



QSA JPA MEETING

SEPTEMBER 30, 2020

10:00 AM



PRELIMINARY MATTERS

1. Call to Order
2. Roll Call - Determination of Quorum
3. Public Comment



ORGANIZATIONAL MATTERS

4. Commissioner engagement (Information)



ORGANIZATIONAL MATTERS

5. Approve minutes of regular QSA JPA meeting held June 9, 2020 (Action)



FINANCIAL MATTERS

6. Review and accept fiscal year 2020
Audited Financial Report (Action)



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

September 30, 2020

Audit Reports

7

- ❑ Basic Financial Statements
 - ❑ Unmodified opinion dated September 3, 2020
 - ❑ The financial statements and footnotes are presented fairly, in all material respects, in accordance with generally accepted accounting principles
- ❑ Communication to Those in Governance
- ❑ Government Auditing Standards Opinion

Audit Results

8

- ❑ Finance staff was prepared for the audit
- ❑ No journal entries detected as a result of audit procedures
- ❑ No significant deficiencies or material weaknesses identified
- ❑ Contract testing completed

Questions?

Shannon Ayala | Partner

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

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





FINANCIAL MATTERS

7. Treasurer's Report ending June 30, 2020 (Information)

QSA Joint Powers Authority



Quantification Settlement Agreement Joint Powers Authority Treasurer's Report at June 30, 2020

<u>Investment Type</u>	<u>% Limit</u>	<u>% of Portfolio</u>	<u>Amount</u>
Local Agency Investment Fund (LAIF)	\$75M - Maximum	74%	\$ 33,254,031.62
Treasury Securities	100%	7%	3,051,555.84
Medium Term Notes	100%	4%	1,983,521.25
CA Asset Mgmt Program (CAMP)	25%	4%	1,759,307.31
Federal Agency Securities	100%	7%	3,089,235.00
Chandler Managed Account (BNY)	100%	2%	1,095,864.41
Supranationals	100%	1%	501,380.00
Asset Back Securities	100%	1%	256,572.27
CEO Account (Wells Fargo)	100%	0%	10,326.53
Total Cash and Investments		100%	\$ 45,001,794.23
Effective Rate of Return			1.16%
<u>Interest Earnings (Cash and Investments):</u>			
Month Ended			\$ 41,463.55
Fiscal Year to Date			\$ 875,225.18

QSA Joint Powers Authority

Quantification Settlement Agreement Joint Powers Authority Treasurer's Report at June 30, 2020

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	
1/31/2020	Mitigation # 1159		\$ (522,422.28)
2/20/2020	Mitigation # 1160		\$ (238,248.51)
4/08/2020	Mitigation # 1161		\$ (1,397,079.27)
4/16/2020	Mitigation # 1162		\$ (281,765.62)
5/08/2020	Mitigation # 1163		\$ (344,821.43)
6/04/2020	Mitigation # 1164		\$ (524,581.07)
6/30/2020	IID Annual Operating Cost	\$ 1,825,000.00	
	Total Fiscal Year 6/30/2020 (YTD)	\$ 11,654,013.00	\$ (8,417,595.87)
	Totals to date:	\$ 186,024,047.67	\$ (144,420,995.42)

QSA Joint Powers Authority

Quantification Settlement Agreement Joint Powers Authority Treasurer's Report at June 30, 2020

Deposit History (Inception-to-Date):

Calendar Year	Payment Type	SDCWA (1)	IID	CVWD	Total
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
2020	Advance Payment	-	1,825,000.00	-	1,825,000.00
		-	-	-	-
	Totals to date:	<u>\$ 80,202,825.67</u>	<u>\$ 48,488,462.00</u>	<u>\$ 57,332,760.00</u>	<u>\$ 186,024,047.67</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 June 30, 2020				
Payment Schedules ⁽²⁾	SDCWA	IID	CVWD	Total
Nominal amount	\$ 10,835,034	\$ 78,233,154	\$ 9,593,182	\$ 98,661,370
Present value (@ 6%)	\$ 9,449,334	\$ 49,198,828	\$ 8,288,594	\$ 66,936,756

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



FINANCIAL MATTERS

8. Financial Report ending June 30, 2020 (Information)

QSA Joint Powers Authority

QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

BALANCE SHEETS GENERAL FUND JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 45,177,715	\$ 40,953,611
Mitigation contributions receivable	36,892,699	44,916,036
Interest receivable	<u>30,198,622</u>	<u>29,775,193</u>
Total assets	<u>\$ 112,269,036</u>	<u>\$ 115,644,840</u>
Liabilities:		
Accounts payable	<u>\$ 11,105,331</u>	<u>\$ 4,446,517</u>
Deferred inflows of resources:		
Unavailable mitigation contributions	<u>66,936,755</u>	<u>74,534,463</u>
Fund balance:		
Unassigned	<u>34,226,950</u>	<u>36,663,860</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 112,269,036</u>	<u>\$ 115,644,840</u>

QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues			
Interest income	\$ 700,000	\$ 996,141	\$ 296,141
Mitigation contributions	9,829,013	11,654,013	1,825,000
Total revenues	<u>10,529,013</u>	<u>12,650,154</u>	<u>2,121,141</u>
Expenditures			
Current:			
Environmental mitigation	<u>22,050,577</u>	<u>15,087,064</u>	<u>6,963,513</u>
Net change in fund balance	(11,521,564)	(2,436,910)	9,084,654
Fund balance - beginning of year	<u>36,663,860</u>	<u>36,663,860</u>	<u>-</u>
Fund balance - end of year	<u>\$ 25,142,296</u>	<u>\$ 34,226,950</u>	<u>\$ 9,084,654</u>

QSA Joint Powers Authority

QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT EXPENDITURES FISCAL YEAR ENDED JUNE 30, 2020

No.	Mitigation Tasks	Amended FY 2020 Budget	Total Expenditures	Variance
1	QSA Implementation Team	\$ -	\$ -	\$ -
2	QSA Implementation Team Biologists	1,192,600	910,337	282,263
3	Environmental Reporting and Monitoring	530	-	530
4	Salton Sea Salinity and Elevation Program	16,020	4,129	11,891
5	Salton Sea Mitigation Water to Salton Sea	7,043,650	7,043,618	32
6	Tamarisk Scrub Habitat - Surveys and Mitigation	70,620	4,928	65,692
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	5,884,147	2,208,448	3,677,699
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-
10/10A	Worker Education Program Covered Species Training and 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	208,984	31,746
17	Farmer and Public Education Program	7,090	2,437	4,653
18	Desert Pupfish Abundance and Distribution Study	6,200	17,653	(11,453)
19/19A	Pupfish Selenium Drain Studies	301,410	118,586	182,824
20	Pupfish Construction and Maintenance Conservation Measures	834,300	4,234	830,066
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	4,553,484	1,645,586
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 and Implement Management Plan for Abandoned Portions of AAC	-	-	-
30	Southwestern 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	10,560	100
37	JPA Bank Fees	1,650	2,495	(845)
38	Financial Advisor	-	-	-
39	Bond Counsel Fees	-	-	-
40	2001 Biological Opinion Measures	-	-	-
41	Brown Pelican Coast	-	-	-
42	Brown Pelican Sea	-	1,171	(1,171)
43	Salton Sea Shoreline Strand Study	-	-	-
44	Pupfish Refugium	31,000	-	31,000
45	Recreation Facilities at Salton Sea	-	-	-
Total Expenditures		\$22,050,577	\$ 15,087,064	\$ 6,963,513



IMPLEMENTATION

8. Status report on implementation of mitigation measures (Information)



IMPLEMENTATION

9. Update on Red Hill Bay Notices of Violation (Information)



IMPLEMENTATION

10. Update on State's Salton Sea Management Program (Information)



STATE OF CALIFORNIA
SALTON SEA
MANAGEMENT PROGRAM

THE SALTON SEA MANAGEMENT PROGRAM UPDATE

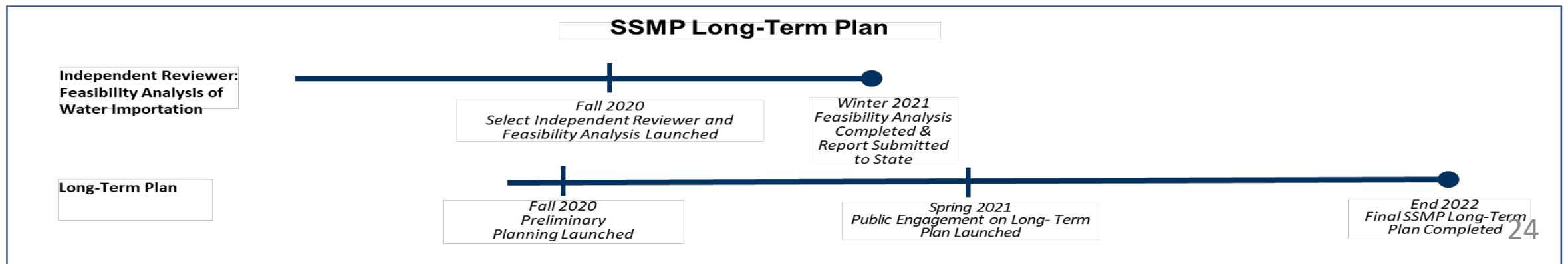
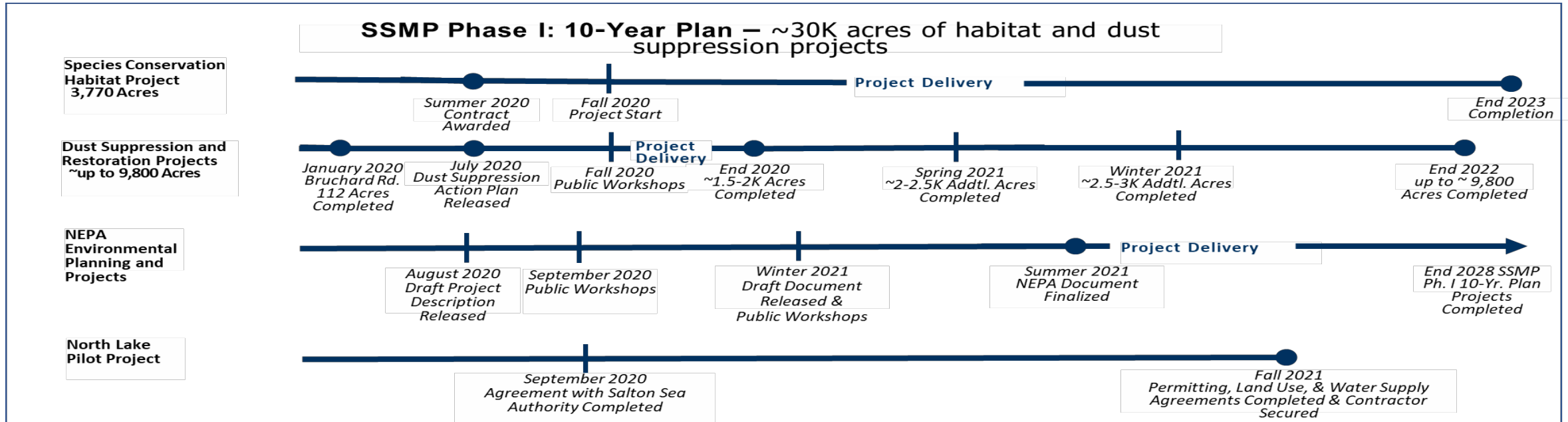
QSA JPA Meeting

Gail Sevrens, Salton Sea Program Manager
September 30, 2020

Overview – Program Priorities

- **Making significant, visible progress on implementing the Salton Sea Management Program’s Phase 1: 10-Year Plan**
- **Establishing a long-term pathway beyond 10-Year Plan**
- **Building the capacity of SSMP team**
- **Strengthening partnerships with local leaders and communities**

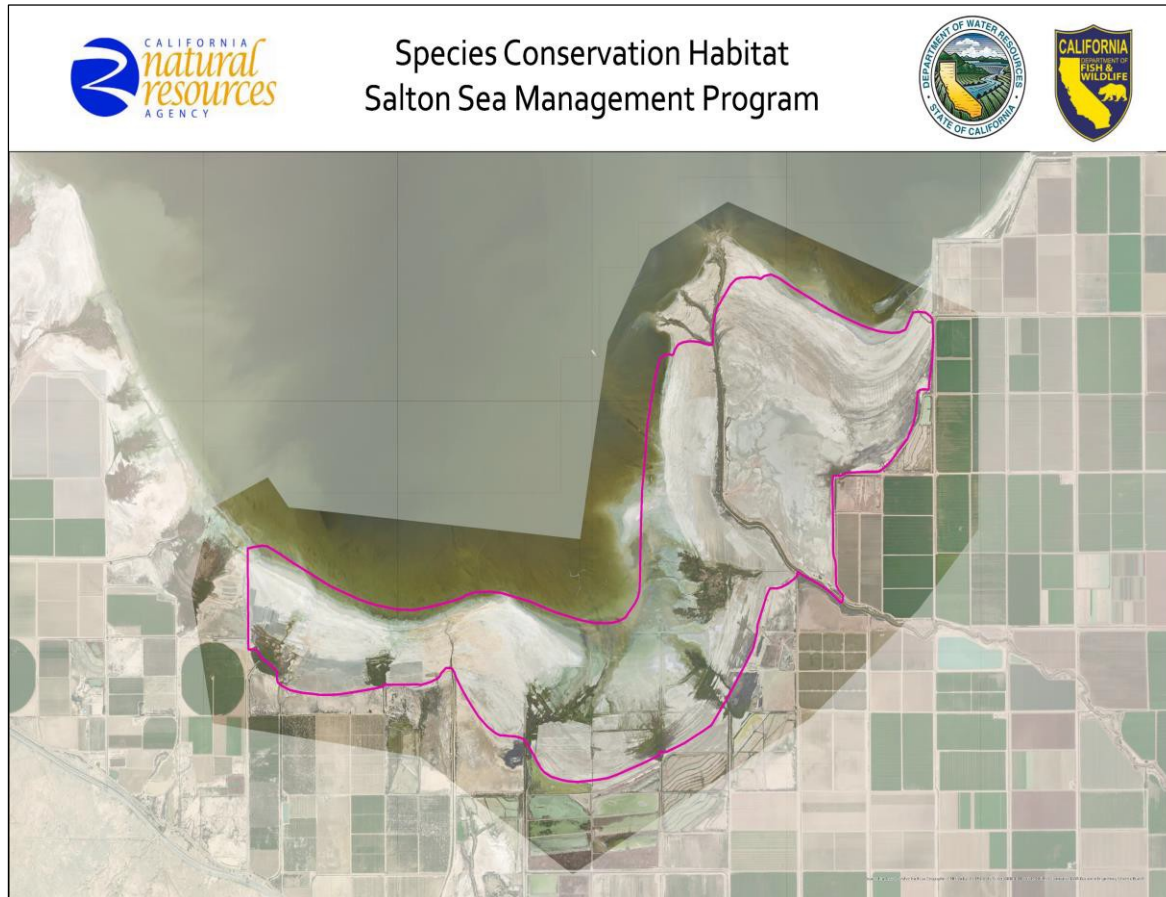
Salton Sea Management Program Project Delivery Timeline



Priority

Making significant, visible progress on implementing the Salton Sea Management Program's Phase 1: 10-Year Plan

Making Progress: Construct Species Conservation Habitat (SCH) Project



- Create habitat and suppress dust on approximately 3,770 acres of exposed lakebed.
- Kiewit Infrastructure West Co. selected in July as best-value design-build entity. Contract executed in September.
- Work to begin this fall; construction completed by 2023.

Making Progress: Complete Several Thousand Acres of Dust Suppression and Restoration Projects

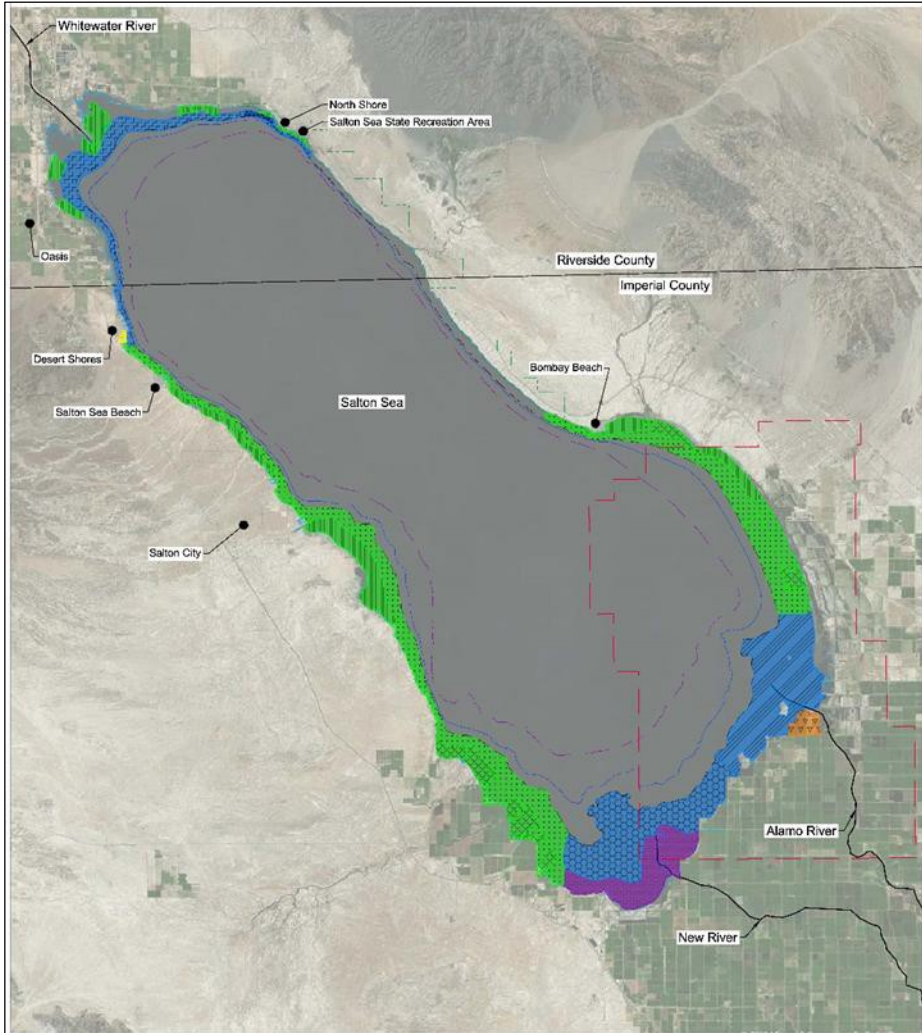
- Dust Suppression Action Plan released in July following five public workshops, 30-day public comment period, meetings with agencies and major landowners, and tribal consultation
- Project delivery through end of 2022

Salton Sea Management Program: Dust Suppression Action Plan

July 31, 2020



Making Progress: Complete Environmental Planning for SSMP 10-Year Plan Projects



- SSMP and U.S. Army Corps of Engineers completing NEPA:
 - August/September 2020: Release Draft Project Description, hold public workshops
 - Winter 2021: Release Draft Environmental Assessment, hold public workshops
 - Summer 2021: Issue Final Environmental Assessment
- Comprehensive NEPA compliance enables implementation of 10-Year Plan projects, such as:
 - **Aquatic habitat** around SCH and Alamo River
 - **North Lake Project**, including first phase 156-acre North Lake Demonstration Project
 - **Dust Suppression and Restoration Projects** on exposed lakebed around perimeter of Sea

Priority

***Establishing Long-term Pathway
Beyond 10-Year Plan***

Establishing Long-Term Pathway: *Advance Development of Long-Term Plan*



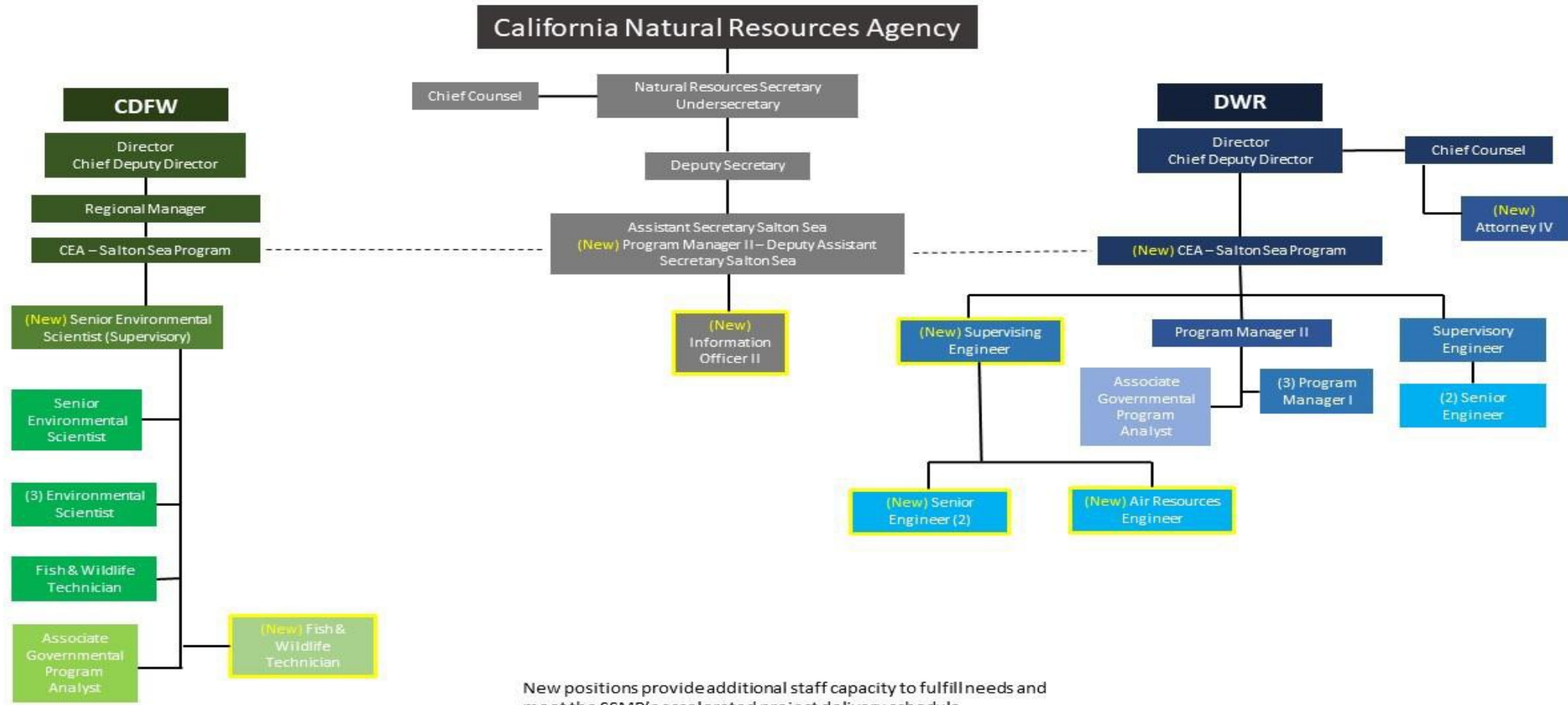
- Develop Long-Term Plan to establish a strategy for long-term restoration
- Evaluate range of feasible restoration alternatives to inform Plan, including project build-out based on projected future water inflows to a potential whole-sea alternative based on water importation, if feasible.
- Path Forward:
 - Fall 2020: Select Independent Reviewer and begin feasibility analysis of water importation.
 - Spring 2021: Launch public engagement on Long-Term Plan.
 - Winter 2021: Complete feasibility analysis of water importation.
 - End of 2022: Complete final Long-Term Plan and submit to the SWRCB.

Priority

Building the capacity of SSMP team

Building Capacity:

Enhance organizational capacity to increase the pace and scale of ecological restoration



New positions provide additional staff capacity to fulfill needs and meet the SSMP's accelerated project delivery schedule

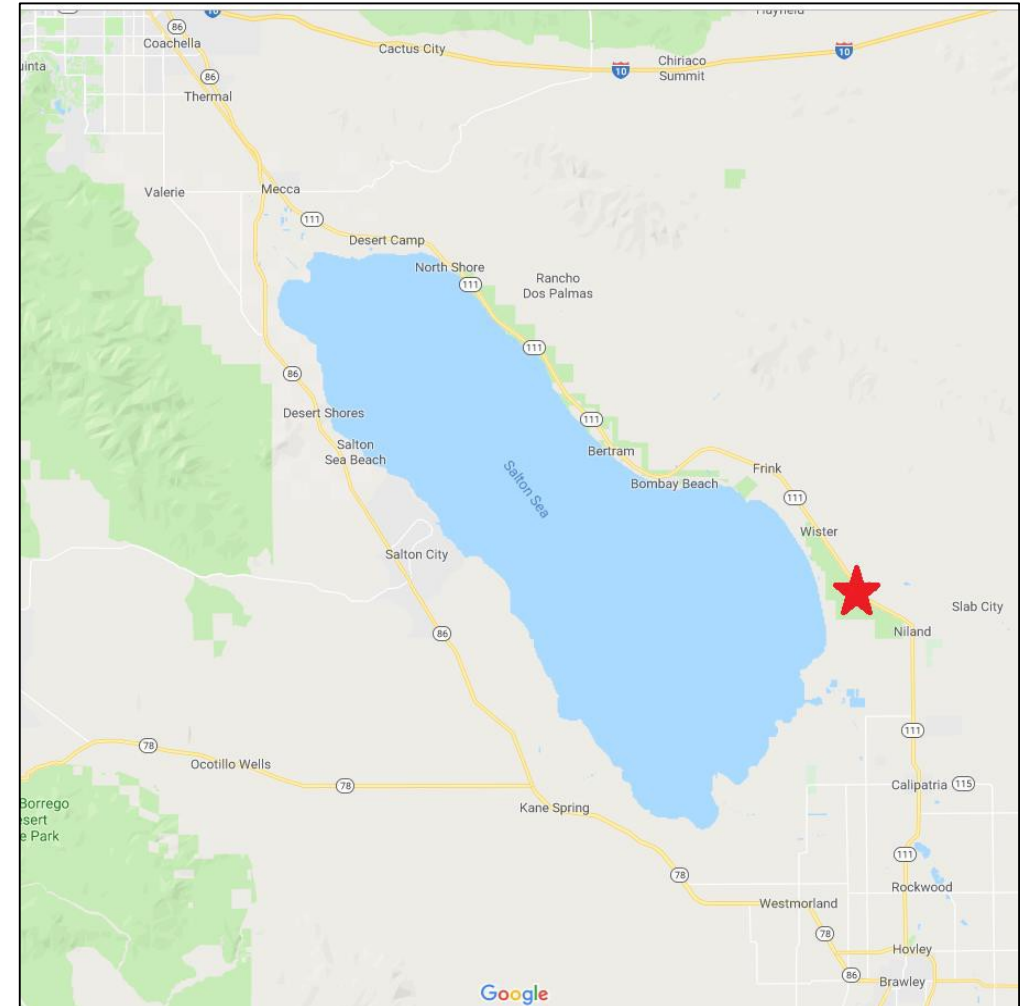
----- Indicates direct communication

□ Indicates SSMP Local Office

Draft

Building Capacity: *Establish Temporary Local Salton Sea Office – Wister Wildlife Area*

- Enhance business operations and increase SSMP local presence
- Centrally located to all current and future state-funded habitat and air quality projects
- Centralized location to key communities
- State-owned public facility
- Short lead time compared to other options



Building Capacity:

Establish Temporary Local Salton Sea Office – Wister Wildlife Area

Key Locations	Distance from Wister in miles
New River (SCH)	20
SBNWR	12
Alamo River	8
California State Recreational Area	25
Whitewater River (North Lake)	35

Nearest Communities	Distance from Wister in miles
Bombay Beach	12
Brawley, CA	25
Westmorland	27
El Centro	45
Coachella Valley (Indio)	50
Palm Springs	70

Priority

***Strengthening partnerships with local leaders
and communities***

Strengthening Partnerships: Community Engagement



Strengthening Partnerships: *Engaging with Partners*



- Memorandum of Understanding (MOU) with Salton Sea Authority – North Lake
- MOU with Imperial County Air Pollution Control District – Desert Shores

In Closing



- Ongoing challenges, including air quality issues magnified by COVID-19 pandemic, demand focused, urgent and collaborative work
- SSMP Team is laser-focused to scale up and make significant progress to deliver several thousand acres of priority projects
- Simultaneously developing path forward for long-term restoration of the Sea beyond the 10-Year Plan
- Significantly enhancing organizational and operational capacity
- Strengthening partnerships with local leaders and communities to complete projects that improve conditions for local communities and fish and wildlife dependent on Sea.



11. Adjourn