



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
REGULAR MEETING**

AGENDA

**April 8, 2020
2:00 PM
Conference Call**

Conference Call Number: (619) 483-4264 Conference ID Number: 211072719#

Conference Call Locations:

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE PHONE NUMBER LISTED ABOVE.

PRELIMINARY MATTERS

1. Call to Order
2. Roll Call - Determination of Quorum
3. Public Comment - Opportunity for members of the public who wish to address the Authority on matters within the Authority's jurisdiction

ORGANIZATIONAL MATTERS

4. Action: Approve minutes of regular QSA JPA meeting held January 13, 2020 (Kara Mathews, SDCWA)

FINANCIAL MATTERS

5. Information: Fiscal Year 2020 Audit Engagement (Chris Woidzik, SDCWA and Shannon Ayala, Davis Farr)
6. Information: Fiscal Year 2020 Invoicing (Chris Woidzik, SDCWA)
7. Information: Treasurer's Report ending December 31, 2019 (Chris Woidzik, SDCWA)
8. Information: Financial Report ending December 31, 2019 (Chris Woidzik, SDCWA)
9. Information: Investments overview (Chris Woidzik, SDCWA)
10. Action: Authorize budget increase of \$7,043,650 for Salton Sea mitigation water predelivery payback (Kara Mathews, SDCWA and Tina Shields, IID)

IMPLEMENTATION

11. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)
12. Information: Update on State Salton Sea Management Program (Arturo Delgado, CNRA)

13. Adjourn



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

CONFERENCE CALL MEETING MINUTES

January 13, 2020 at 11:00 a.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
- Henry Martinez, Imperial Irrigation District (IID) – Commissioner
- Kelly Rodgers, San Diego County Water Authority (SDCWA) – Alternate Commissioner
- Tina Shields, IID – Alternate Commissioner

JPA staff present:

- Jeff Ferre, Best, Best, and Krieger – Legal Counsel
- Lisa Marie Harris, SDCWA – Treasurer
- Kara Mathews, SDCWA – Chief Administrator Officer

Others present:

- | | |
|---|---|
| Katie Burnworth, Imperial County Air Pollution Control District | Alan Okewole, SDCWA |
| Mike Cohen, Pacific Institute | Ivory Reyburn, CVWD |
| Matt Desert, Imperial County Air Pollution Control District | Jessica Schroeder, CDFW |
| Jessica Humes, IID | Joanna Smith Hoff, IID |
| Wendy Joplin, SDCWA | Liana Whyte, SDCWA |
| | Earl Withycombe, CA Air Resources Board |
| | Chris Woidzik, SDCWA |

PRELIMINARY MATTERS

1. Call to Order
Chair Delgado called the meeting to order at 11:05 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. Information: Appointment of Arturo Delgado, Assistant Secretary for Salton Sea Policy for the California Natural Resources Agency, as California Department of Fish and Wildlife representative
CAO Mathews stated that the JPA was notified that Arturo Delgado will serve as the state's alternate representative and chair of the Commission as of October 23, 2019.
5. Action: Approval of Minutes of Regular JPA Meeting Held October 1, 2019
Commissioner Barrett made a motion to approve the minutes, seconded by Commissioner Rodgers. The minutes were approved unanimously by a roll call vote.

FINANCIAL MATTERS

6. Action: Review and accept fiscal year 2019 Audited Financial Report
Mr. Woidzik provided some opening remarks before introducing Shannon Ayala of Davis Farr, LLP.

Ms. Ayala presented information regarding the Audited Financial Statements for the QSA JPA issued on November 8, 2019. It was an unmodified audit opinion, which is the highest level that can be received and means the financial statements and footnotes were presented fairly. Also issued was a communication to those in governance letter, and the government auditing standards opinion letter. Ms. Ayala stated that finance staff was very prepared and indicated there was one journal entry detected during the audit that was material to the financial statements, but no other items. In addition, a detailed transaction review of the local agency's investment fund investment account, and cash disbursement testing were performed with no exceptions found.

Mr. Woidzik reviewed the audited financial statements; management, discussion and analysis; and comparison of previous years of changes in revenues and expenses.

Mr. Woidzik reviewed the statement of net position, which concluded the year with a cash investment of \$41M; mitigation contributions receivable at \$45M; interest receivable at \$30M; and total assets at \$115.6M. Accounts payable outstanding was \$4.5M; and unrestricted fund balance was \$111.2M.

Mr. Woidzik reviewed the statement of activities, program expenses incurred for environmental mitigation at incurred \$7.6M; accounts receivable contributions from members at \$4.6M; interest income earned at \$1M; change in net position was about a \$2M decrease from the beginning of the year.

Mr. Woidzik explained the budget status report on expenditures. Total budget was \$15.1M; total expenditures came in at \$7.5M, which was about 50% of the budgeted amount.

Mr. Woidzik concluded with a review of the various letters included in the Financial Statements.

Commissioner Barrett made a motion to accept the audit report. Commissioner Martinez seconded it. The item was approved unanimously by a roll call vote.

7. Information: Treasurer's Report ending September 30, 2019
Mr. Woidzik provided a review of the Treasurers' Report ending September 30, 2019. The quarter ended with \$44.9 million in cash and investments. The yield on investments was 2.27% for the quarter. Interest earned for the fiscal year to date is \$88,000 for the quarter.

8. Information: Financial Report ending September 30, 2019

Mr. Woidzik provided a review of the Financial Report ending September 30, 2019. Total assets are at \$114.1 million with \$3.3 million in liabilities. Based on invoices received, about 4.5% of the budget was spent for the first quarter of fiscal year 2020.

9. Action: Consider approval of entering into a contract with Chandler Asset Management

Mr. Woidzik made a few comments regarding the proposed contract with Chandler Asset Management. The major points of the contract were that it has matching terms with the Water Authority's contract; contract term runs through October of 2022; fees would be .088 basis point for the first \$25M, then decreases thereafter; and the cost estimate is \$20,000 annually with the costs offset by increased earnings.

Legal Counsel Ferre made a recommendation that the final contract be reviewed by JPA legal counsel. Treasurer Harris mentioned the contract had been reviewed thoroughly by the Water Authority's General Counsel as well.

Commissioner Barrett made a motion to approve the CAO entering into a contract with Chandler Asset Management subject to review by JPA legal counsel, seconded by Commissioner Rodgers. The motion was approved unanimously by a roll call vote.

IMPLEMENTATION

10. Information: Status Report on Implementation of Mitigation Measures

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

- Task 2: QSA Implementation Team Biologists – IID recently filled the open position and the team is now up to seven full time positions.
- Task 8: Drain Habitat - Managed Marsh Phase 3 construction started in December with replacement of gates and pipelines, and earthwork solicitation is currently out. In December, the Conservation Corps planted trees in Phase 2 and pulled tamarisk in Phases 1 and 2.
- Task 20: Pupfish Construction and Maintenance Conservation Measures – Four staff members are being trained to do pupfish drain surveys, and IID is hoping surveys will begin in the spring or summer once final approval is received.
- Task 24 Air Quality – At the end of 2019, playa exposure was 23,910 acres. Of that acreage 18,159 acres was bare playa, 1,029 acres was open water, and 4,288 acres was vegetation. In comparison at the end of 2018, there was 20,911 acres of playa. An end of year report is forthcoming and will detail all the information including mitigation projects. IID is working on an annual emissions estimate and cooperative dust control report. Both documents will be released in March. An application was submitted to the U.S. Army Corps of Engineers (USACE) for projects below the high-water mark and requesting a preliminary jurisdiction delineation for 2,200 acres of playa that would be surface roughened in areas not subject to USACE jurisdiction.

Other projects include the state's Salton Sea Management Program dust suppression surface roughening project on Bruchard Road for construction up to 123 acres on the west side of the New River. The project is funded by State of California Prop 1: Water Quality Supply and Infrastructure Improvement Act. Once pending environmental permits are received, construction will begin soon.

11. Information: Status Report on Updated Brown Pelican Mitigation Measures

Ms. Humes provided an update on brown pelican mitigation measures. A letter to the California Department of Fish & Wildlife regarding the brown pelican had been drafted, but mitigation measures for Salton Sea mitigation or coastal mitigation had not been completed. IID has been working with CDFW to propose construction of brown pelican roosts. The IID Engineering team is drafting a concept design for brown pelican roosts and then will work with CDFW to determine exact location of the roosts and construction. Regarding coastal mitigation, IID had not come up with an alternative, but are looking to explore options for the coastal mitigation measures and developing a schedule for moving forward.

12. Information: Status report on 2010 Salton Sea mitigation water predelivery payback

Alternate Commissioner Shields updated the board regarding the 2010 mitigation water predelivery payback. IID is working with the Bureau of Reclamation to resolve the issue and once resolution is reached, IID will come back to the JPA for approval and bill for the outstanding amount, which is about \$7M.

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

Chair Delgado gave an update on the SSMP with a review of major tasks:

- Product delivery – The state is on schedule with the Species Conservation Habitat Project to award a contract mid-summer with implementation thereafter. An easement is in place as well as a water use agreement with IID.
- Bruchard Road Project – The state is moving forward on this approximately 120 to 150 acre project and estimates to start implementation by mid-January.
- Planning – The state executed a Water Resources Development Agreement with USACE, in which the USACE will dedicate staffing to the SSMP as well as prioritize the projects. The state plans to begin the NEPA planning process for the 10-year plan with the formal scoping process for the NEPA document to begin this winter and the USACE as the lead agency. The final NEPA document with a decision is expected sometime in the winter or spring of 2021.
- Dust Suppression Action Plan – The state is developing a plan that includes approximately 8,000-10,000 acres and will be working with IID and other stakeholders. Public workshops will be held. The final action plan is expected by early spring with implementation to start soon thereafter.
- Annual Report to the State Water Board – The state is developing an annual report to the State Board with distribution expected mid-February.

14. Adjournment

The meeting was adjourned 11:55 a.m.

**QUANTIFICATION
SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
AUDIT COMMITTEE MEETING
FISCAL YEAR ENDED JUNE 30, 2020**

Agenda

2

**Audit
Engagement
Letter**

**SAS 114
Planning
Letter**

**Upcoming
Accounting
Changes**

Audit Engagement Letter

3

- ❑ No changes to engagement letter language from prior year
- ❑ Slight increase in fees from the prior year
- ❑ Scope of the audit
 - ❑ Express an opinion that the financial statements and disclosures are free of material misstatement
 - ❑ Internal controls are evaluated to assess the risk of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures (not to provide any assurances on the effectiveness of controls)
- ❑ Auditors provide no responsibility for:
 - ❑ Introductory information
 - ❑ Supplementary information

SAS 114 Planning Letter

4

- ❑ Requirement to have two-way communication with the committee about fraud and fraud risk
- ❑ Communicates modifications to approach:
 - ❑ Review of contracts related to mitigation projects

Upcoming Accounting Changes

5

- ❑ June 30, 2020
 - ❑ GASB 84: Fiduciary Activities
- ❑ June 30, 2021
 - ❑ GASB 87: Leases

Questions?

Shannon Ayala | Partner

Davis Farr LLP | 5927 Priestly Drive, Suite 201 | Carlsbad, CA 92008

| Direct:760.298.5872 | Email:sayala@davisfarr.com



March 27, 2020

To the Board of Commissioners
Of the Quantification Settlement
Agreement Joint Powers Authority
San Diego, California

We are in the process of planning the audit of the Quantification Settlement Agreement Joint Powers Authority (the "QSA JPA") for the year ending June 30, 2020.

Professional auditing standards require that, as a part of our audit, we inquire of those in governance to ascertain whether or not the Board of Commissioners (the "Board") has knowledge of matters that might have a bearing on the auditor's risk assessment for the annual audit of the QSA JPA's financial statements.

Examples of these matters are:

- Known or suspected instances of employee fraud
- Areas in which the internal controls of the QSA JPA are thought by the Board to be weak
- Known or suspected misstatements in the accounting records of the QSA JPA
- Known or suspected use of improper accounting practices by the QSA JPA
- Any awareness of pressure upon the QSA JPA or QSA JPA management with respect to achieving certain financial results
- Matters that warrant particular attention during the audit
- Information about unusual transactions or other matters relevant to the audit

Generally, the scope of the audit is limited to *matters involving amounts that would be significant to the financial statements of the QSA JPA taken as a whole*. If additional time is required to respond to the concerns of the Board, we will estimate for the Board the costs involved.

Auditing Standards require the auditors to communicate the planned scope and timing of the audit. Additionally, at the conclusion of the audit, we plan to meet with the Board to communicate the auditor's responsibilities under generally accepted auditing standards and significant findings from the audit.

Timing of Audit

We began the interim audit procedures in May 2020 and our final audit examination in August 2020. We anticipate being completed with fieldwork in August 2020. We plan to present the audit reports and results of the audit to the Board of Commissioners at the completion of the audit.

Planned Scope of Audit

In addition to our standard audit approach, our engagement team plans to address the following risk areas as follows:

- Review of Member Contributions: We will confirm 100% of member agency contributions to the QSA JPA by sending letters to each of the member agencies to verify amounts paid.
- Each year, we are required to include an element of unpredictability in our audit. This year we are planning to review contracts for mitigation projects.

If any member of the Board has information relevant to our audit (matters involving amounts that would be significant to the financial statements of the QSA JPA taken as a whole), please contact the undersigned at 760.298.5872 or sayala@davisfarr.com.

Very truly yours,



Shannon Ayala
Davis Farr LLP

February 17, 2020

**Quantification Settlement Agreement
Joint Powers Authority
4677 Overland Avenue
San Diego, CA 92123**

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide **Quantification Settlement Agreement Joint Powers Authority** (the "QSA").

ENGAGEMENT OBJECTIVES

We will audit the QSA's basic financial statements, as of **June 30, 2020** and for the year then ended, and the related notes to the financial statements.

Accounting Standards generally accepted in the United States of America ("US GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the QSA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the QSA's RSI in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures but will not be audited.

1. **Management's Discussion and Analysis**

We have also been engaged to report on supplementary information other than RSI that accompanies the QSA's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion in relation to the financial statements as a whole.

1. **Budget Status Report**

OUR RESPONSIBILITIES

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with US GAAP and to

report on the fairness of the additional information referred to above when considered in relation to the financial statements taken as a whole.

We will also provide a report, which does not include an opinion on, Internal controls related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will each include a paragraph that states the report is solely to describe the scope and testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and that the report is not suitable for any other purpose.

Audit

Our audit will be conducted in accordance with US GAAS, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion and render the required reports. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If, for any reason, we are unable to complete the audit, or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts (e.g., tests of the physical existence of inventories, direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions, etc.). We may also request written representations from the QSA's attorneys as part of the engagement, and they may bill the QSA for responding to this inquiry.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the QSA or to acts by management or employees acting on behalf of the QSA.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal controls, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with US GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. We will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to

our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and any material abuse that comes to our attention. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the QSA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The services described above do not relieve management or those charged with governance of their responsibilities.

THOSE CHARGED WITH GOVERNANCE

The preparation and presentation of the financial statements of the QSA are the responsibility of management with oversight from those charged with governance. Those charged with governance are also responsible for overseeing the strategic direction of the QSA and any obligations related to its accountability, resolving disagreements between management and us regarding financial reporting, appointing us to perform the services described above, and informing us about all known or suspected fraud involving the QSA. In turn, we will provide those charged with governance with any communications required by the professional standards described above.

MANAGEMENT'S RESPONSIBILITIES

Management is responsible for all management decisions and performing all management functions, and for designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee these services, any bookkeeping services, tax services, or other services we provide. Management is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for them.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also

responsible for providing us with (a) access to all information they are aware of that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of this engagement, and (c) unrestricted access to persons within the QSA from whom we determine it necessary to obtain information.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, for the selection and application of accounting principles, for the safeguarding of assets, and for the preparation and fair presentation of the financial statements in conformity with US GAAP even though we may assist management with their preparation. Accordingly, management may be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that management has reviewed and approved the financial statements and related notes prior to their issuance and has accepted responsibility for them.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the QSA involving (a) management, (b) employees who have significant roles in internal controls, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of any known allegations of fraud or suspected fraud affecting the QSA received in communications from employees, former employees, regulators, or others. In addition, management is also responsible for identifying and ensuring that the QSA complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

During the course of our engagement, we will request information and explanations from management regarding the QSA. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, the QSA agrees to release our firm, its shareholders, and other personnel from any liability and costs relating to our services under this letter resulting from false or misleading representations made to us by any member of the QSA's management.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other related studies. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is responsible for providing its views on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report, and for the timing and format for providing that information.

ENGAGEMENT FEES

The fee for our services for the fiscal year ending June 30, 2020 will be \$10,560 per our proposal dated June 13, 2016. Our fees are based upon the complexity of the work to be performed, timing of the engagement, experience level of the personnel required, and estimates of the professional time to complete the required services.

Additionally, our fees are dependent on the availability, quality, and completeness of the QSA's records and, where applicable, upon the QSA's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., QSA employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

OTHER ENGAGEMENT MATTERS

This letter set forth the rights and responsibilities of the parties with respect to the services to be provided. This engagement is being undertaken solely for the benefit of the parties to this agreement and no other person shall be entitled to enforce the terms of this agreement.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

The workpapers for this engagement will be retained in accordance with our firm policy. If we are aware that a federal awarding agency, pass-through QSA, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the workpapers.

The undersigned is the engagement partner responsible for supervising the engagement and signing the report.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement. Please sign the enclosed copy of this letter and return it to us.

Very truly yours,



Shannon Ayala, CPA
Davis Farr LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

**Quantification Settlement Agreement
Joint Powers Authority**

By Karen Matthews *MM*
CAO

Date 2-27-20

By _____

Date _____

QSA JPA Audit Calendar | FY 2020

MARCH 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL 2020						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY 2020						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

JUNE 2020						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY 2020						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST 2020						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER 2020						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

- QSA Board Meeting
- A/P
- Accounting Staff
- Controller
- Davis Farr
- SDCWA Closed

OCTOBER 2020						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER 2020						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

DATE	ACTIVITY	RESPONSIBLE
March 2	12/31 quarterly financial and treasury reports finalized	Controller
March 5	Audit Calendar finalized and engagement letter approved.	Controller
April 8	Board meeting - 2nd qtr financial reports, FY2020 audit calendar & auditor required communications	Board
May 14	3/31 quarterly financial and treasury reports finalized	Controller
May 18-22	Auditor - interim fieldwork	Davis Farr
June (TBD)	Board meeting - 3rd qtr financial reports	Board
July 30	May and June invoices due from IID	Accounts Payable
August 6	Draft financial statements and treasury reports due to Controller	Accounting Staff
August 14	FYE20 audit schedules completed and reviewed	Accounting Staff
August 14	Draft financial statements to Auditor (pre-fieldwork)	Controller
August 17-18	Auditor - year-end fieldwork	Davis Farr
August 24-25	Auditor - year-end fieldwork	Davis Farr
August 25	Auditor review responses due on draft financial statements	Davis Farr
August 28	Final draft financial statements approved and forwarded to Auditor	Controller
September 3	Technical review responses due on draft financial statements	Davis Farr
September 9	Management rep. letter routed for signature	Controller
September 11	Final financial statements and management rep. letter to Auditor	Controller
September 15	Auditor issues audit opinion & emails completed financial statements	Davis Farr
September 21	Auditor delivers bound FY2020 financial statements	Davis Farr
September (TBD)	Board Meeting - 4th qtr financial reports. Presentation on FY2020 financial statements; audit results (Davis Farr)	Board
December 1	9/30 quarterly financial and treasury reports finalized	Controller
December (TBD)	Board Meeting - 1st qtr financial reports.	Board

**Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2019**

<u>Investment Type</u>	<u>% Limit</u>	<u>% of Portfolio</u>	<u>Amount</u>	<u>Yield</u>
Wells Fargo CEO Account	100%	2%	\$ 1,070,723.29	0.00%
Local Agency Investment Fund (LAIF)	\$65M - Maximum	89%	41,002,891.93	2.03%
CA Asset Mgmt Program (CAMP)	25%	9%	3,997,125.86	1.80%
Treasury Securities	100%	0%	-	0.00%
Agency Securities	100%	0%	-	0.00%
Commercial Paper	25%	0%	-	0.00%
Total Cash and Investments		100%	\$ 46,070,741.08	1.96%

Interest Earnings (Cash and Investments):

Month Ended December 31, 2019	\$ 74,712.97
Fiscal Year to Date	\$ 497,424.55

Average Term	1
Average Days to Maturity (730 Days Maximum)	1



Lisa Marie Harris, Treasurer

**Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2019**

Deposit & Invoice Activity:

Date	Name	Deposits	Invoices
Total Fiscal Year 6/30/2004		\$ 4,387,846.00	\$ -
Total Fiscal Year 6/30/2005		\$ 1,758,945.00	\$ (1,959,440.28)
Total Fiscal Year 6/30/2006		\$ 2,161,019.83	\$ (4,555,061.94)
Total Fiscal Year 6/30/2007		\$ 2,347,672.00	\$ (2,938,474.58)
Total Fiscal Year 6/30/2008		\$ 11,644,612.84	\$ (5,779,276.79)
Total Fiscal Year 6/30/2009		\$ 6,870,567.00	\$ (8,251,293.97)
Total Fiscal Year 6/30/2010		\$ 14,545,715.00	\$ (9,061,269.71)
Total Fiscal Year 6/30/2011		\$ 5,849,675.00	\$ (5,944,418.65)
Total Fiscal Year 6/30/2012		\$ 6,585,384.00	\$ (1,851,265.44)
Total Fiscal Year 6/30/2013		\$ 7,497,513.00	\$ (4,335,543.28)
Total Fiscal Year 6/30/2014		\$ 10,699,074.00	\$ (10,987,218.93)
Total Fiscal Year 6/30/2015		\$ 17,331,735.00	\$ (14,361,492.54)
Total Fiscal Year 6/30/2016		\$ 15,222,157.00	\$ (22,997,264.03)
Total Fiscal Year 6/30/2017		\$ 29,162,833.00	\$ (21,104,845.03)
Total Fiscal Year 6/30/2018		\$ 18,183,882.00	\$ (16,428,573.00)
Total Fiscal Year 6/30/2019		\$ 20,121,404.00	\$ (5,447,961.38)
7/01/2019	IID Annual Operating Cost	\$ 2,800,000.00	
7/01/2019	CVWD Annual Operating Cost	\$ 1,000,000.00	
7/01/2019	SDCWA Annual Operating Cost	\$ 1,750,000.00	
7/11/2019	Mitigation # 1154		\$ (863,554.69)
8/07/2019	Mitigation # 1155		\$ (668,937.15)
9/12/2019	Mitigation # 1156		\$ (238,043.97)
10/11/2019	Audit Fee		\$ (1,024.00)
10/31/2019	Mitigation # 1157		\$ (2,409,728.07)
12/05/2019	Mitigation # 1158		\$ (927,389.81)
12/24/2019	CVWD Annual Operating Cost	\$ 745,350.00	
12/24/2019	IID Annual Operating Cost	\$ 2,473,610.00	
12/31/2019	SDCWA Annual Operating Cost	\$ 1,060,053.00	
Total Fiscal Year 6/30/2020 (YTD)		\$ 9,829,013.00	\$ (5,108,677.69)
Totals to date:		\$ 184,199,047.67	\$ (141,112,077.24)

Reconciliation of Deposit and Invoice Activity to Total Cash and Investments:

Deposits	\$ 184,199,047.67
Invoices	(141,112,077.24)
Subtotal	43,086,970.43
Interest Earned - Fiscal Year to Date 2020	497,424.55
Interest Earned - Fiscal Year 2019	867,814.64
Interest Earned - Fiscal Year 2018	367,384.75
Interest Earned - Fiscal Year 2017	169,676.70
Interest Earned - Fiscal Year 2016	99,489.54
Interest Earned - Fiscal Year 2015	43,822.46
Interest Earned - Fiscal Year 2014	36,595.42
Interest Earned - Fiscal Year 2013	60,004.09
Interest Earned - Fiscal Year 2012	45,850.28
Interest Earned - Fiscal Year 2011	66,144.04
Interest Earned - Fiscal Year 2010	48,102.28
Interest Earned - Fiscal Year 2009	173,945.72
Interest Earned - Fiscal Year 2008	376,499.98
Interest Earned - Fiscal Year 2007	135,591.60
Interest Earned - Fiscal Year 2006	127,788.23
Interest Earned - Fiscal Year 2005	86,031.33
Interest Earned - Fiscal Year 2004	7,822.91
Fees Paid - Inception to Date	(9,314.13)
Interest not yet received at 12/31/19	(216,903.74)
Total Cash & Investments	\$ 46,070,741.08

**Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2019**

Deposit History (Inception-to-Date):

<u>Calendar Year</u>	<u>Payment Type</u>	<u>SDCWA (1)</u>	<u>IID</u>	<u>CVWD</u>	<u>Total</u>
2003	Original Payment	\$ 2,340,273.00	\$ 402,069.00	\$ 1,645,504.00	\$ 4,387,846.00
2004	Original Payment	1,032,775.00	-	726,170.00	1,758,945.00
2005	Original Payment	969,146.83	418,191.00	773,682.00	2,161,019.83
2006	Original Payment	848,849.00	574,316.00	924,507.00	2,347,672.00
2007	Advance Payment	4,094,225.00	1,658,950.00	2,878,752.00	8,631,927.00
2007	Original Payment	1,214,878.84	739,432.00	1,058,375.00	3,012,685.84
2008	Advance Payment	2,164,086.00	876,872.00	1,521,623.00	4,562,581.00
2008	Original Payment	-	761,615.00	1,546,371.00	2,307,986.00
2009	Original Payment	7,879,603.00	941,356.00	5,724,756.00	14,545,715.00
2010	Original Payment	2,770,483.00	1,131,196.00	1,947,996.00	5,849,675.00
2011	Original Payment	3,084,803.00	1,331,579.00	2,169,002.00	6,585,384.00
2012	Original Payment	3,496,247.00	1,542,967.00	2,458,299.00	7,497,513.00
2013	Original Payment	5,245,201.00	1,765,841.00	3,688,032.00	10,699,074.00
2014	Original Payment	5,291,989.00	1,818,816.00	3,720,930.00	10,831,735.00
2015	Advance Payment	2,000,000.00	6,500,000.00	1,000,000.00	9,500,000.00
2015	Original Payment	6,076,346.00	1,873,380.00	4,272,431.00	12,222,157.00
2016	Advance Payment	1,800,000.00	5,125,000.00	2,000,000.00	8,925,000.00
2016	Original Payment	8,254,386.00	1,929,582.00	5,803,865.00	15,987,833.00
2017	Advance Payment	1,850,000.00	4,250,000.00	500,000.00	6,600,000.00
2017	Original Payment	8,314,814.00	1,987,469.00	5,531,599.00	15,833,882.00
2018	Advance Payment	1,750,000.00	3,500,000.00	500,000.00	5,750,000.00
2018	Original Payment	6,914,667.00	2,261,221.00	5,195,516.00	14,371,404.00
2019	Advance Payment	1,750,000.00	\$ 2,800,000.00	\$ 1,000,000.00	5,550,000.00
2019	Original Payment	1,060,053.00	\$ 2,473,610.00	\$ 745,350.00	4,279,013.00
	Totals to date:	<u>\$ 80,202,825.67</u>	<u>\$ 46,663,462.00</u>	<u>\$ 57,332,760.00</u>	<u>\$ 184,199,047.67</u>

(1) SDCWA payments shown above are reduced by credits for payments made to the Bureau of Reclamation regarding responsibility for implementation of Conservation and Mitigation Measures for the Colorado River.

Total Outstanding Balance Due as of December 31, 2019				
Payment Schedules ⁽²⁾	SDCWA	IID	CVWD	Total
Nominal amount	\$ 10,835,034	\$ 80,058,154	\$ 9,593,182	\$ 100,486,370
Present value (@ 6%)	\$ 9,186,240	\$ 49,563,740	\$ 8,047,178	\$ 66,797,158

(2) Source: Modification of Payment Schedules per Agreement dated May 20, 2015

Unaudited
**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2019**

Assets:

Cash	\$ 1,070,723
Investments	45,072,605
Mitigation contributions receivable	38,717,699
Interest receivable	<u>28,298,125</u>

Total assets \$ 113,159,152

Liabilities:

Accounts payable	<u>\$ 2,168,100</u>
------------------	---------------------

Deferred inflows of resources:

Unavailable mitigation contributions	<u>66,797,158</u>
--------------------------------------	-------------------

Fund balance:

Unassigned	<u>44,193,894</u>
------------	-------------------

**Total liabilities, deferred inflows of resources,
and fund balance** \$ 113,159,152

Unaudited
**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

Revenues:	
Interest income	\$ 531,459
Mitigation contributions	9,829,013
	<hr/>
Total revenues	10,360,472
	<hr/>
Expenditures:	
Environmental mitigation	2,830,262
Administrative	176
	<hr/>
Total expenditures	2,830,438
	<hr/>
Net changes in fund balance	7,530,034
	<hr/>
Fund balance at beginning of year	36,663,860
	<hr/>
Fund balance at end of year	\$ 44,193,894
	<hr/> <hr/>

Unaudited

**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

Task No.	Mitigation Tasks	Adopted FY 2020 Budget	Total Expenditures	Variance (Remaining)	Percent Complete
1	QSA Implementation Team	\$ -	\$ -	\$ -	0.0%
2	QSA Implementation Team Biologists	1,192,600	305,329	887,271	25.6%
3	Environmental Reporting and Monitoring	530	-	530	0.0%
4	Salton Sea Salinity and Elevation Program	16,020	1,900	14,120	11.9%
5	Salton Sea Mitigation Water to Salton Sea	-	-	-	0.0%
6	Tamarisk Scrub Habitat - Surveys and Mitigation	70,620	4,928	65,692	7.0%
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-	0.0%
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	5,884,147	703,385	5,180,762	12.0%
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-	0.0%
10/10A	Worker Education Program Covered Species Training and Manual	620	-	620	0.0%
11	Desert Habitat Survey and Mapping of Right of Way	32,960	-	32,960	0.0%
12	Desert Habitat Create/Maintain Desert Habitat	-	-	-	0.0%
13	Changes to Operations on IID Canals to Avoid Covered Species	-	-	-	0.0%
14	Burrowing Owl Worker Annual Education and Manual	-	-	-	0.0%
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	3,190	-	3,190	0.0%
16	Burrowing Owl Relative Abundance and Distribution Surveys	238,730	11,550	227,180	4.8%
17	Farmer and Public Education Program	7,090	837	6,253	11.8%
18	Desert Pupfish Abundance and Distribution Study	6,200	-	6,200	0.0%
19/19A	Pupfish Selenium Drain Studies	301,410	67,528	233,882	22.4%
20	Pupfish Construction and Maintenance Conservation Measures	834,300	380	833,920	0.0%
21	Salvage of Razorback Suckers when Dewatering Canals	-	-	-	0.0%
22	Maintain Habitat on Fallowed Parcels	-	-	-	0.0%
23	Covered Species Baseline and Monitoring Surveys	163,770	-	163,770	0.0%
24	Salton Sea Air Quality	6,199,070	1,734,425	4,464,645	28.0%
25	Minimize Dust Emissions from Fallowed Lands	-	-	-	0.0%
26	Drain Connectivity to Salton Sea Elevation Decrease	-	-	-	0.0%
27	Grade Spoil/Roads from Drain Maintenance	-	-	-	0.0%
28	Power Line Markers for Pumpback and Seepage Recovery Systems	-	-	-	0.0%
29	Prepare and Implement Management Plan for Abandoned Portions of AAC	-	-	-	0.0%
30	Southwestern Willow Flycatcher Surveys and Habitat Monitoring	-	-	-	0.0%
31	Elf Owl Surveys	-	-	-	0.0%
32	Desert Tortoise Survey and Avoidance	-	-	-	0.0%
33	Least Tern Surveys	-	-	-	0.0%
34	Rail and Bittern Surveys	-	-	-	0.0%
35	Management and Planning	12,360	-	12,360	0.0%
36	JPA Audit Fees	10,660	-	10,660	0.0%
37	JPA Bank Fees	1,650	176	1,474	10.7%
38	Financial Advisor	-	-	-	0.0%
39	Bond Counsel Fees	-	-	-	0.0%
40	2001 Biological Opinion Measures	-	-	-	0.0%
41	Brown Pelican Coast	-	-	-	0.0%
42	Brown Pelican Sea	-	-	-	0.0%
43	Salton Sea Shoreline Strand Study	-	-	-	0.0%
44	Pupfish Refugium	31,000	-	31,000	0.0%
45	Recreation Facilities at Salton Sea	-	-	-	0.0%
Total Expenditures		\$ 15,006,927	\$ 2,830,438	\$ 12,176,489	18.9%



San Diego County
Water Authority

QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

4677 Overland Avenue • San Diego, California 92123
(858) 522-6732 FAX (858) 522-6565

April 1, 2020

QSA JPA Commission Salton Sea Mitigation Water Predelivery Payback

Staff Recommendation:

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

Fiscal Impact: The fiscal year 2020 budget amount would increase from \$15,006,927 to \$22,050,577. The proposed increase of \$7,043,650 is the original savings amount to the QSA JPA, resulting in no net financial impact.

Discussion:

While not included in the FY 2020 budget, previous budgets have included funding to reimburse IID should it take action to resolve an outstanding issue with the U.S. Bureau of Reclamation (Reclamation) regarding Colorado River water IID pre-delivered to the Salton Sea in 2010 for subsequent years (2011 and 2012) mitigation purposes. IID's 2010 action, using non-conserved water to satisfy mitigation obligations, resulted in a cost savings to the QSA JPA, however resolution of this issue requires IID to restore a like volume of conserved water to Lake Mead. Previously, the QSA JPA Commission agreed that a mid-year budget adjustment would be justified if and when IID utilized conservation to resolve this issue. IID submitted its proposal to restore conserved water to Lake Mead in a December 18, 2019 revision to its water order, which was approved by Reclamation on March 10, 2020. Pending verification by Reclamation of this conservation, IID will submit an invoice for \$7,043,650, the balance of the Salton Sea mitigation water funding. The total expenditures over the impacted budget cycles of the pre-delivery water are equal to the original estimated savings (Table 1), resulting in no net financial impact to the QSA JPA.

Table 1. Summary of Charges Related to 2010 Predelivery Water

Invoice	Volume	Original Payment	Original Savings
Jan-11	26,667	\$ 533,340	\$ 3,982,314
Mar-12	15,000	\$ 300,000	\$ 2,310,000
Mar-13	4,879	\$ 97,580	\$ 751,336
Total Proposed Expense			\$ 7,043,650

QSA JPA staff recommends the Commission authorize a budget increase of \$7,043,650 for Salton Sea mitigation water predelivery payback. There are funds currently available to cover this expense.

Prepared by: Kara Mathews, Chief Administrative Officer

Attachments:

1. Proposed revision to FY 2020 Budget
2. Related invoices

Attachment 1. Proposed Revision to FY 2020 Budget (Proposed changes in Red)

TASK	TASK DESCRIPTION	ADOPTED FY 2020 BUDGET	PROPOSED FY 2020 BUDGET
1	QSA Implementation Team	\$ -	\$ -
2	QSA Implementation Team Biologists	\$ 1,192,600	\$ 1,192,600
3	Environmental Reporting and Monitoring	\$ 530	\$ 530
4	Salton Sea Salinity and Elevation Program	\$ 16,020	\$ 16,020
5	Salton Sea Mitigation Water to Salton Sea	\$ -	\$ 7,043,650
6	Tamarisk Scrub Habitat - Surveys and Mitigation	\$ 70,620	\$ 70,620
7	Drain Habitat - Initial Vegetation and Habitat Surveys	\$ -	\$ -
8	Drain Habitat (Aquatic) - Managed Marsh	\$ 5,884,147	\$ 5,884,147
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	\$ -	\$ -
10/10A	Worker Education Program Covered Species Training & Manual	\$ 620	\$ 620
11	Desert Habitat Survey and Mapping of Right of Way	\$ 32,960	\$ 32,960
12	Desert Habitat Create/Maintain Desert Habitat	\$ -	\$ -
13	Changes to Operations on IID Canals to Avoid Covered Species	\$ -	\$ -
14	Burrowing Owl Worker Annual Education and Manual	\$ -	\$ -
15	Pre-Construction Activity Burrowing Owl Surveys and Relocation	\$ 3,190	\$ 3,190
16	Burrowing Owl Relative Abundance and Distribution Surveys	\$ 238,730	\$ 238,730
17	Farmer and Public Education Program	\$ 7,090	\$ 7,090
18	Desert Pupfish Abundance and Distribution Study	\$ 6,200	\$ 6,200
19/19A	Pupfish Selenium Drain Studies	\$ 301,410	\$ 301,410
20	Pupfish Construction and Maintenance Conservation Measures	\$ 834,300	\$ 834,300
21	Salvage of Razorback Suckers when Dewatering Canals	\$ -	\$ -
22	Maintain Habitat on Fallowed Parcels	\$ -	\$ -
23	Covered Species Baseline and Monitoring Surveys	\$ 163,770	\$ 163,770
24	Salton Sea Air Quality	\$ 6,199,070	\$ 6,199,070
25	Minimize Dust Emissions from Fallowed Lands	\$ -	\$ -
26	Drain Connectivity to Salton Sea Elevation Decrease	\$ -	\$ -
27	Grade Spoil/Roads from Drain Maintenance	\$ -	\$ -
28	Power Line Markers for Pumpback and Seepage Recovery Systems	\$ -	\$ -
29	Prepare/Implement Management Plan for Abandoned AAC	\$ -	\$ -
30	SW Willow Flycatcher Surveys and Habitat Monitoring	\$ -	\$ -
31	Elf Owl Surveys	\$ -	\$ -
32	Desert Tortoise Survey and Avoidance	\$ -	\$ -
33	Least Tern Surveys	\$ -	\$ -
34	Rail and Bittern Surveys	\$ -	\$ -
35	Management and Planning	\$ 12,360	\$ 12,360
36	JPA Audit Fees	\$ 10,660	\$ 10,660
37	JPA Bank Fees	\$ 1,650	\$ 1,650
38	Financial Advisor	\$ -	\$ -
39	Bond Counsel Fees	\$ -	\$ -
40	2001 Biological Opinion Measures	\$ -	\$ -
41	Brown Pelican Coast	\$ -	\$ -
42	Brown Pelican Sea	\$ -	\$ -
43	Salton Sea Shoreline Strand Study	\$ -	\$ -
44	Pupfish Refugium	\$ 31,000	\$ 31,000
45	Recreation Facilities at Salton Sea	\$ -	\$ -
	Total	\$ 15,006,927	\$ 22,050,577

IMPERIAL IRRIGATION DISTRICT

PO BOX 937 • 333 EAST BARIONI BLVD • IMPERIAL CA 92251-0937
800-303-7756 760-355-1112 Fax 760-339-9471 Winterhaven/Bard 760-572-5455 Website: www.iid.com

INVOICE

Customer: QSA-Joint Powers Authority

Invoice Date: 01/13/2011

MISCELLANEOUS BILLING SUMMARY

Current Charges:	<u>AMOUNT</u>
2011 Salton Sea Mitigation Water 26,667 Acre Feet ¹ at \$20/AF ²	<u>\$ 533,340.00³</u>
Total Balance Due⁴	<u>\$ 533,340.00</u>

Notes:

- 1) 40,000 AF required in 2011 if mitigation water developed from fallowing. In 2011, mitigation water is from storage, and therefore mitigation is not required for the fallowing of the mitigation water and the 2011 mitigation requirement is for 26,667 AF.
- 2) Per Exhibit D of QSA JPA Creation and Funding Agreement, 2011 rate per AF is \$4,515,654/40,000 = \$112.89 per AF. If mitigation water from storage, IID rate for delivery to Salton Sea is \$20 per AF.
- 3) Savings to the JPA in 2011 using stored water rather than fallowed water for mitigation is **\$3,982,314.**
- 4) If it is determined that IID cannot use storage for Salton Sea mitigation, a second invoice will be sent adjusting the volume of water and changing the rate per acre foot to match the Exhibit D amount.

2011 Salton Sea Mitigation Water

Total AF Requirement = 40,000 or 26,667 if from storage.¹

2011 Rate per AF = ² \$112.89135 or \$20.00

USBR Accounting

MONTH	USBR Net Sta 60 Delivered to SS Mitigation as measured at the River less Return Flows (Acre Feet)	TOTAL AMOUNT	River Diversion AF	Measured Return Flows AF	Net Sta 60 AF
Jan ³	26,667	\$533,340.00			0
Feb	0	\$0.00			0
Mar	0	\$0.00			0
Apr	0	\$0.00			0
May	0	\$0.00			0
Jun	0	\$0.00			0
Jul	0	\$0.00			0
Aug	0	\$0.00			0
Sep	0	\$0.00			0
Oct	0	\$0.00			0
Nov	0	\$0.00			0
Dec	0	\$0.14			0
TOTAL	26,667	\$533,340.14	0	0	0

¹ 40,000 AF required in 2011 if mitigation water developed from fallowing. If from storage, mitigation requirement is 26,667 AF. If it is determined that IID cannot use storage for mitigation, an adjustment will be made for the 40,000 Af and 2011 rate.

² Per Exhibit D 2011 rate per AF from fallowing = \$4,515,654/40,000. If from storage, 2011 Rate = \$20 per AF.

³ From water stored in 2010.

SS Mitigation Water Comparison

Year	AF	\$	\$/AF	AF From Entitlement	\$/AF	\$	Savings to JPA
2011	40,000	\$4,515,654	\$112.89	26,667	\$20.00	\$533,340.00	\$3,982,314.00

IMPERIAL IRRIGATION DISTRICT

PO BOX 937 • 333 EAST BARIONI BLVD • IMPERIAL CA 92251-0937
800-303-7756 760-355-1112 Fax 760-339-9471 Winterhaven/Bard 760-572-5455 Website: www.iid.com

INVOICE-Included on January JPA Mitigation Bill

Customer: QSA-Joint Powers Authority

Invoice Date: 03/06/2012

MISCELLANEOUS BILLING SUMMARY

Current Charges:	<u>AMOUNT</u>
2012 Salton Sea Mitigation Water, 6 months (January – June) 15,000 Acre-Feet (AF) from storage ¹ at \$20/AF ²	<u>\$ 300,000.00³</u>
Total Balance Due⁴	<u>\$ 300,000.00</u>

Notes:

- 1) 45,000 AF of Salton Sea mitigation water deliveries are required in 2012 if the mitigation water is created from fallowing. If the mitigation deliveries are from storage, the mitigation requirement is reduced by one-third as there is no mitigation required for the fallowing of the mitigation water. When delivered from storage, the six-month delivery requirement of 22,500 AF (.5 x 45,000 AF) in 2012 is reduced by one-third (22,500 x (1-.33)) and totals 15,000 AF.
- 2) Per Exhibit D of QSA JPA Creation and Funding Agreement, 2012 rate per AF is $\$5,219,814/45,000 = \116.00 per AF. If mitigation water is delivered from storage, IID rate for delivery to Salton Sea is \$20 per AF.
- 3) Savings to the JPA in 2012 using stored water rather than fallowed water for mitigation is **\$2,310,000**.
- 4) If it is determined that IID cannot use storage for Salton Sea mitigation, a second invoice will be sent adjusting the volume of water and changing the rate per acre foot to match the Exhibit D amount.

IMPERIAL IRRIGATION DISTRICT

PO BOX 937 • 333 EAST BARIONI BLVD • IMPERIAL CA 92251-0937
800-303-7756 760-355-1112 Fax 760-339-9471 Winterhaven/Bard 760-572-5455 Website: www.iid.com

INVOICE-Included on Jan-Feb JPA Mitigation Bill

Customer: QSA-Joint Powers Authority

Invoice Date: 03/15/2013

MISCELLANEOUS BILLING SUMMARY

Current Charges:	<u>AMOUNT</u>
2012 Salton Sea Mitigation Water Remaining 4,879 Acre-Feet (AF) from 2010 storage delivery ¹ at \$20/AF ²	<u>\$ 97,580.00</u> ³
Total Balance Due ⁴	<u>\$ 97,580.00</u>

Notes:

- 1) 45,000 AF of Salton Sea mitigation water deliveries are required in 2012 if the mitigation water is created from fallowing. If the mitigation deliveries are from storage, the mitigation requirement is reduced by one-third as there is no mitigation required for the fallowing of the mitigation water. When delivered from storage, the delivery requirement of 7,319 AF in 2012 is reduced by one-third ($7,319 \times (1-.33)$) and totals 4,879 AF.
- 2) Per Exhibit D of QSA JPA Creation and Funding Agreement, 2012 rate per AF is $\$5,219,814/45,000 = \116.00 per AF. If mitigation water is delivered from storage, IID rate for delivery to Salton Sea is \$20 per AF.
- 3) Savings to the JPA, on the current billing for 2012 using stored water rather than fallowed water for mitigation is **\$751,336.**
- 4) If it is determined that IID cannot use storage for Salton Sea mitigation, a second invoice will be sent adjusting the volume of water and changing the rate per acre foot to match the Exhibit D amount.