



QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY REGULAR MEETING AGENDA WEBINAR/CONFERENCE CALL

March 23, 2022

3:00 PM

Webinar link: [Click here to join the meeting](#)

Conference Call Number: (619) 483-4264 Conference ID Number: 523 142 501#

LOCATION

AS PERMITTED UNDER AB 361, IN AN EFFORT TO PROTECT PUBLIC HEALTH, PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND BECAUSE STATE AND/OR LOCAL OFFICIALS ARE RECOMMENDING MEASURES TO PROMOTE SOCIAL DISTANCING, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY VIEW OR LISTEN TO THIS MEETING ONLINE AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE PHONE NUMBER LISTED ABOVE (LIMITED TO 3 MINUTES) OR PRIOR TO THE MEETING BY E-MAILING COMMENTS TO THE QSA JPA GENERAL COUNSEL AT JEFF.FERRE@BBKLAW.COM AND IT WILL BE READ ALOUD AT THE PUBLIC COMMENT PERIOD (LIMITED TO 3 MINUTES).

PRELIMINARY MATTERS

1. Action: Adopt Resolution No. 2022-____ of the Commission of the Quantification Settlement Agreement Joint Powers Authority Authorizing Remote Teleconference/Virtual Meetings of the Legislative Body for the Period of March 23, 2022 to April 22, 2022 Pursuant to Brown Act Provisions (Jeff Ferre, BBK)
2. Call to Order
3. Roll Call - Determination of Quorum
4. Public Comment - Opportunity for members of the public who wish to address the Authority on matters within the Authority's jurisdiction

ORGANIZATIONAL MATTERS

5. Action: Approve minutes of regular QSA JPA meeting held January 6, 2022 (Alexi Schnell, SDCWA)
6. Information: Streamlined process for routine professional services invoices (Dennis Davis, SDCWA)

FINANCIAL MATTERS

7. Information: Fiscal Year 2022 Audit Engagement (Chris Woidzik, SDCWA and Shannon Ayala, Davis Farr)
8. Information: Treasurer's Report ending December 31, 2021 (Chris Woidzik, SDCWA)
9. Information: Financial Report ending December 31, 2021 (Chris Woidzik, SDCWA)

IMPLEMENTATION

10. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)
11. Information: Managed Marsh land valuation (Tina Shields, IID)
12. Information: Update on State Salton Sea Management Program (Miguel Hernández, CNRA)
13. Adjourn

NOTE: All items identified as information, discussion, or action items on the agenda may be deliberated by and become subject to consideration and alternative action by the QSA Joint Powers Authority. This meeting may be recorded.

MEMORANDUM

TO: QSA JPA Commissioners

FROM: General Counsel

RE: Adoption Of Resolution No. 2022 ____ Of The Commission Of The Quantification Settlement Agreement Joint Powers Authority (“Authority”) Re-Authorizing Remote Teleconference/Virtual Meetings Of The Legislative Body For The Period Of March 23, 2022 to April 22, 2022 Pursuant To Brown Act Provisions.

DATE: March 23, 2022

Summary:

The Governor has signed AB 361 which sets forth the process by which public agencies can continue to engage in virtual meetings so long as certain criteria remain in place, which are the result of the COVID State of Emergency. This legislation took effect immediately and will sunset January 1, 2024. AB 361 also applies during other emergencies, such as fires or earthquakes.

Recommendation:

That the Commission adopt Resolution No. 2022 _____ Re-Authorizing Remote Teleconference/Virtual Meetings Of The Authority’s Legislative Body For the Period Of March 23, 2022 to April 22, 2022.

Summary:

Under AB 361, the Authority may use teleconferencing/virtual meetings (no physical location required). AB 361 does not include the remote agenda posting and remote public access requirements which normally apply for teleconferenced meeting under the Brown Act provisions which predate COVID-19.

The authority to implement AB 361 must be re-established every 30 days. As a condition of extending the use of the provisions found in Government Code Section 54953(e), the Commission must reconsider the circumstances of the State of Emergency that exist.

The current circumstances exist. On March 4, 2020, the Governor proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19 and that State of Emergency remains in effect. In addition, state officials have issued orders imposing or recommending social distancing measures for certain individuals and in certain situations. For example, and not by way of limitation, social distancing is referenced in guidance on vaccine doses for persons who are immunocompromised and in certain situations under general industry safety orders.

Furthermore, the state legislature has made findings that by removing the requirement that public meetings be conducted at a primary physical location with a quorum of members present, AB 361 protects the health and safety of civil servants and the public and does not preference the experience of members of the public who might be able to attend a meeting in a physical location over members of the public who cannot travel or attend that meeting in a physical location.

Since the next Commission meeting will take place after the 30-day period expires, a similar resolution will need to be adopted at the beginning of the next Commission meeting along the same lines as what is being recommended for this current meeting.

RESOLUTION NO. 2022-XX
A RESOLUTION OF THE COMMISSION OF THE
QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY
RE-AUTHORIZING REMOTE TELECONFERENCE/VIRTUAL MEETINGS OF THE
LEGISLATIVE BODY FOR THE PERIOD OF MARCH 23, 2022 TO APRIL 22, 2022
PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, the Commission of the Quantification Settlement Agreement Joint Powers Authority (“Authority”) is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, meetings of the Commission (“Legislative Body”) are open and public, as required by the Ralph M. Brown Act (Government Code Sections 54950 – 54963); and

WHEREAS, the Brown Act makes provisions for remote teleconferencing participation subject to the existence of certain conditions. A required condition is that a state of emergency is declared by the Governor. It is further required that state or local officials have imposed or recommended measures to promote social distancing, or, meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board previously adopted Resolution No. 2022-01 on January 6, 2022, finding that the requisite conditions exist for the Legislative Body to conduct remote teleconference/virtual meetings without compliance with Government Code Section 54953(b)(3); and

WHEREAS, as a condition of extending the use of the provisions found in Government Code Section 54953(e), the Legislative Body must reconsider the circumstances of the State of Emergency that exist, and the Legislative Body has done so; and

WHEREAS, such conditions persist in the Authority, specifically, on March 4, 2020, the Governor proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19 and that State of Emergency remains in effect. In addition, state officials have issued orders imposing or recommending social distancing measures for certain individuals and in certain situations. For example, and not by way of limitation, social distancing is referenced in guidance on vaccine doses for persons who are immunocompromised and in certain situations under general industry safety orders. Furthermore, the state legislature has made findings that by

removing the requirement that public meetings be conducted at a primary physical location with a quorum of members present, AB 361 protects the health and safety of civil servants and the public and does not preference the experience of members of the public who might be able to attend a meeting in a physical location over members of the public who cannot travel or attend that meeting in a physical location; and

WHEREAS, as a consequence of the State of Emergency and the social distancing recommendations mentioned above, the Authority shall conduct its Commission meetings without compliance with Government Code Section 54953(b)(3), as authorized by Government Code Section 54953(e), and said Legislative Body shall comply with the requirements to provide the public with access to the meetings as prescribed in Government Code Section 54953(e)(2); and

WHEREAS, as permitted under AB 361, the Authority will provide the public with the ability to listen and view Commission meetings online or virtually. Members of the public who wish to provide comment may make comments virtually.

NOW THEREFORE, BE IT RESOLVED by the Commission of the Authority that this Commission finds and determines:

1. The Recitals in this Resolution are true and correct and the Commission so finds, determines and represents. Said Recitals are incorporated herein and made a part of this Resolution.
2. The Legislative Body, as well as the Chief Administrative Officer or her designee, are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.
3. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of: (a) April 22, 2022; or (b) such time as the Board adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the Legislative Body may continue to teleconference without compliance with Government Code Section 54953(b)(3).

4. If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Commission hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

PASSED AND ADOPTED on this 23rd day of March 2022, at a Regular Meeting of the Commission, by the following roll call vote:

AYES: _____, _____, _____, _____, _____

NOES: _____

ABSENT: _____

ATTEST:

Alexi Schnell

Chief Administrative Officer



**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
VIRTUAL MEETING MINUTES
January 6, 2022 at 1:00 p.m.**

Commissioners and Alternates present:

Jim Barrett, Coachella Valley Water District (CVWD) – Commissioner
Henry Martinez, Imperial Irrigation District (IID) – Commissioner
Robert Cheng, Coachella Valley Water District (CVWD) – Alternate Commissioner
Kelly Rodgers, San Diego County Water Authority (SDCWA) – Alternate Commissioner
Tina Shields, Imperial Irrigation District (IID) – Alternate Commissioner

QSA JPA staff present:

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

Others present:

Shannon Ayala, Davis Farr	Wendy Joplin, SDCWA
Dennis Davis, SDCWA	Alan Okewole, SDCWA
Miguel Hernández, California Natural Resources	Alexi Schnell, SDCWA
Agency (CNRA)	Jessica Schroeder, CNRA
Joanna Hoff, IID	Darren Simon, SDCWA
Jessica Humes, IID	Chris Woidzik, SDCWA

PRELIMINARY MATTERS

1. Action: Adopt Resolution No. 2022-01 of the Commission of the Quantification Settlement Agreement Joint Powers Authority Authorizing Remote Teleconference/Virtual Meetings of the Legislative Body for the Period of January 6, 2022 to February 4, 2022 Pursuant to Brown Act Provisions
Commissioner Barrett made a motion to adopt the resolution, which was seconded by Alternate Commissioner Rodgers. The resolution was adopted unanimously by a roll call vote.
2. Call to Order
Alternate Commissioner Rodgers, on behalf of Chair Arturo Delgado, called the meeting to order at 1:05 p.m.
3. Roll Call
There was a quorum of the Commission present at the time of the meeting.
4. Public Comment
There were no public comments at that time.

ORGANIZATIONAL MATTERS

5. Action: Approval of Minutes of Regular QSA JPA Meeting Held October 4, 2021

Commissioner Barrett made a motion to approve the minutes, which was seconded by Commissioner Martinez. The minutes were approved unanimously by a roll call vote.

FINANCIAL MATTERS

6. Action: Review and accept fiscal year 2021 Audited Financial Report (Shannon Ayala, Davis Farr)

Ms. Ayala presented information regarding the Audited Financial Statements for the QSA JPA issued on June 30, 2021. Davis Farr issued an unmodified audit opinion dated September 10, 2021, the highest level that can be received and indicates the financial statements and footnotes were presented fairly, in all material respects, in accordance with generally accepted accounting principles. Davis Farr also issued two letters: Communication to Those in Governance and Government Auditing Standards Opinion. Ms. Ayala stated that finance staff was well prepared, and no journal entries were detected as a result of the audit process. In addition, a detailed interest receivable review and cash disbursement testing were performed with no exceptions found.

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, 2021 (Chris Woidzik, SDCWA)

Mr. Woidzik informed the Commission that the audit report would be uploaded to the QSA JPA website following the meeting.

Mr. Woidzik provided a review of the Treasurer's Report ending September 30, 2021. The quarter ended with \$31.8 million in cash and investments. The majority of that was in asset-backed securities of approximately \$22 million, held by Chandler Asset Management amongst others (Chandler is currently investing \$20 million), with the remainder of \$9.7 million in the Local Agency Investment Fund (LAIF). The effective rate of return is approximately 0.8%, and the interest received was about \$60,000. No deposits were made in the quarter and four invoices were paid totaling approximately \$1.9 million. The total outstanding balance due was \$91.8 million, or \$64.5 million at net present value at 6%.

8. Information: Financial Report ending September 30, 2021 (Chris Woidzik, SDCWA)

Mr. Woidzik provided a review of the Financial Report ending September 30, 2021. Total assets were \$95.7 million with \$778,585 in liabilities. Unavailable mitigation contributions were \$64 million, and the total fund balance was \$31 million. Total revenues were \$1.5 million and total expenditures \$681,188. Approximately 6% of the budget was spent to date. He concluded with a summary of expenses on Tasks 2, 8 and 24, as included in the Budget Status Report.

IMPLEMENTATION

9. Information: Status report on implementation of mitigation measures (Jessica Humes, IID)

Ms. Humes provided an update on various mitigation measures:

Task 8 – Drain Habitat (Aquatic) –Managed Marsh Complex: IID completed all tree planting at the end of 2021, marking the official completion of Phase 3. In Spring or Fall 2022, IID plans to do supplemental planting at all phases of the project to replace any dead trees.

Task 15 – Pre-Construction Activity Burrowing Owl Surveys and Relocation: IID reported performing pre-activity inspections to facilitate ongoing construction activities. There have been no issues to date.

Task 24 – Salton Sea Air Quality Mitigation: IID is still in the planning phase of the Clubhouse shallow groundwater test well and is in the process of obtaining a building permit from Imperial County for the project. Construction of the well is anticipated to start two weeks following the issuance of the building permit. IID has completed its solicitation for surface roughening and plans to start construction in Spring 2022.

IID is engaged in ongoing performance monitoring around the Salton Sea. IID collected LiDAR and aerial imagery that will help determine what the Salton Sea's elevation was at the end of 2021 and expects to report at the next meeting on what the total playa acreage was at the end of 2021.

IID has also been working on surface roughening and vegetation design and planning for the Red Hill Bay project area to meet the Imperial County Air Pollution Control District's Best Available Control Measures requirements.

10. Information: Update on Managed Marsh negotiations (Jeff Ferre, BBK and Tina Shields, IID)

Alternate Commissioner Rodgers gave some preliminary remarks and background regarding Alternate Commissioner Shields' request for Commission input on next steps to convey a property interest in the Managed Marsh Complex property underlying the managed marsh from IID to the QSA JPA.

Mr. Jeff Ferre (QSA JPA Legal Counsel) reported that he was tasked by the Commission at the October 4, 2021 meeting to provide the legal steps under the Joint Powers Agreement that could facilitate the conveyance of the Managed Marsh Complex property to the QSA JPA, either via a conservation easement or a land purchase. Mr. Ferre explained that the Joint Powers Agreement provides flexibility via several options to reimburse IID for the value of the subject property, including a credit of the property's purchase price towards IID's scheduled payment obligations for the QSA JPA. Mr. Ferre stated that the JPA Creation and Funding Agreement contains procedures to allow for a budget amendment, if needed, to reflect a credit towards IID's scheduled payments.

Alternate Commissioner Shields commented that it is now her understanding that obtaining the conservation easement and the transfer of the property are not necessarily linked processes. She suggested that the Commission could proceed on determining a dollar value for purposes of reimbursing IID for the property while separately working on obtaining a conservation easement for the property. Alternate Commissioner Shields explained that IID is working with the resource agencies to prepare a subsurface report that satisfies specific criteria requested by the resource agencies (subsurface rights to the subject property are not owned by IID).

As for next steps, Alternate Commissioner Shields offered to have IID staff provide the Commission with a proposed valuation of the subject property with supporting rationale.

Commissioner Barrett agreed with the notion of reimbursing IID for the conservation easement; however, he inquired what agency would become the property owner if the land was transferred.

Alternate Commissioner Shields responded that the landowner would be the California Department of Fish and Wildlife on behalf of the state. She noted that any effort to transfer the property will be complicated by the subsurface rights to the subject property, and it does appear that a conservation easement would be the easier option (versus a land purchase).

Commissioner Barrett clarified that under the conservation easement option, the land would remain with IID with a conservation easement recorded against the property. Commissioner Barrett then expressed interest in having a third-party appraisal rather than having IID appraise the property itself.

Alternate Commissioner Shields replied that if the Commission desired a third-party appraisal, she could support it; however, she noted that the QSA JPA has paid for several past appraisals of the property. Alternate Commissioner Shields offered to provide the prior appraisals as an alternative to seeking a new appraisal.

Commissioner Barrett inquired as to what the issues were with the prior appraisals.

Alternate Commissioner Shields replied that she does not believe there were any problems with prior appraisals. Commission action on prior appraisals was delayed due to concerns that the Commission needed to first identify who would hold title or a conservation easement before it could move forward with the conveyance.

Mr. Ferre commented that the Environmental Cost Sharing Agreement Section 1.2.4 provides that the cost of real property shall be determined by its fair market value as defined under the Code of Civil Procedure sections governing eminent domain. Outside of an actual eminent domain proceeding, an appraisal is not legally required, but the QSA JPA could still conduct an appraisal of the property, if desired. Mr. Ferre explained that if the value of the property is being called into question based on what it could have been used for, the Commission would need to look at the eminent domain law, not to invoke eminent domain, but to look at the valuation of the project under eminent domain law. Mr. Ferre explained that the Commission could avoid having to use the eminent domain valuation procedures if there is consensus as to the appraised value of the property.

Alternate Commissioner Shields replied that she intended to share what IID believes is the current valuation of the property, accompanied by a summary report that references the past appraisals of the property and other things that IID has seen in its service area for the Commission's consideration.

Commissioner Martinez asked Alternate Commissioner Shields for the details of the most recent appraisal of the property, including the cost of the appraisal.

Alternate Commissioner Rodgers recommended two options to help prepare this item for Commission action at the next QSA JPA meeting: (1) IID provides the former appraisals and an estimate of what IID would currently value the property based on the former appraisals for the Commission's consideration, or (2) the Commission can confirm the cost for a new appraisal.

Mr. Ferre, commenting on Alternate Commissioner Rodgers suggested actions, recommended that the Commission should review IID's estimate, and, if challenges arise, the Commission should then explore the option of seeking a new appraisal that will address any outstanding concerns. Mr. Ferre explained that an agreement could be drafted stating that the Commission is going to hire a new appraiser and agree to use the results of the appraisal, or the Commission and IID can hire their own appraisers and determine who appoints a third appraiser and who gives the final appraised value for the property.

Alternate Commissioner Rodgers confirmed next steps for the following Commission meeting to include receipt of IID's property evaluation report that will be added to the meeting agenda packet, and that Mr. Ferre will assist with drafting the agenda item description for IID's report.

Mr. Ferre and the Commission expressed agreement with the plan.

Alternate Commissioner Shields added that it would be ideal if the Commission could decide on the reimbursement by the end of the current fiscal year (2022). This would allow the Commission to include the reimbursement to IID in the budget for next fiscal year, thereby avoiding the need to later amend the QSA JPA fiscal year 2023 budget. Alternate Commissioner Shields stated that IID likely will not seek reimbursement, but instead ask the Commission to apply the amount owed against IID's future QSA JPA contributions.

11. Information: Update on State Salton Sea Management Program (Miguel Hernández, CNRA)

Mr. Miguel Hernández, the Public Affairs Officer for the Salton Sea Management Program at CNRA, provided the SSMP Update. Mr. Hernández reported the following items to the Commission:

Salton Sea Species Conservation Habitat (SCH) Project: A tour of the project was held on December 10, 2021, to highlight the progress of the project and major milestones. Many attended the tour including, but not limited to, Commissioner Martinez in his role as IID's General Manager, several community-based groups, Imperial County officials, and Assemblymember Eduardo Garcia.

Long-Range Plan: On December 14 and 21, 2021, the state initiated long-range planning committee meetings to discuss high-level topics like the purpose of the long-range plan, the charter for the committee, and how the committee will manage itself and the future meeting schedule. These meetings will be open to the public and allow for public comment. In addition, there will be other opportunities for community feedback to ensure maximum public participation on developing the long-range plan.

USBR Vegetation Enhancement Projects: On December 29, 2021, the state initiated the vegetation enhancement project that aims to establish approximately 1,700 acres of native vegetation across several locations around the Salton Sea, including Salton City: Clubhouse, Tule Wash, and Bombay Beach. Work has started at the Clubhouse location including placing straw bales for wind protection to facilitate plant growth and improve plant survival rates. Work is expected to continue for the next two to three years.

Annual Report: CNRA team is working diligently on completing and delivering its annual report to the State Water Resources Control Board, which highlights the state's progress on projects for the sea. The report is expected to be available to the public no later than the first week of February 2022. The CNRA team expects to have a community workshop to review the key contents of the report.

Mr. Hernández concluded his update with a reminder that the next Engagement Committee Meeting is expected to occur towards the end of January 2022.

Commissioner Martinez commented on the success of the tour, specifically acknowledging the amount of work completed by the state and the level of engagement with the community. Commissioner Martinez encouraged the CRNA team to continue to engage and maintain communication with the community.

12. Adjournment

Before the meeting was adjourned, Alternate Commissioner Rodgers announced that she would be transitioning the CAO role to Alexi Schnell and that the Commission can expect a memo before the next quarterly meeting regarding the transition.

The meeting was adjourned at 1:51 p.m.

DRAFT



QUANTIFICATION SETTLEMENT AGREEMENT JOINT POWERS AUTHORITY

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

March 16, 2022

To: Quantification Settlement Agreement Joint Powers Authority (QSA JPA) Commissioners and Member Agency Staff (Staff)

Subject: Streamlined Process for Routine Professional Services Invoices (Information)

Fiscal Impact: None.

Background:

The Water Authority serves as the administrative and financial arm of the QSA JPA and is responsible for managing the QSA JPA's funds and expenses, which in part includes processing invoices. Water Authority staff currently provides 14-day advance notice via email to the QSA JPA Commissioners (Commissioners) and member agency staff for all QSA JPA invoices to allow for comments and resolution of comments before processing invoices for payment.

Discussion:

To increase efficiencies and eliminate redundant emails to Commissioners and staff, Water Authority staff intends to streamline the processing of certain, routine QSA JPA professional services invoices by curtailing the advance notice process. The affected invoices correspond to the budgeted expenditures shown in Table 1 below. These expenditures are relatively small, with a cumulative total of \$39,770 for FY 2022 (0.3% of the total FY 2022 budget of \$11,698,380 as depicted in Table 2). Additionally, invoices for these expenditures rarely, if ever, are a source of substantial questions or concerns from the Commissioners or staff. As an exception, advance notice will still be provided in the event an invoiced amount exceeds the adopted budget. Note there are no changes proposed for processing invoices for QSA JPA environmental mitigation expenses (advance notice emails and the 14-day review period will continue).

Table 1
QSA JPA FY 2022
Professional Services Budgeted Expenditures

TASK	TASK DESCRIPTION	FY 2022 BUDGET
36	JPA Audit Fees	\$10,770
37	JPA Bank Fees	\$3,000
38	Financial Advisor	\$16,000
46	QSA JPA Website (<i>this is the website consultant fee</i>)	\$10,000
Total:		\$39,770

Table 2
Adopted QSA JPA FY 2022 Budget

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 ¹	QSA JPA Website	\$ 10,000
Total		\$11,698,380

¹ This task will be renamed in the proposed QSA JPA FY 2023 budget as QSA JPA Website Maintenance Services and, because the task will only consist of maintenance expenses, the budgeted amount will be significantly less than the amount adopted in the FY 2022 budget, which included website development costs.

These proposed changes align with the QSA JPA Creation and Funding Agreement (JPA Agreement). The JPA Agreement does not require advance notice be provided to the Commissioners or staff before a previously authorized expense is paid. Per Sections 11.1 and 11.2 of the JPA Agreement, the Commission has the authority to authorize expenses for legal, accounting, and other special professional services employed by the QSA JPA that shall be due and payable 30 days after receipt of a billing. Furthermore, even though Section 10.1 of the JPA Agreement addresses the adoption of an annual budget for environmental mitigation expenses, it is clear that adoption of an annual budget including special professional services constitute authorization by the Commission of such expenses and no additional action is required from the Commission, or any other entity, before expenditures listed in an adopted budget can be processed for payment. The Commission adopted the FY 2022 QSA JPA Budget (Table 2) on June 10, 2021, which includes the professional services expenditures listed in Table 1. Therefore, these expenditures are authorized and do not require any further action prior to processing.

Streamlined processing of invoices for the professional services listed in Table 1 will continue so long as these expenditures are authorized by the Commission in the current budget. As mentioned above, advance notice for QSA JPA environmental mitigation invoices will continue.

Prepared by: Dennis Davis, Assistant Water Resources Specialist
Reviewed by: Alexi Schnell, Chief Administrative Officer



**QUANTIFICATION
SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY
AUDIT COMMITTEE MEETING
FISCAL YEAR ENDED JUNE 30, 2022**

March 22, 2022

Agenda

2

**Audit
Engagement
Letter**

**SAS 114
Planning
Letter**

Audit Engagement Letter

3

- ❑ Implementation of Statement on Auditing Standards 134
 - ❑ Changed the format of the letter
 - ❑ Expanded upon auditor/management responsibilities
 - ❑ Added reporting requirements
 - ❑ Added auditor requirements to communicate with Board at the conclusion of the engagement
- ❑ No 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)
 - ❑ Compliance with applicable laws and regulations, contracts and agreements

SAS 114 Planning Letter

4

- ❑ Requirement to have two-way communication with the committee about fraud and fraud risk
- ❑ Includes our planned scope and timing of the audit

Questions?

Shannon Ayala | **Partner**

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

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



February 7, 2022

**Quantification Settlement Agreement
Joint Powers QSA
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 QSA (the "QSA").

You have requested that we audit the business-type activities of the QSA, as of June 30, 2022, and for the year then ended and the related notes, which collectively comprise the QSA's basic financial statements as listed in the table of contents.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with Government Auditing Standards, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information ("RSI") such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis

Supplementary information other than RSI will accompany the QSA's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

1. Budgetary Comparison Statements

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with Government Auditing Standards. As part of an audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the QSA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the QSA's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with Government Auditing Standards.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the QSA's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from

material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and

- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the QSA from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the QSA complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and 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 current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- h. For informing us of any known or suspected fraud affecting the QSA involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- i. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Reporting

We will issue a written report upon completion of our audit of the QSA's basic financial statements. Our report will be addressed to the Board of Directors of the QSA. Circumstances may arise in which our report may differ from its expected form and content based on the

results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Engagement Fees

Our fee for our services for the fiscal year ending June 30, 2022 will be \$10,770. 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

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm. Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Shannon Ayala is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the QSA's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Davis Farr LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to QSA given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Davis Farr LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We understand that the audited financial statements are considered public records and subject to public records requests.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

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 QSA

Member of Management:

By Alexandra Schnell

Title Chief Administrative Officer

Date February 9, 2022

Date of Board of Directors Approval of Contract:

August 25, 2016

March 22, 2022

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

This letter is provided in connection with our engagement to audit the financial statements of the Quantification Settlement Agreement Joint Powers Authority (the "QSA JPA") as of and for the year ended June 30, 2022. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated February 7, 2022, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

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.

Planned Scope of the Audit

Our audit will include 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. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the QSA JPA and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the QSA JPA's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the QSA JPA's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

We will begin the interim audit procedures in April 2022 and our final audit examination in August 2022. We anticipate being completed with fieldwork in August 2022. We plan to present the audit reports and results of the audit to the Board of Commissioners at the completion of the audit.

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.

This information is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Shannon Ayala
Davis Farr LLP
Irvine, California



Report on the Firm's System of Quality Control

Davis Farr LLP

Irvine, California;

and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and examination of a service organization (SOC 1, Type 2 Report).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

4120 Concourse, Suite 100, Ontario, CA 91764
909.948.9990 / 800.644.0696 / FAX 909.948.9633
gyl@gylcpa.com
www.gylcpa.com



Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GFL LLP

Ontario, California
September 23, 2019

Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2021

<u>Investment Type</u>	<u>% Limit</u>	<u>% of Portfolio</u>	<u>Book</u>
Local Agency Investment Fund (LAIF)	\$75M - Maximum	44%	\$ 17,257,008.54
Treasury Securities	100%	23%	9,131,026.60
Federal Agency Securities	100%	19%	7,346,440.00
Medium Term Notes	100%	10%	3,836,471.50
Supranationals	100%	3%	1,301,526.00
Asset Back Securities	100%	1%	387,231.32
Chandler Managed Account (BNY)	100%	0%	175,977.88
CA Asset Mgmt Program (CAMP)	25%	0%	59,921.66
CEO Account (Wells Fargo)	100%	0%	15,067.27
Total Cash and Investments		100%	\$ 39,510,670.77
Effective Rate of Return			0.57%
<u>Interest Earnings (Cash and Investments):</u>			
Fiscal Year to Date			\$ 113,278.56
Average Term			749
Average Days to Maturity (730 Days Maximum)			540



Lisa Marie Harris, Treasurer

Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2021

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)
	Total Fiscal Year 6/30/2020	\$ 11,654,013.00	\$ (8,417,595.87)
	Total Fiscal Year 6/30/2021	\$ 5,366,051.00	\$ (18,469,059.88)
7/01/2021	IID Operating Cost	\$ 1,500,000.00	
7/28/2021	Mitigation # 1177		\$ (352,602.20)
8/23/2021	Mitigation # 1178		\$ (654,080.10)
9/29/2021	Mitigation # 1179		\$ (908,646.99)
10/22/2021	Mitigation # 1180		\$ (515,630.09)
11/19/2021	Mitigation # 1181		\$ (251,160.54)
12/03/2021	Coachella Operating Cost	\$ 2,697,555.00	
12/29/2021	SDCWA Operating Cost	\$ 3,801,632.00	
12/30/2021	Mitigation # 1182		\$ (1,031,320.15)
12/30/2021	IID Operating Cost	\$ 2,885,115.00	
	Total Fiscal Year 6/30/2022 (YTD)	\$ 10,884,302.00	\$ (3,713,440.07)
	Totals to date:	\$ 202,274,400.67	\$ (166,603,495.37)

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

Deposits	\$ 202,274,400.67
Invoices	(166,603,495.37)
Subtotal	35,670,905.30
Interest Earned - Fiscal Year to Date 2022	113,278.56
Interest Earned - Fiscal Year 2021	256,696.76
Interest Earned - Fiscal Year 2020	875,225.18
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	(10,599.02)
Interest not yet received at December 31, 2021	(107,467.91)
Total Cash & Investments	\$ 39,510,602.84

Quantification Settlement Agreement
Joint Powers Authority
Treasurer's Report
at December 31, 2021

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
2020	Advance Payment	850,000.00	1,825,000.00	-	2,675,000.00
2020	Original Payment	1,050,836.00	2,726,346.00	738,869.00	4,516,051.00
2021	Advance Payment	-	1,500,000.00	-	1,500,000.00
2021	Original Payment	3,801,632.00	2,885,115.00	2,697,555.00	9,384,302.00
		-	-	-	-
	Totals to date:	<u>\$ 85,905,293.67</u>	<u>\$ 55,599,923.00</u>	<u>\$ 60,769,184.00</u>	<u>\$ 202,274,400.67</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, 2021				
Payment Schedules ⁽²⁾	SDCWA	IID	CVWD	Total
Nominal amount	\$ 5,132,566	\$ 71,121,693	\$ 6,156,758	\$ 82,411,017
Present value (@ 6%)	\$ 4,478,654	\$ 46,379,315	\$ 5,561,053	\$ 56,419,022

⁽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, 2021**

Assets:

Cash	\$ 15,067
Investments	39,087,995
Mitigation contributions receivable	28,198,988
Interest receivable	<u>28,273,843</u>
Total assets	<u>\$ 95,575,893</u>

Liabilities:

Accounts payable	<u>\$ 1,627,806</u>
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Deferred inflows of resources:

Unavailable mitigation contributions	<u>56,419,022</u>
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Fund balance:

Unassigned	<u>37,529,065</u>
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Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 95,575,893</u>
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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, 2021**

Revenues:

Interest income (loss)	\$ (175,716)
Mitigation contributions	<u>10,884,302</u>

Total revenues	<u>10,708,586</u>
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Expenditures:

Environmental mitigation	3,339,332
Administrative	<u>4,311</u>

Total expenditures	<u>3,343,643</u>
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Net changes in fund balance	7,364,943
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Fund balance at beginning of year	<u>30,164,122</u>
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Fund balance at end of year	<u><u>\$ 37,529,065</u></u>
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Unaudited

**QUANTIFICATION SETTLEMENT AGREEMENT
JOINT POWERS AUTHORITY**

**SUPPLEMENTARY INFORMATION - BUDGET STATUS REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021**

Task No.	Mitigation Tasks	Adopted FY 2022 Budget	Total Expenditures	Variance (Remaining)	Percent Complete
1	QSA Implementation Team	\$ -	\$ -	\$ -	0.0%
2	QSA Implementation Team Biologists	1,216,590	414,262	802,328	34.1%
3	Environmental Reporting and Monitoring	540	-	540	0.0%
4	Salton Sea Salinity and Elevation Program	10,610	5,491	5,119	51.8%
5	Salton Sea Mitigation Water to Salton Sea	-	-	-	0.0%
6	Tamarisk Scrub Habitat - Surveys and Mitigation	72,740	-	72,740	0.0%
7	Drain Habitat - Initial Vegetation and Habitat Surveys	-	-	-	0.0%
8	Drain Habitat (Aquatic) - Create/Manage/Monitor "Managed Marsh" Areas	931,480	239,828	691,652	25.7%
9	Drain Habitat Restrictions/Requirements for Construction and Maintenance	-	-	-	0.0%
10/10A	Worker Education Program Covered Species Training and Manual	640	-	640	0.0%
11	Desert Habitat Survey and Mapping of Right of Way	-	-	-	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	8,950	-	8,950	0.0%
16	Burrowing Owl Relative Abundance and Distribution Surveys	-	-	-	0.0%
17	Farmer and Public Education Program	7,380	1,600	5,780	21.7%
18	Desert Pupfish Abundance and Distribution Study	6,530	(17,941)	24,471	-274.7%
19/19A	Pupfish Selenium Drain Studies	210,940	18,756	192,184	8.9%
20	Pupfish Construction and Maintenance Conservation Measures	500,000	35,405	464,595	7.1%
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	5,300	-	5,300	0.0%
24	Salton Sea Air Quality	8,596,440	2,641,602	5,954,838	30.7%
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	-	-	-	0.0%
36	JPA Audit Fees	10,770	(210)	10,980	-1.9%
37	JPA Bank Fees	3,000	308	2,692	10.3%
38	Financial Advisor	16,000	4,213	11,787	26.3%
39	Bond Counsel Fees	-	-	-	0.0%
40	2001 Biological Opinion Measures	-	-	-	0.0%
41	Brown Pelican Coast	-	-	-	0.0%
42	Brown Pelican Sea	58,540	329	58,211	0.6%
43	Salton Sea Shoreline Strand Study	-	-	-	0.0%
44	Pupfish Refugium	31,930	-	31,930	0.0%
45	Recreation Facilities at Salton Sea	-	-	-	0.0%
46	QSA JPA Website	10,000	-	10,000	0.0%
Total Expenditures		\$ 11,698,380	\$ 3,343,643	\$ 8,354,737	28.6%



ITEM #10 STATUS REPORT ON IMPLEMENTATION OF MITIGATION MEASURES

QSA JPA Meeting

March 23, 2022

CLUBHOUSE PILOT STUDY: GROUNDWATER TEST WELL



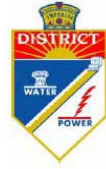
CLUBHOUSE PILOT STUDY: GROUNDWATER TEST WELL



CLUBHOUSE PILOT STUDY: GROUNDWATER TEST WELL

The groundwater test well drone video can be found at
<https://www.youtube.com/watch?v=cjSyPy0hDZI>





ITEM #11 MANAGED MARSH LAND VALUATION

QSA JPA Meeting
March 23, 2022

PAST APPRAISALS (2010)

Company	Prepared for	Gross Acres	Total Value	Value with Conservation Easement*	Difference
Catling Company	QSA JPA	955	\$4,775,000 (\$5,000/acre)	\$4,393,000 (\$4,600/acre)	\$382,000
Erickson & Associates	IID	955	\$5,730,000 (\$6,000/acre)	\$5,040,000 (\$5,277/acre)	\$690,000

DISCUSSION

- January 2022 managed marsh agenda discussion reviewed prior land appraisal process and determined from a process standpoint that the reimbursement for the siting of the marsh on IID-owned land could be separated from the longer-term conservation easement (or property transfer) requirement.
- QSA JPA cost in 2010 for the land appraisal was approximately \$50,000. A new appraisal is anticipated to exceed this expense, and there is a shortage of qualified agricultural land appraisers familiar with Imperial Valley. A new formal appraisal likely provides a level of detail that exceeds the needs of the JPA.
- IID staff is proceeding with an internal effort to update the 2010 valuations based on recent documented land transactions to provide a basis to justify IID's mitigation property reimbursement request. IID is also researching third-party entities qualified to assist in this desktop review.
- IID will include funding in the proposed FY 2023 budget for the land valuation analysis.
- Return to a future QSA JPA meeting to present the data analysis and discuss the updated valuations for QSA JPA consideration.