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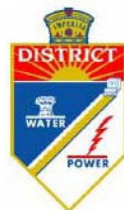
**QSA JPA**  
**Fiscal Year 2022**  
**Budget & Work Plan**  
*Adopted June 10, 2021*



**Quantification Settlement Agreement Joint Powers Authority**

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4677 Overland Avenue, San Diego, CA 92123



  
**San Diego County  
Water Authority**  
Our Region's Trusted  
Water Leader

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# QSA JPA FISCAL YEAR 2022 BUDGET

## SECTION 1: BACKGROUND

The Quantification Settlement Agreement Joint Powers Authority (QSA JPA) administers funding of environmental mitigation requirements related to the QSA water transfers. The QSA JPA collects, holds, invests, and disburses funds needed for the mitigation projects. The QSA JPA is comprised of designated representatives from the California Department of Fish and Wildlife (CDFW), Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), and San Diego County Water Authority (Water Authority) that serve as Commissioners and staff.

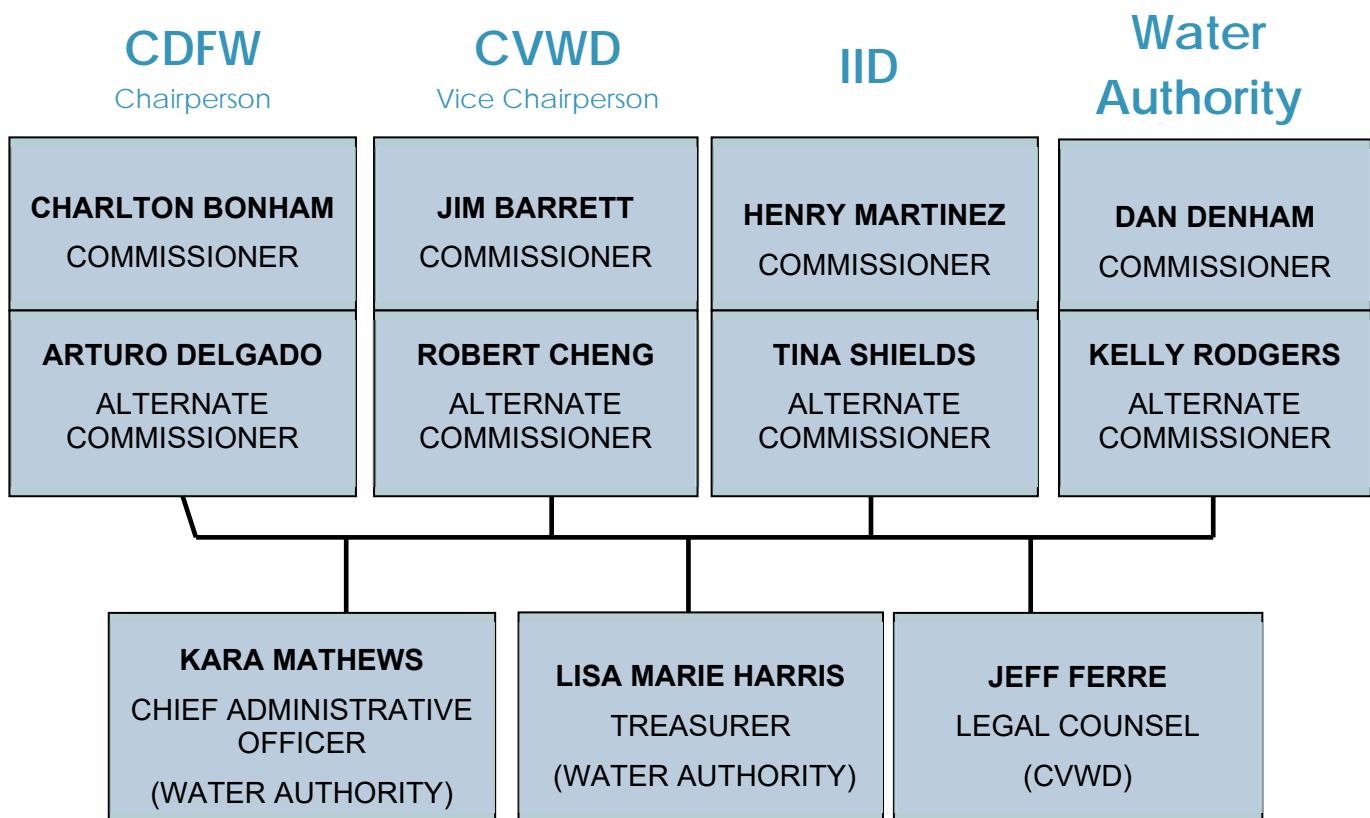


Figure 1. QSA JPA Organization Chart

CVWD, IID, and the Water Authority are required to provide up to \$133 million (in 2003 dollars) to pay for the QSA JPA mitigation program. Under the terms of the *Quantification Settlement Agreement Joint Powers Authority Creation and Funding Agreement* (JPA Agreement), the collective financial obligation of the water agencies is capped at \$133 million, and the State of California is responsible to pay for any QSA water transfer environmental mitigation costs that exceed \$133 million.

## SECTION 2: BUDGET OVERVIEW

The QSA JPA Commission adopts an annual budget for the payment of environmental costs for QSA water transfer mitigation projects in the Imperial Valley. The budget is developed by IID in coordination with the QSA Implementation Team (IT), which consists of CDFW, IID, and the U.S. Fish and Wildlife Service (USFWS). The annual budget provides revenues generated from agency contributions and interest earnings to meet anticipated fiscal year (FY) mitigation expenditures. Mitigation projects are implemented by IID under direction from the IT. Specific mitigation measures are implemented per environmental permitting requirements and involve various timeframes for completion. Detailed QSA JPA annual spending through FY 2020 by mitigation task is provided in Appendix 1.

The JPA Agreement provides a schedule of annual agency contributions that are due on December 31 of each calendar year. As a means of managing cash flow requirements for future mitigation activities, the JPA Agreement permits agencies to adjust their payment schedules by rescheduling future payments from outer years to the near term. Under the *Modification of Payment Schedules Pursuant to the QSA JPA Agreement* (Advanced Funding Agreement), advanced payments by the agencies are due on July 1 and are discounted at six percent from the date of the scheduled payment to the date of the advance. The QSA JPA has advanced payments from the original JPA Agreement payment schedules to cover expected environmental mitigation expenses. In 2007, the water agencies modified their payment schedules to advance \$13.2 million in FYs 2007 and 2008 to cover mitigation requirements through 2013. In 2015, the Board of Directors of the individual water agencies authorized advanced payments to the QSA JPA totaling \$40.5 million, consisting of \$10 million from the Water Authority, \$5 million from CVWD, and \$25.5 million from IID, scheduled over six years beginning in FY 2016. The remaining payments per the 2015 Advanced Funding Agreement are shown in Table 1.

Table 1. Water Agency Remaining Payment Schedule

Year	CVWD		IID		WATER AUTHORITY		TOTAL PAYMENTS	
	Due 12/31	Due 7/1	Due 12/31	Due 7/1	Due 12/31	Due 7/1	Calendar Year	Fiscal Year
2021	\$2,697,555		\$2,885,115	\$1,500,000	\$3,801,632		\$10,884,302	\$7,191,051
2022	\$2,706,745		\$3,309,240		\$1,517,597		\$7,533,582	\$10,884,302
2023	\$2,733,006		\$4,746,284		\$1,221,837		\$8,701,127	\$7,533,582
2024	\$151,876		\$4,888,673		\$1,345,439		\$6,385,989	\$8,701,127
2025	\$565,131		\$5,035,333		\$1,047,693		\$6,648,157	\$6,385,989
2026			\$5,186,393				\$5,186,393	\$6,648,157
2027			\$5,341,985				\$5,341,985	\$5,186,393
2028			\$5,502,244				\$5,502,244	\$5,341,985
2029			\$5,130,911				\$5,130,911	\$5,502,244
2030			\$5,308,589				\$5,308,589	\$5,130,911
2031			\$5,322,392				\$5,322,392	\$5,308,589
2032			\$4,556,924				\$4,556,924	\$5,322,392
2033			\$6,005,020				\$6,005,020	\$4,556,924
2034			\$5,643,731				\$5,643,731	\$6,005,020
2035			\$5,143,974				\$5,143,974	\$5,643,731
2036								\$5,143,974
<b>Total</b>	<b>\$8,854,313</b>	<b>\$0</b>	<b>\$74,006,808</b>	<b>\$1,500,000</b>	<b>\$8,934,198</b>	<b>\$0</b>	<b>\$93,295,320</b>	<b>\$100,486,371</b>



## SECTION 3: REVIEW OF ACTIVITIES IN FY 2021 AND FY 2020

On June 9, 2020, the QSA JPA Commission adopted the FY 2021 budget in the amount of \$14,994,760. Table 2 shows the FY 2021 budgeted and projected spending by mitigation task, based on approved invoice totals to date and remaining fiscal year projections by IID. Major expenses in the FY 2021 budget include implementing the Salton Sea air quality mitigation program (Task 24), the managed marsh habitat (Task 8), and the QSA IT biologists (Task 2).

Table 2. Detailed FY 2021 Expenditures

TASK	TASK DESCRIPTION	BUDGETED FY 2021	PROJECTED FY 2021	BUDGET SAVINGS
2	QSA Implementation Team Biologists	\$1,093,590	\$1,013,357	\$(80,233)
3	Environmental Reporting and Monitoring	\$540	-	\$(540)
4	Salton Sea Salinity and Elevation Program	\$16,330	\$16,330	-
6	Tamarisk Scrub Habitat - Surveys and Mitigation	\$72,740		\$(72,740)
8	Drain Habitat (Aquatic) – Create, Manage, Monitor "Managed Marsh"	\$4,860,210	\$3,500,000	\$(1,360,210)
10/10A	Worker Education Program Covered Species Training and Manual	\$640	-	\$(640)
11	Desert Habitat Survey and Mapping of Right of Way	\$33,950	-	\$(33,950)
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	\$3,290	-	\$(3,290)
16	Burrowing Owl Relative Abundance and Distribution Surveys	\$245,890	\$25,000	\$(220,890)
17	Farmer and Public Education Program	\$7,300	\$3,200	\$(4,100)
18	Desert Pupfish Abundance and Distribution Study	\$6,400	\$21,000	\$14,600
19/19A	Pupfish Selenium Drain Studies	\$310,450	\$200,000	\$(110,450)
20	Pupfish Construction and Maintenance Conservation Measures	\$253,390	\$10,000	\$(243,390)
23	Covered Species Baseline & Monitoring Surveys	\$171,870	-	\$(171,870)
24	Salton Sea Air Quality	\$7,785,200	\$6,800,000	\$(985,200)
35	Management and Planning	\$12,730	-	\$(12,730)
36	JPA Audit Fees	\$10,770	\$10,770	-
37	JPA Bank Fees	\$3,000	\$3,000	-
38	Financial Advisor	\$16,000	\$16,000	-
42	Brown Pelican - Sea	\$58,540	\$5,000	\$(53,540)
44	Pupfish Refugium	\$31,930	\$5,000	\$(26,930)
	<b>Total</b>	<b>\$14,994,760</b>	<b>\$11,628,657</b>	<b>\$(3,366,103)</b>

The projected budget savings and delayed expenditures for FY 2021 of \$3,366,103 is mostly due to the deferral of items under the air quality mitigation program (Task 24), managed marsh (Task 8) and postponement of pupfish conservation measures (Task 20) and burrowing owl relative abundance and distribution surveys (Task 16). Table 3 summarizes the FY 2021 budget projections.

Table 3. FY 2021 Budget Summary

FY 2021 BUDGET	PROJECTED FY 2021 EXPENDITURES	PROJECTED FY 2021 SAVINGS/DELAYS
\$ 14,994,760	\$ 11,628,657	\$ 3,366,103

On January 13, 2020 the QSA JPA Commission accepted an audit of its basic financial statements by Davis Farr Certified Public Accountants for fiscal years ending June 30, 2020 and 2019. Audited FY 2020 environmental mitigation expenditures totaled \$15,087,064. Based upon the audited cash balance of \$34,226,950 at the end of FY 2020, FY 2021 projected agency contributions and interest earnings of \$7,261,951, and projected FY 2021 budget spending of \$11,628,657, the QSA JPA expects to have a positive cash balance of \$29,860,244 at the end of FY 2021 (Table 4).

Table 4. FY 2021 Projected Fund Balance

DESCRIPTION		CASH FLOW
FY 2020 Audited Fund Balance (6-30-20)		\$34,226,950
Sources	Mitigation Contributions	\$7,191,051
	Interest Income	\$70,900
		\$7,261,951
Uses	Environmental Mitigation	(\$11,628,657)
FY 2021 Projected Fund Balance (6-30-21)		\$29,860,244

## SECTION 4: FY 2022 BUDGET

The FY 2021 budget provides projected revenues of \$7,261,951 to meet anticipated expenditures from July 1, 2020 through June 30, 2021 of \$11,628,657, resulting in a net loss of \$4,366,706 from the previous fiscal year. FY 2022 will begin with the projected year-end FY 2021 fund balance of \$29,860,244.

Information summarizing the FY 2022 budget is presented in Tables 5 and 6. Table 5 provides the agency contributions scheduled for FY 2022 per the 2015 Advanced Funding Agreement, as well as funding contributions by agency through FY 2021. Revenue sources for FY 2022 include funding contributions of \$10,884,302 from the water agencies and interest income estimated at \$95,200.

**Table 5. Summary of Mitigation Contributions by Water Agency**

AGENCY	CONTRIBUTIONS THROUGH FY 2021	FY 2022 CONTRIBUTIONS
CVWD	\$58,071,629	\$2,697,555
IID	\$51,214,808	\$4,385,115
Water Authority <sup>1</sup>	\$82,103,662	\$3,801,632
<b>Total Agency Contributions</b>	<b>\$191,390,099</b>	<b>\$10,884,302</b>

Projected spending in FY 2022 is \$11,698,380 for environmental mitigation, shown by mitigation task in Table 7. Based upon the projected cash balance of \$29,860,244 at the end of FY 2021, FY 2022 combined sources of \$10,979,502, and projected FY 2022 budget spending of \$11,698,380, the QSA JPA expects to have a positive cash balance of \$29,141,366 at the end of FY 2022 (Table 6). Projected uses exceed sources indicating a decrease of \$718,878 in cash reserves for FY 2022.

**Table 6. FY 2022 Projected Fund Balance**

DESCRIPTION			CASH FLOW
FY 2021 Projected Cash Balance (6-30-21)			\$29,860,244
Sources	Mitigation Contributions	\$10,884,302	\$10,979,502
	Interest Income	\$95,200	
Uses	Environmental Mitigation		<b>\$(11,698,380)</b>
FY 2022 Projected Cash Balance (6-30-22)			\$29,141,366

<sup>1</sup> Water Authority contributions have been reduced by credits for payments made to the U.S. Bureau of Reclamation for implementation of Conservation and Mitigation Measures for the Colorado River.

Table 7. Detailed FY 2022 Expenditures

TASK	TASK DESCRIPTION	FY 2022 BUDGET
1	QSA Implementation Team	\$ 0
2	QSA Implementation Team Biologists	\$ 1,216,590
3	Environmental Reporting and Monitoring	\$ 540
4	Salton Sea Salinity and Elevation Program	\$ 10,610
5	Salton Sea Mitigation Water to Salton Sea	\$ 0
6	Tamarisk Scrub Habitat - Surveys and Mitigation	\$ 72,740
7	Drain Habitat - Initial Vegetation and Habitat Surveys	\$ 0
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	\$ 931,480
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	\$ 0
10/10a	Worker Education Program Covered Species Training and Manual	\$ 640
11	Desert Habitat Survey and Mapping of Right of Way	\$ 0
12	Desert Habitat Create/Maintain Desert Habitat	\$ 0
13	Changes to Operations on IID Canals to Avoid Covered Species	\$ 0
14	Burrowing Owl Worker Annual Education and Manual	\$ 0
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	\$ 8,950
16	Burrowing Owl Relative Abundance and Distribution Surveys	\$ 0
17	Farmer and Public Education Program	\$ 7,380
18	Desert Pupfish Abundance and Distribution Study	\$ 6,530
19/19A	Pupfish Selenium Drain Studies	\$ 210,940
20	Pupfish Construction and Maintenance Conservation Measures	\$ 500,000
21	Salvage of Razorback Suckers when Dewatering Canals	\$ 0
22	Maintain Habitat on Fallowed Parcels	\$ 0
23	Covered Species Baseline and Monitoring Surveys	\$ 5,300
24	Salton Sea Air Quality	\$ 8,596,440
25	Minimize Dust Emissions from Fallowed Lands	\$ 0
26	Drain Connectivity to Salton Sea Elevation Decrease	\$ 0
27	Grade Spoil/Roads from Drain Maintenance	\$ 0
28	Power Line Markers for Pumpback and Seepage Recovery Systems	\$ 0
29	Prepare and Implement Management Plan for Abandoned Portions of AAC	\$ 0
30	Southwestern Willow Flycatcher Surveys and Habitat Monitoring	\$ 0
31	Elf Owl Surveys	\$ 0
32	Desert Tortoise Survey and Avoidance	\$ 0
33	Least Tern Surveys	\$ 0
34	Rail and Bittern Surveys	\$ 0
35	Management and Planning	\$ 0
36	JPA Audit Fees	\$ 10,770
37	JPA Bank Fees	\$ 3,000
38	Financial Advisor	\$ 16,000
39	Bond Counsel Fees	\$ 0
40	2001 Biological Opinion Measures	\$ 0
41	Brown Pelican Coast	\$ 0
42	Brown Pelican Sea	\$ 58,540
43	Salton Sea Shoreline Strand Study	\$ 0
44	Pupfish Refugium	\$ 31,930
45	Recreation Facilities at Salton Sea	\$ 0
46	QSA JPA Website	\$ 10,000
<b>Total</b>		<b>\$11,698,380</b>



## SECTION 5: FY 2022 WORK PLAN

The FY 2022 budget totaling \$11,698,380 includes environmental mitigation activities for compliance with environmental permits and regulatory requirements. A detailed breakdown of anticipated expenditures by task is provided in Table 7. Mitigation measures are implemented consistent with environmental permit requirements of the QSA water transfers. Major expenditure categories for mitigation measures to be implemented in FY 2022 are shown in Table 8 and include: the biologist team (Task 2), the Managed Marsh (Task 8), and Salton Sea air quality mitigation (Task 24).

Table 8. Major Expenditures in FY 2022

TASK	TASK DESCRIPTION	FY 2021 BUDGET	PERCENT OF TOTAL BUDGET
24	Salton Sea Air Quality	\$ 8,596,440	74%
2	QSA Implementation Team Biologists	\$ 1,216,590	10%
8	Drain Habitat (Aquatic) – Create, Manage, Monitor "Managed Marsh" Areas	\$ 931,480	8%
--	Other Tasks	\$ 953,870	8%
<b>Total</b>		<b>\$ 11,698,380</b>	<b>100%</b>

Implementation of the Air Quality Mitigation Program (AQMP) (Task 24) is the largest budgeted expenditure for FY 2022 totaling \$8,596,440 or 74 percent of the total FY 2022 budget. Air quality mitigation includes Salton Sea playa monitoring and modeling, emissions inventory, air station monitoring network, and proactive dust control projects.

The QSA IT Biologists (Task 2) is the second largest budgeted expenditure making up \$1,216,590 or 10 percent of the total budget. This item includes funding for nine full time staff and expenses for their fleet of vehicles.

The Managed Marsh complex (Task 8) is the third largest budgeted expenditure totaling \$931,480 or 8 percent of the total FY 2022 budget. Expenditures for FY 2022 include operations and maintenance of the existing marsh (all three Phases); supplemental planting in Phases I and II; and planting and completion of Phase III. There are discussions underway of options for pricing and reimbursement of the Managed Marsh complex land (owned by IID) that is expected to be brought to the Commission for review in FY 2022.

Wildlife and habitat studies, monitoring, and education and outreach make up the remaining 8 percent of the FY 2022 expenditures totaling \$953,870.

The budget also includes reimbursements to the Water Authority for designated financial costs such as bank fees, audit fees, and financial consultants (investment management). The FY 2022 budget includes a new item, Task 46, to cover expenses related to the development and maintenance of a QSA JPA website. Audited historical spending by task is included as Appendix 1. Detailed summaries for individual mitigation measures by task including a detailed breakdown of FY 2022 expenditures; and planned and completed work are included in Appendix 2.