodgers asked about Task 8, Managed Marsh, and the high funding amount and deadline for completion. Mrs. Humes stated Phase I releveling was completed in the current fiscal year and therefore that part of the funding allotted for fiscal year 2020 could be removed from the proposed budget. Phase III construction is due to be completed by either this calendar year 2019 or fiscal year 2020. Alternate Chair Wilcox asked why CDFW has not yet provided approval for Phase III. Mrs. Humes stated CDFW wanted a final design to review, which would be presented to CDFW the following week.

Commissioner Barret asked if staffing under Task 2 was for continuing or new positions, and if there were new vehicles included. Mrs. Humes answered that all positions were continuing with one position that needed to be re-filled, and funds would be for the fueling of vehicles and the replacement of one vehicle.

CAO Mathews stated, based on previous discussion, that Phase I releveling under Task 8 for \$1,392,733 would be removed from the proposed budget. Commissioner Barret motioned to approve the Fiscal Year 2020 Budget and Work Plan at a funding level of \$15,006,927, seconded by Alternate Chair Wilcox. The budget was approved unanimously.

IMPLEMENTATION

11. Information: Status Report on Implementation of Mitigation Measures

Mrs. Jessica Humes gave a status report on implementation of mitigation measures:

Task 2 QSA Implementation Team Biologists – An environmental specialist position is open to be re-filled shortly.

Task 8 Managed Marsh – Phase I releveling and berm repair was completed the previous week. Replanting of a cell in Phase II took place to transition the cell from emergent to riparian habitat to act as a wind barrier to adjacent fields and test riparian needs for Phase III. The Phase III design is being finalized.

Task 16 Burrowing Owl Mitigation – Burrowing owl subsampling population studies were completed by Black Hawk Environmental and they are hoping to get preliminary numbers out by the end of summer 2019.

Task 19 Pupfish Selenium Drain Studies – This is the first year of conducting this mitigation measure as part of the Regional Water Quality Control Board’s conditional agricultural waiver. All monitoring locations have been identified and all equipment has been placed in the field. Additional soil sampling, monitoring, and drain cleaning activities are taking place.

Task 20 Pupfish Construction and Maintenance – IID is working on a desert pupfish drain interconnection plan outline to be presented to the wildlife agencies the following week for review and input. Additionally, two to three staff members will be trained in pupfish trapping starting the following week.

Task 24 Air Quality – SCS Engineers have started operating the air quality program air stations, which has resolved numerous issues that were taking place under management with the previous consultants. Most stations are now running at 100 percent. Surface roughening contractors are working on five projects around the south end of the Salton Sea for a total of 625 project acres to be completed by the end of summer 2019. IID’s Energy Department is working to locate and install three additional round-shot cameras. Potential camera locations are: Salton City, New River West, and Bombay Beach. The Anza Borrego camera will be removed in July due to high temperatures. The 2018/2019 Proactive Dust Control Plan and 2017/2018 Emissions Inventory documents were presented to the IID Board as information items on June 4. IID will be meeting with the Imperial County Air Pollution Control District (ICAPCD) to brief them on the documents before they are finalized. Copies of the 2019 Air Quality Mitigation Brochure were provided. This is the first of two to three new brochures for the public. A larger more technical document will also be released most likely in August. The air quality webpage has also been updated with the new documents. Michael Cohen of the Pacific Institute sent an inquiry by email to Mrs. Humes regarding restricting access to exposed playa. Mrs. Humes stated that IID has installed no trespassing signs on IID property and has looked into areas where gates can be used but anything on private property would require working with those land owners.

Alternate Chair Wilcox asked that when IID meets with CDFW regarding the drain interconnection project that those plans also be shared with the Department of Water Resources.

Commissioner Denham asked if the JPA has a contract with ICAPCD for emissions inventory. Alternate Commissioner Shields stated that ICAPCD does not conduct any tasks for the JPA, but the JPA funded an emissions inventory project to establish a baseline. Ms. Smith Hoff of IID stated that ICAPCD operated the monitoring stations in the past. Commissioner Denham asked about the line item in the air quality budget for stakeholder support. Alternate Commissioner Shields stated that data requests and coordination are provided to ICAPCD under that line item. Commissioner Denham asked if a dust violation were to occur would IID or the land owner be notified. Ms. Smith Hoff stated typically a notice would go to the land owner, but the air district chooses. Alternate Commissioner Shields stated ICAPCD recently issued a violation notice to the U.S. Fish and Wildlife Service for a violation near Red Hill Bay. IID will now help the U.S. Fish and Wildlife Service with tillage in that area as a proactive dust control measure. IID is still working to expand the currently accepted best available dust control measures (BACM).

12. Information: Managed Marsh Negotiations Update

Alternate Commissioner Shields gave an update on the managed marsh land purchase negotiations. IID has a new real estate supervisor who will look at recent land sales to come up with a number for a price. IID is interested in taking a credit for the land purchase. Alternate Commissioner Rodgers asked if the purchase has to be completed on the same timeline as Task 8. Alternate Commissioner Shields stated it needs to get done because IID has been fronting the cost of the land and as Phase III is completed it will be a good time to purchase the land. Commissioner Denham asked if the managed marsh has to be completed at a certain time and if the land purchase is necessary to close out the project. Alternate Commissioner Shields answered that a purchase is not necessary to close out the project. Alternate Chair Wilcox asked who would take over management of the marsh once it is complete. Mrs. Humes stated CDFW planned to take over management, but staff has recently changed and it is still to be determined if IID or CDFW would manage the marsh.

13. Information: Update on State Salton Sea Management Program (SSMP)

Alternate Chair Wilcox gave an update on the State SSMP. Easements have been recorded and the state is in the process of finishing the request for proposals (RFP) for 3,770 acres of species conservation habitat on the south end of the Salton Sea. The RFP should be out in September pending approval at the state level. The plan is to move forward with an additional feasibility study on the north end. The air quality program will dovetail off the IID air quality program. Commissioner Denham asked if there was any insight on a new state Salton Sea office being proposed in legislation. Alternate Commissioner Shields stated that a new news reporter in Imperial Valley made this item public. Alternate Chair Wilcox stated

that Eduardo Garcia is trying to move the bill forward and the bill seems to duplicate the Salton Sea Authority. Commissioner Denham asked if staff will be in place in the Imperial Valley when the state starts to move dirt for projects. Alternate Chair Wilcox stated the state will have a Department of Engineering crew at the Salton Sea full time. Alternate Commissioner Rodgers asked if design staff will also be available. Alternate Chair Wilcox stated design staff will go down as needed. Commissioner Barret asked about the north lake project. Alternate Chair Wilcox stated a feasibility study is being carried out to better understand how much water is available for the north lake project.

14. Adjournment

The meeting was adjourned at 11:18 a.m.