



QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

CONFERENCE CALL MEETING MINUTES

April 8, 2020 at 2:00 p.m.

Commissioners and Alternates present:

Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner
Robert Cheng, CVWD – Alternate Commissioner
Arturo Delgado, California Department of Fish and Wildlife (CDFW) – Alternate Chair
Dan Denham, San Diego County Water Authority (SDCWA) - Commissioner
Henry Martinez, Imperial Irrigation District (IID) – Commissioner
Kelly Rodgers, SDCWA – Alternate Commissioner
Tina Shields, IID – Alternate Commissioner

JPA staff present:

Jeff Ferre, Best, Best, and Krieger – Legal Counsel
Kara Mathews, SDCWA – Chief Administrator Officer

Others present:

Shannon Ayala, Davis Farr	
Mike Cohen, Pacific Institute	Jessica Humes, IID
Alan Okewole, SDCWA	Joanna Smith Hoff, IID
Ivory Reyburn, CVWD	Liana Whyte, SDCWA
Jessica Schroeder, CNRA	Chris Woidzik, SDCWA
Gail Sevrens, CDFW	

PRELIMINARY MATTERS

1. Call to Order
Chair Delgado called the meeting to order at 2:03 p.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 January 13, 2020
Commissioner Denham made a motion to approve the minutes, seconded by Commissioner Barrett.
The minutes were approved unanimously by a roll call vote.

FINANCIAL MATTERS

5. Information: Fiscal Year 2020 Audit Engagement

Mr. Woidzik began with an introduction to the Fiscal Year 2020 audit engagement. Ms. Ayala announced the planning portion of the audit for the QSA JPA for Fiscal Year ending June 30, 2020 had begun. An audit engagement letter was provided to management which detailed out the scope of audit, the auditor's responsibilities, and management's responsibilities. There was a small increase in fees from prior years. She stated the purpose of the Auditor was to express an opinion on the financial statements and evaluate internal controls. She explained the SAS 114 planning letter was a requirement to have two-way communications with the Commission about fraud and fraud risks. The only modification made was to the results of the unpredictably test that is required. This year, the audit will review contracts related to mitigation projects. This year's auditing procedures for interim preliminary will begin May 18 with final procedures to be done in August. Updated accounting standard changes related to GASB 84 and GASB 87 do not affect the QSA JPA.

Commissioner Denham asked if future planned work for May-August could be done remotely due to the COVID-19 pandemic. Ms. Ayala responded yes.

Commissioner Barret asked if there was a conflict of interest if Davis Farr, LLP was also the Water Authority's Auditor. Mr. Woidzik and Mr. Ferre explained it was not.

Commissioner Barrett asked how long Davis Farr been the auditing firm. Mr. Woidzik explained that standard practice is to change auditors every five years, and the Water Authority was on its third year with Davis Farr, and used a different auditor prior to that.

Mr. Woidzik concluded the item with a review of the audit calendar.

6. Information: Fiscal Year 2020 Invoicing

Mr. Woidzik is requesting to receive invoices by July 30, 2020 from IID, which is sooner than prior years due to the date of the audit moving up.

7. Information: Treasurer's Report ending December 31, 2019

Mr. Woidzik provided a review of the Treasurers' Report ending December 31, 2019. December payments totaling \$4.3 million from the three water agencies were received. Total cash and investments is \$46.7 million, an increase from prior quarter due to agency payments received. Interest income was \$497,000.

8. Information: Financial Report ending December 31, 2019

Mr. Woidzik provided a review of the Financial Report ending December 31. He reviewed the quarterly financial statements including the assets and liabilities. Total expenses over the quarter were \$2.8 million. Tasks with the most expenditures were: Task 24 - Salton Sea Air Quality at \$1.2 million increase; Task 8 - Drain Habitat Aquatic Managed Marsh at \$600,000; and Task 3 - QSA Implementations Team Biologists at \$230,000. The budget status report shows 19% of the budget spent through invoices paid through December 31.

9. Information: Investments Overview

Mr. Woidzik announced the contract with Chandler Asset Management had been executed. No monies have been transferred as yet and the current plan was to hold off due to current volatility in the market. The plan is to give them \$20 million to invest over a 3-year period.

Commissioner Martinez asked for background on the tasks list of mitigation measures, as some tasks currently have zero expenditures. Ms. Shields explained it was a breakdown required by the environmental permits, some items aren't required every year so expenditures could vary from year to

year. The full task list is all of the categories of potential mitigation measures and then each year the budget assigns monies to the tasks that are going to be performed. Commissioner Martinez asked if all of these tasks were still applicable. Ms. Shields indicated the task list is based on the biological opinion and the regulatory permits. Commissioner Denham agreed with Ms. Shields comment and referred to the Mitigation, Monitoring, and Reporting Plan (MMRP). Chair Delgado suggested identifying which tasks have been completed. Ms. Mathews replied that could be added as part of the upcoming budget development and also add it to future financial statements.

10. Action: Authorize budget increase of \$7,043,650 for Salton Sea mitigation water predelivery payback.

Ms. Mathews stated that IID submitted an updated water order in 2019 to include payback of 2010 pre-delivered mitigation water to the Salton Sea and Reclamation accepted the proposal in March. IID submitted documentation of conservation associated with resolving this issue. The cost of the payback water is \$7 million which was the original budget savings to the JPA. Commissioner Barrett made a motion to approve the budget increase of \$7,043,650, seconded by Commissioner Denham. The item was approved unanimously by a roll call vote.

IMPLEMENTATION

11. Information: Status Report on implementation of mitigation measures

Ms. Humes provided an update on various tasks mitigation measures:

- *Mitigation Measure 8 – Drain Habitat for Managed Marsh Complex:* IID is steadily working on Phase 3 construction. Most of the main line pipeline and drain lines are almost complete. Pond construction (30 acres roughly) and installation of furrows and planting will begin in the fall. Phases 1 and 2 are looking really good and will provide good habitat this summer.
- *Mitigation Measure 20 – Pupfish:* Staff is completing the final requirements for certification for working with pupfish, however the field portion has been postponed due to COVID-19. IID hired ECORP Consulting to work on the Desert Pupfish Habitat Conductivity Plan. The first meeting was held with the Implementation Team to collect data and will be working towards having a plan in place within a year.
- *Mitigation Measure 24 – Air Quality:* IID launched a new air quality web portal that includes data downloads, an interactive map, and all documents related to the Air Quality Mitigation and Monitoring Program (AQMMP). Annual emissions estimate was adopted by IID's Board in March, and the proactive dust control plan will go to the IID Board on April 21. IID submitted an application to the US Army Corps of Engineering for projects in the coming year that will fast track implementation. IID is also implementing surface roughening and vegetation enhancement in the Alamo South project area and will monitor germination this summer.
- *Mitigation Measure 42 – Brown Pelican:* IID has assigned an engineer to develop concepts for brown pelican roosts at IID reservoirs close to the Salton Sea such as a floating roost or a stationary roost. IID will be working with Department of Fish and Wildlife staff and expects more information in the May timeframe.

12. Information: Update on State Salton Sea Management Program

Chair Delgado announced the completion of the state's first dust suppression project at the end January of 112 acres for the Bruchard Road Project. At the end of February, the state's Salton Sea annual report was submitted to the State Water Resources Control Board. Progress is being made on the Species Conservation Habitat project and contractors are expected to mobilize onsite in fall, subject to change due to the COVID-19 situation. Progress has been made on the draft Dust Suppression Action Plan. The Salton Sea Management Program held public meetings and provided a one-month review period of the draft plan, which ended March 27. The State is hoping to have a working plan by mid-to-late May, which would be a living document that is updated periodically. Progress is being made on a programmatic environmental document with a draft project description expected in May. The state is also looking at ways to engage with public during the coronavirus situation.

Mr. Cohen asked if there was a plan to release a draft to a smaller group prior to public release. Chair Delgado responded that the current plan is to have everyone review during the regular public review.

Commissioner Martinez asked if the State Water Resources Control Board meeting that was cancelled due to COVID-19 was going to be rescheduled in the Salton Sea area. Chair Delgado responded that the plan is to reschedule and to have the meeting in El Centro.

13. Adjournment

The meeting was adjourned 2:48 p.m.