



Salton Sea Authority Board of Directors Meeting

Thursday, April 23, 2015
10:00 a.m.

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651



AGENDA: BOARD OF DIRECTORS MEETING
DATE: Thursday, April 23, 2015
10:00 a.m.
LOCATION: Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651

I. CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

II. PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Authority's jurisdiction. This time is reserved for matters not already on the Agenda. Remarks shall be limited to a maximum of three (3) minutes unless additional time is authorized by the Board.

III. BOARD MEMBER COMMENTS

This is the time set aside for any Board Member to ask questions or address any issue posed by a member of the public

IV. CONSENT CALENDAR – Approve, Receive and File

- A. Minutes of March 26, 2015
- B. Warrant Register Ratification for: 03/01/2015 – 03/31/2015
- C. Internal Financial Report for: 07/01/2014 – 03/31/2015

V. AUDIT REPORT FOR THE 2013-2014 FISCAL YEAR (see attached report)

VI. REPORTS

- A. General Manager's Report on Activities (Roger Shintaku)
- B. Update on Activities: Funding and Feasibility Action Plan Report (Roger Shintaku and Tetra Tech)
- C. Legislative Update (Phil Rosentrater)
- D. Legal Counsel Report Comments (Bob Hargreaves)
- E. IID Projects Around the Salton Sea (Bruce Wilcox) (see attached list)
- F. Salton Sea Action Committee (SSAC) (Juan DeLara/Paul Quill)

VII. CURRENT BUSINESS

- A. Water Resources Institute Contracts (see attached contracts)

VIII. AD HOC COMMITTEES REPORTS

- A. Finance
B. Project
C. Personnel

IX. INFORMATION OF INTEREST

- A. Letter regarding Governor's Renewables Policy (see attached letter)

X. CLOSED SESSION

- A. Public Employee Evaluation
1. Title: General Manager

XI. ADJOURNMENT

NEXT MEETING TIME & LOCATION:

Please note that the next meeting date is a change from the regular schedule, per consensus of the Board of Directors at their March 26, 2015 Board meeting.

Thursday, May 21, 2015
10:00 a.m.
Imperial Irrigation District
Bill Condit Auditorium
1285 Broadway Avenue
El Centro, CA 92243
(760) 482-9618

Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection in the lobby at the front desk of the Work Force Development center located at 44-199 Monroe Street, Indio, CA 92201.



OFFICIAL PROCEEDINGS
SALTON SEA AUTHORITY
BOARD OF DIRECTORS MEETING
March 26, 2015

I. CALL TO ORDER

The regular meeting of the Salton Sea Authority (Authority) Board of Directors (Board) was called to order by Director Benoit, President, at 10:03 a.m., March 26, 2015, at Imperial Irrigation District's Bill Condit Auditorium, 1285 Broadway Avenue, El Centro, CA 92243 (760) 482-9618.

Director Benoit announced that he and Director Ashley would have to leave the meeting by 11:30, so he would be moving the meeting along quickly.

PLEDGE OF ALLEGIANCE

Director O'Dowd led the Pledge of Allegiance

BOARD MEMBERS PRESENT

Roll call was taken:
John J. Benoit, President
Matt Dessert, Secretary
G. Patrick O'Dowd, Treasurer
Marion Ashley, Director
Cástulo R. Estrada, Director
James C. Hanks, Director

AGENCY

Riverside County
Imperial Irrigation District
Coachella Valley Water District
Riverside County
Coachella Valley Water District
Imperial Irrigation District

The following arrived at 10:08 a.m. (during the first Board comment):

Thomas Torte, Director
Frank Durgin, Director

Torres Martinez Desert Cahuilla
Torres Martinez Desert Cahuilla

BOARD MEMBERS ABSENT

Ryan E. Kelley, Vice President
John Renison, Director

AGENCY

Imperial County
Imperial County

**BOARD MEMBERS PARTICIPATING
VIA TELECONFERENCE**

None

AGENCY

SALTON SEA AUTHORITY STAFF PRESENT

Roger Shintaku, General Manager
Bob Hargreaves, Legal Counsel
Linda Seroy, Administrative Assistant, Recording Secretary

ALSO IN ATTENDANCE

Rene Felix
Tom Sephton
Jaime Hurtado
Boykin Witherspoon
Corey Hess
Barrett Miesfeld
Tom Honem?
Michael Flores
Vickie Doyle
Juan DeLara
Pat Cooper
Hector Araujo
Stephen Benson
Arkie Mayes
Mark Adams
Kerry Morrison
Gloria Rivera

AGENCY

Office of Congressman Juan Vargas
Sephton Water Technology
Office of Supervisor Marion Ashley
California State University
Tetra Tech
Agess, Inc.
AWRI
CA Department of Fish and Wildlife
Imperial Irrigation District
Federated, Salton Sea Action Committee
Office of Supervisor Benoit
Office of Senator Ben Hueso
Imperial Irrigation District
ICBCTC
Ecomedia Compass
Ecomedia Compass
Imperial Irrigation District

CALL-IN PARTICIPANTS

Gloria Sampson
Vic Nguyen
Laura L. Peters, P.E.
Kent Nelson
Vivien L. Maisonneuve

AGENCY

Gloria J. Sampson Accounting Services
Colorado River Board
CA Department of Water Resources
CA Department of Water Resources
CA Department of Water Resources

II. PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Authority’s jurisdiction. This time is reserved for matters not already on the Agenda. Remarks shall be limited to a maximum of three (3) minutes unless additional time is authorized by the Board.

One member of the public addressed the Board.

III. BOARD MEMBER COMMENTS

This is the time set aside for any Board Member to ask questions or address any issue posed by a member of the public.

Four members of the Board made comments.

Director Dessert commented for the record:

“Good morning, everyone, and welcome to the IID offices for the monthly meeting of the Salton Sea Authority.

“Last week, the IID and many others participated in a workshop in Sacramento, with the State water department there. The Salton Sea Authority participated. We’re very positive in our review of the presentation, from the IID side, that it was a good case. It was a good public arena for us to bring some very important aspects to light regarding the Salton Sea – focused on the Salton Sea, and the concerns that the IID and many others have about the Salton Sea as we move forward. Specifically, due to the receding shorelines that are happening, and being impacted and happening in a more rapid manner due to the water transfers. There’s just a lot going on here and the IID, being somewhat of the lead agency there, in that arena, with our Colorado River Water Order that we receive annually, and putting together the QSA transfers, we struggle. We struggle here locally, we struggle regionally, we struggle at a Federal arena to get our messages across not only on the water side but on the power side.

“So, specifically, I wanted to bring to note and get into the record that our last Salton Sea Authority meeting we talked about getting a comment letter sent into this workshop arena, and that did happen, but we had a very positive discussion about it here at a Board level at the Salton Sea Authority; we were very much courteous to one another and understanding that there are participants in the Salton Sea Authority that are struggling with this activity; we are somewhat threading the needle; but the Salton Sea Authority did vote affirmatively to support the IID’s petition, so I just need to get on the record that it didn’t go unnoticed that the comment letter that was submitted was submitted late – it was stamped late. Even at the workshop, the people at the State were describing the comment letters and the time periods that they were submitted – they extended the time period to submit those comment letters, but they said that those would be stamped late. I read the Salton Sea Authority’s and it was, in fact, stamped late. And that’s just a fact that we’ll work through and talk and discuss; but it is concerning because we had a vote from this Board to support the petition, and then we had a very courteous discussion amongst the Board at the last meeting to put that comment letter together and get it submitted. And it seemed there were some very large internal struggles getting that comment letter put together in a timely manner to facilitate the requirements at the workshop.

“The good thing is we did get the comment letter in. But the emphasis on the comment letter seemed more of the Salton Sea Authority’s activity and design and future concepts – potential working models that we could work in unison or conjunction with State, Federal, or even private sector agencies. And the emphasis of the petition by the IID was the fact that projects hadn’t been done, that we need to move this ball forward in a faster manner for all the areas of concern in regard to the QSA water transfers and the Salton Sea receding shoreline. And somehow or other that message got mixed up. The IID referenced the importance of the Salton Sea Authority in both their in-person verbal presentation at the workshop and in their comment letter. No one’s trying to take that significance or importance away from the Salton Sea Authority from the IID and our efforts; but what we were looking for was the emphasis and the urgency that we don’t have time to pursue further studies to be implemented in any time manner that brings a near-term solution. That doesn’t mean we don’t continue to keep looking at studies or alternatives. Of course we do. But we’ve got to get the stage going and the stage that we were setting was the role of the State involved in the QSA and the activity of financially backing up, or their commitment at the Salton Sea. And somehow or other there was a little bit

of a mix up in the message there, but the good news is we did get a positive comment from the Salton Sea Authority and a positive presentation, and I thank everybody for that that participated in it.

"I would just like to point out a part of the presentation that was done by the State – the State Natural Resources panel. It was made up of members from the Department of Water Resources, the Department of Fish and Wildlife, and National Resources. The connection that I'm trying to make here is that in their presentation it was apparent that they've done studies, they've done plans, but they haven't implemented, really, any projects – any real projects of any significant size. And it seemed in the Salton Sea Authority's comments, that we're open to working together and going forward in that direction. And we are, but the urgency of the time is what we're trying to get across. The State Natural Resources panel really painted the picture, and kind of agreed with the IID's petition, that time has run out and they haven't put together any plans that can be implemented or that are implemented. So I just wanted to make that clarification and point out that we are a unified team here – Imperial County, Riverside County, representatives from the Indian Nations on the Salton Sea, the IID, Coachella Irrigation District – and there is a mission statement or a theme of our works here at the Salton Sea Authority and that is the Salton Sea. And, really, that was the heart and focus of the petition and the workshop that took place at the request of the IID and later joined by Imperial County was that the Salton Sea is the theme we need to stay focused on and get something implemented. We've heard from our stakeholders and our voters that they are tired of all the studies, and they want to see some hard activity at the Salton Sea. Multiple studies – I don't have the exact number – and the number of dollar values of studies that have taken place in this area is well over \$30 million over the years. Yet we don't have any hard traction on activity at the Salton Sea. So, I just wanted to make it clear – that was the intent of the IID and their request for the workshop. I think those that were in attendance at the workshop saw that clearly-defined intent. There wasn't some type of strategy beneath it to go after some type of water negotiations or the QSA. At the IID, it's all about the Salton Sea. To have a successful and continued water transfers, it isn't about this petition; it is about the Salton Sea. And at the Salton Sea Authority, that's our mission statement: the Salton Sea.

"Thank you."

IV. CONSENT CALENDAR

- A. Minutes of February 19, 2015
- B. Warrant Register Ratification for: 2/01/2015 – 2/28/2015
- C. Internal Financial Report for: 7/01/2014 – 2/28/2015
- D. Auditor Retention: Staff recommended retention of Mayer Hoffman McCann and approval of their proposal.

Motion by Director O'Dowd to approve the Consent Calendar. Carried unanimously.

V. **PRESENTATIONS**

Boykin Witherspoon, Executive Director of Water Resources and Policy Initiatives for California State University, and Director of Programs of Water Resources Institute, California State University San Bernardino, made a presentation on the Water Research Institute and the archive it is creating for the Salton Sea Authority.

VI. **REPORTS** (*reports were taken out of sequence to facilitate departure*)

- A1. Roger Shintaku reported on the Torres Martinez Desert Cahuilla wetlands project
- B. Corie Hess, of Tetra Tech, reported on the Funding and Feasibility Action Plan
- A3. Director Benoit led discussion of Ad Hoc Committee Descriptions. Volunteers were selected for Finance and Personnel committees, needed immediately, and a Projects Committee.
 - a. Executive: Director Benoit (President) and Director Kelley (Vice President)
 - b. Personnel: Directors Dessert, Tortez, and Benoit
 - c. Finance: Directors Ashley, Kelley, and O’Dowd
 - d. Projects: Directors Benoit, Kelley, Hanks, and Estrada

Motion by Director Hanks to make the committee assignments as discussed (as recorded herein above). Carried unanimously.

- A4. Infrastructure Finance District (IFD) and SSAC-SSA Activities: In the interest of time, Juan DeLara offered to forego the discussion.
- A2. Geotube Proposal: Director Benoit gave a PowerPoint presentation regarding Geotubes. The application to the Wildlife Conservation Board for the Geotube project requires the Board’s support, and Director Benoit asked the Board to support his signing the Resolution to include with the application to move that project forward (draft of Resolution 15-02 distributed to the Board and shown on the video projection screen).

Motion by Director O’Dowd to approve Director Benoit signing the Resolution. Carried unanimously.

Director Ashley left at 11:23 a.m.

- C. Bob Hargreaves gave a brief Legal Counsel Report
- D. Antonio Ortega, of Imperial Irrigation District, gave the Legislative Update report
- E. Due to time constraints, Juan DeLara did not report on Salton Sea Action Committee (SSAC) activities

VII. **NEW BUSINESS**

- A. Director Benoit asked that the Water Resources Institute Contracts be brought back for the next meeting.
- B. Director Benoit referred the Proposed Draft of FY 2015-2016 Salton Sea Authority Budget to the Finance Committee to review and bring back to the next meeting.

VIII. CLOSED SESSION

- A. Director Benoit referred the Public Employee Review to the Personnel Committee for review to bring back to the next meeting.

IX. ADJOURNMENT

Director Benoit adjourned the meeting at 11:29 a.m.

NEXT MEETING TIME & LOCATION:

Thursday, April 23, 2015
10:00 a.m.

**Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, CA 92260
(760) 398-2651**

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Warrant Register
March 1, 2015 through March 31, 2015



Warrant Date	Warrant Number	Vendor Name	Amount
03/02/2015	15602	Void	-
03/02/2015	15603	Perez, Juan Murillo	624.00
03/02/2015	15604	Sampson, GJ Acct	10,969.48
03/02/2015	15605	Schlange, J Andrew	9,112.50
03/02/2015	15606	Sampson, GJ Acct - 214	517.50
03/02/2015	15607	Sampson, GJ Acct - 215	225.00
03/02/2015	15608	OfficeMax	138.14
03/09/2015	EFT	Verizon California (INET)	113.35
03/17/2015	EFT	FedEx	19.56
03/21/2015	EFT	Verizon Wireless	194.16
03/22/2015	15609	Best, Best & Krieger	6,425.65
03/22/2015	15610	Perez, Juan Murillo	728.00
03/22/2015	15611	Tetra Tech - 214	7,126.27
03/28/2015	EFT	Pitney Bowes	87.49
Total \$			36,281.10

Salton Sea Authority
Balance Sheet by Fund
As of March 31, 2015

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	702 Fish Clean Up Trust	TOTAL
ASSETS					
Current Assets					
Checking/Savings					
0001010 - Cash - Checking	82,176.01	-49,220.23	-24,191.94	0.00	8,763.84
0001011 - Cash - Money Market	262,618.63	47,569.19	0.00	20,991.43	331,179.25
0001012 - Cash - RivCo Fund	45,516.69	0.00	0.00	0.00	45,516.69
0001015 - Cash - Petty Cash	200.00	0.00	0.00	0.00	200.00
Total Checking/Savings	390,511.33	-1,651.04	-24,191.94	20,991.43	385,659.78
Accounts Receivable					
0001210 - Accounts Receivable	10,000.00	67,670.21	182,192.27	0.00	259,862.48
Total Accounts Receivable	10,000.00	67,670.21	182,192.27	0.00	259,862.48
Total Current Assets	400,511.33	66,019.17	158,000.33	20,991.43	645,522.26
TOTAL ASSETS	400,511.33	66,019.17	158,000.33	20,991.43	645,522.26
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
0002010 - Accounts Payable	25,014.08	97,208.24	173,588.79	0.00	295,811.11
Total Accounts Payable	25,014.08	97,208.24	173,588.79	0.00	295,811.11
Total Current Liabilities	25,014.08	97,208.24	173,588.79	0.00	295,811.11
Total Liabilities	25,014.08	97,208.24	173,588.79	0.00	295,811.11
Equity					
0003009 - Fund Balance	113,043.14	-74,163.67	0.00	20,991.43	59,870.90
Net Income	262,454.11	42,974.60	-15,588.46	0.00	289,840.25
Total Equity	375,497.25	-31,189.07	-15,588.46	20,991.43	349,711.15
TOTAL LIABILITIES & EQUITY	400,511.33	66,019.17	158,000.33	20,991.43	645,522.26

Salton Sea Authority
Revenue & Expenditure by Fund
 July 2014 through March 2015

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	TOTAL
Ordinary Income/Expense				
Income				
0004660 · State of California Grants	0.00	67,670.21	460,981.27	528,651.48
0004662 · Local Gov/Member Assessments	610,000.00	0.00	0.00	610,000.00
0004710 · Pooled Cash Allocated Interest	765.90	0.00	0.00	765.90
Total Income	610,765.90	67,670.21	460,981.27	1,139,417.38
Expense				
1020000 · SSA ADMINISTRATION				
1025010 · Salaries				
Salaries - GM	49,820.92	0.00	0.00	49,820.92
Salaries - Admin Support A	21,138.79	0.00	612.14	21,750.93
Total 1025010 · Salaries	70,959.71	0.00	612.14	71,571.85
1025500 · Employee Benefits	33,540.39	0.00	144.65	33,685.04
1026010 · Contract Svc/Attorney				
Contract Svcs/Attorney - Genera	21,598.87	0.00	0.00	21,598.87
Contract Svcs/Attorney - Legisl	4,045.40	0.00	0.00	4,045.40
Total 1026010 · Contract Svc/Attorney	25,644.27	0.00	0.00	25,644.27
1026050 · Contract Svc/Professional				
Contract Svc/Prof - Finance	42,394.00	0.00	0.00	42,394.00
Contract Svc/Prof - Adm Sup B	10,785.55	0.00	0.00	10,785.55
Contract Svc/Prof - Adm Sup C	4,275.00	0.00	0.00	4,275.00
Contract Svc/Prof - Adm Sup D	9,999.00	0.00	0.00	9,999.00
Total 1026050 · Contract Svc/Professional	67,453.55	0.00	0.00	67,453.55
1026060 · Contract Svcs/WRI,Archive Mgmt	0.00	0.00	0.00	0.00
1026090 · Contract Svc/Technical	51,112.50	0.00	0.00	51,112.50
1026095 · Contract Svc/Equipment Maint	4,281.25	0.00	0.00	4,281.25
1026096 · Contract Svc/Equipment Lease	262.47	0.00	0.00	262.47
1026120 · Insurance	9,621.22	0.00	0.00	9,621.22
1026350 · Communications	2,878.69	0.00	0.00	2,878.69
1026370 · Travel/Meetings	21,663.06	0.00	0.00	21,663.06
1026410 · Mileage Reimbursement	267.68	0.00	0.00	267.68
1026439 · Publications, Subscrip, Dues	3,528.40	0.00	0.00	3,528.40
1026450 · Postage, Mail	781.04	0.00	0.00	781.04
1026470 · Printing Services	3,321.93	0.00	0.00	3,321.93
1027030 · Office Exp/Operating Supplies	1,680.28	0.00	0.00	1,680.28
1027035 · Office Exp/Online Services	1,393.06	0.00	0.00	1,393.06
1028551 · Capital Equipment <\$5,000	6,566.04	0.00	0.00	6,566.04
Total 1020000 · SSA ADMINISTRATION	304,955.54	0.00	756.79	305,712.33
1030000 · COMMUNITY & PUBLIC OUTREACH				
1036010 · Attorney Services	0.00	0.00	0.00	0.00
1036054 · Government Relations	0.00	0.00	0.00	0.00
Total 1030000 · COMMUNITY & PUBLIC OUTREACH	0.00	0.00	0.00	0.00

Salton Sea Authority
Revenue & Expenditure by Fund
 July 2014 through March 2015

	101 General	214 Wetlands Grant	215 Funding Feasibility Review	TOTAL
6020000 · WETLANDS GRANT ADMINISTRATION				
6025010 · Salaries	17,016.60	0.00	0.00	17,016.60
6025500 · Employee Benefits	3,999.26	0.00	0.00	3,999.26
6026010 · Contract Svcs/Attorney	2,933.80	0.00	0.00	2,933.80
6026011 · Contract Svcs/J Schlange	656.25	-350.31	0.00	305.94
6026013 · Contract Svcs/Accountant	13,770.00	0.00	0.00	13,770.00
6026370 · Travel/Meetings	2,334.13	0.00	0.00	2,334.13
6026410 · Mileage Reimbursement	350.31	0.00	0.00	350.31
Total 6020000 · WETLANDS GRANT ADMINISTRATION	41,060.35	-350.31	0.00	40,710.04
6040000 · WETLANDS GRANT TECHNICAL				
6046015 · Contract Svcs/AMEC - Permitting	0.00	971.50	0.00	971.50
6046040 · Contract Svcs/Design	1,420.14	24,434.18	0.00	25,854.32
6046060 · Contract Svcs/Amec - Environmen	359.76	-359.76	0.00	0.00
Total 6040000 · WETLANDS GRANT TECHNICAL	1,779.90	25,045.92	0.00	26,825.82
6050000 · FUNDING/FEASIBILITY ADMIN				
6055010 · Salaries				
Salaries - Admin Support 215	0.00	0.00	459.21	459.21
Salaries - GM 215	0.00	0.00	13,283.84	13,283.84
Total 6055010 · Salaries	0.00	0.00	13,743.05	13,743.05
6055500 · Employee Benefits	0.00	0.00	3,343.03	3,343.03
6056010 · Contract Svcs/Attorney	0.00	0.00	5,397.00	5,397.00
6056011 · Contract Svcs/J Schlange	0.00	0.00	5,056.25	5,056.25
6056013 · Contract Svcs/Accountant	0.00	0.00	4,927.50	4,927.50
Total 6050000 · FUNDING/FEASIBILITY ADMIN	0.00	0.00	32,466.83	32,466.83
6060000 · FUNDING/FEASIBILITY TECHNICAL				
6066016 · Contract Svcs/TetraTech \$1.7	0.00	0.00	443,346.11	443,346.11
Total 6060000 · FUNDING/FEASIBILITY TECHNICAL	0.00	0.00	443,346.11	443,346.11
6070000 · INFRASTRUCTURE FINANCE DISTRICT				
6076010 · Contract Services/Attorney	516.00	0.00	0.00	516.00
Total 6070000 · INFRASTRUCTURE FINANCE DISTRICT	516.00	0.00	0.00	516.00
Total Expense	348,311.79	24,695.61	476,569.73	849,577.13
Net Ordinary Income	262,454.11	42,974.60	-15,588.46	289,840.25
Net Income	262,454.11	42,974.60	-15,588.46	289,840.25

Commission Memorandum

To: Salton Sea Authority Board of Directors
From: Roger Shintaku, General Manager
Date: April 23, 2015
Subject: Submittal of the Salton Sea Authority Fiscal Year 2013-2014 Audit Report
CM No. V.A – 4-23-15

GENERAL:

Transmitted herewith please find the draft Fiscal Year 2013-2014 Audit Report prepared by the firm of Mayer Hoffman McCann P.C. for your consideration, review, and comment.

Ms. Gloria Sampson, Salton Sea Authority Contract Accounting provider, and Ken Al-Iman of Mayer Hoffman McCann P.C. are scheduled to present the Audit Report at the April 23, 2015 Board meeting.

STAFF RECOMMENDATIONS:

The Salton Sea Authority staff recommends that the Salton Sea Authority Board of Directors receive and direct staff to circulate the report to appropriate agencies.

Respectfully,

Roger Shintaku
General Manager



SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS
Year ended June 30, 2014

SALTON SEA AUTHORITY
BASIC FINANCIAL STATEMENTS

Year ended June 30, 2014

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Board of Directors
Salton Sea Authority
Indio, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salton Sea Authority (the "Authority"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *budgetary comparison information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mayor Hoffman McLean A.C.

Irvine, California
April 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Salton Sea Authority provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Also included in the accompanying report are the *fund financial statements*. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Authority government, reporting the Authority's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Reporting the Authority as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Authority as a whole. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or *financial position*. Over time, *increases and decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Authority's Major Funds

The **fund financial statements** provide detailed *information* about the Authority's most significant funds - not the Authority as a whole. Some funds are required to be established by grant or legal requirements. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

Governmental funds — The Authority's basic services are reported in governmental funds, which focus on how money flows into *and* out of those *funds and* the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets:			
Cash	\$ 196,312	\$ 207,095	\$ (10,783)
Accounts receivable	284,738	-	284,738
Interest receivable	-	8	(8)
Prepaid items	<u>-</u>	<u>241</u>	<u>(241)</u>
Total assets	<u>\$ 481,050</u>	<u>\$ 207,344</u>	<u>\$ 273,706</u>
Liabilities:			
Accounts payable	334,301	38,704	295,597
Accrued expenditures	19,208	-	19,208
Unearned revenue	<u>-</u>	<u>150,000</u>	<u>(150,000)</u>
Total liabilities	<u>353,509</u>	<u>188,704</u>	<u>164,805</u>
Net position:			
Restricted for:			
Specific grants	20,991	20,991	-
Unrestricted	<u>106,550</u>	<u>(2,351)</u>	<u>108,901</u>
Total net position	<u>\$ 127,541</u>	<u>\$ 18,640</u>	<u>\$ 108,901</u>

Salton Sea Authority
 Management's Discussion and Analysis (continued)

A summary of the government-wide *statement of activities* follows:

Statement of Activities

<u>Function</u>	<u>Expenses</u>	<u>Operating Grants</u>	<u>Net Expense</u>	<u>Prior Year</u>
Administration	\$ 495,367	-	(495,367)	(306,362)
Technical and project support	<u>527,978</u>	<u>521,485</u>	<u>(6,493)</u>	<u>-</u>
Total	<u>1,023,345</u>	<u>521,485</u>	<u>(501,860)</u>	<u>(306,362)</u>
General revenues:				
Member contributions			610,000	247,000
Interest			<u>761</u>	<u>194</u>
Total general revenues			<u>610,761</u>	<u>247,194</u>
Change in net position			108,901	(59,168)
Net position, beginning of year			<u>18,640</u>	<u>77,808</u>
Net position, end of year			<u>\$ 127,541</u>	<u>18,640</u>

The increase in Membership contributions reflects an increase the amount of contributions requested from members to fund operations as the Authority continued an enhanced activity level to promote revitalization of the sea.

The increase in Operating Grants is related to the following two new projects:

- State of California Dept of Water Resources habitat enhancement and creation project funded by the Salton Sea Financial Assistance Program
- State of California Natural Resources Agency Salton Sea funding and feasibility plan funded by the Budget Act of 2013

The increase in technical and project support expense is due to beginning work on the two projects identified above.

MAJOR FUNDS

General Fund – Unrestricted

This fund accounts for all administrative activity and expense related to salaries, public outreach, community relations, services and supplies to maintain and support all Salton Sea Authority's restoration projects. The General Fund expense increase is due to having a full-time General Manager on staff the entire year, as well as increased use of professional services in relation to the acquisition of new programs.

State Department of Water Resources Habitat Enhancement and Creation Project

The project provides for habitat enhancement and creation at the North end of the Salton Sea. The Salton Sea Authority is working in conjunction with the Torres Martinez Tribe of Indians to revitalize and expand existing habitats.

State Natural Resources Agency Funding and Feasibility Plan

Grant funds are to be used for a funding and feasibility review which will generate a list of restoration components and funding alternatives for the Salton Sea. Analysis from previous restoration planning efforts will be updated, new options added (including renewable energy) and comprehensive funding strategies developed.

GENERAL FUND BUDGET

Actual expenses were under budget by \$114,633. Certain operating expenses were less than anticipated. Also the Authority did not have an opportunity to acquire support staff to the level projected.

CAPITAL ASSETS

The Salton Sea Authority has no significant capital assets (property, plant, and equipment).

LONG-TERM DEBT

The Salton Sea Authority has no outstanding long-term debt.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, members, and resource providers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Office located at 44-199 Monroe Street, Suite B, Indio, CA 92201.

BASIC FINANCIAL STATEMENTS

SALTON SEA AUTHORITY
STATEMENT OF NET POSITION

June 30, 2014
(With Comparative Totals for 2013)

	2014	2013
ASSETS:		
Cash	\$ 196,312	207,095
Accounts receivable	284,738	-
Interest receivable	-	8
Prepaid items	-	241
TOTAL ASSETS	\$ 481,050	207,344
LIABILITIES:		
Accounts payable	\$ 334,301	38,704
Accrued expenses	19,208	-
Unearned revenue	-	150,000
TOTAL LIABILITIES	353,509	188,704
NET POSITION:		
Restricted for:		
Specific grants	20,991	20,991
Unrestricted	106,550	(2,351)
TOTAL NET POSITION	\$ 127,541	18,640

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

June 30, 2014

Fund balances of governmental funds	\$	59,871
Amounts reported for governmental activities in the statement of net position are different because:		
Revenues that are measurable but not available. Amounts are recorded as deferred inflows of resources under the modified accrual basis of accounting until they become available		<u>67,670</u>
Net position of governmental activities	\$	<u>127,541</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
STATEMENT OF ACTIVITIES

Year Ended June 30, 2014
(with comparative data for prior year)

<u>Function</u>	<u>Expenses</u>	<u>Operating Grants</u>	<u>Net Expense</u>	<u>Prior Year</u>
Administration	\$ 495,367	-	(495,367)	(306,362)
Technical and project support	<u>527,978</u>	<u>521,485</u>	<u>(6,493)</u>	<u>-</u>
Total	<u>1,023,345</u>	<u>521,485</u>	<u>(501,860)</u>	<u>(306,362)</u>
General revenues:				
Member contributions			610,000	247,000
Interest			<u>761</u>	<u>194</u>
Total general revenues			<u>610,761</u>	<u>247,194</u>
Change in net position			108,901	(59,168)
Net position, beginning of year			<u>18,640</u>	<u>77,808</u>
Net position, end of year			<u>\$ 127,541</u>	<u>18,640</u>

See accompanying notes to the basic financial statements

SALTON SEA AUTHORITY

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

Year ended June 30, 2014

Net changes in fund balances - total governmental funds	\$	41,231
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting until they become available		<u>67,670</u>
Change in net position of governmental activities	\$	<u>108,901</u>

See accompanying notes to the financial statements.

SALTON SEA AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014
(With Comparative Totals for 2013)

	<u>Special Revenue</u>					
	General	Wetlands	Feasibility Study	Fish Clean Up Trust		
	101	214	215	702	2014	2013
ASSETS:						
Cash	\$ 119,951	55,370	-	20,991	196,312	207,095
Accounts receivable	-	83,797	200,941	-	284,738	-
Due from other funds	8,203	-	-	-	8,203	-
Interest receivable	-	-	-	-	-	8
Prepaid items	-	-	-	-	-	241
TOTAL ASSETS	<u>128,154</u>	<u>139,167</u>	<u>200,941</u>	<u>20,991</u>	<u>489,253</u>	<u>207,344</u>
LIABILITIES:						
Accounts payable	6,421	145,660	182,220	-	334,301	38,704
Accrued expenses	8,690	-	10,518	-	19,208	-
Due to other funds	-	-	8,203	-	8,203	-
Unearned revenue	-	-	-	-	-	150,000
TOTAL LIABILITIES	<u>15,111</u>	<u>145,660</u>	<u>200,941</u>	<u>-</u>	<u>361,712</u>	<u>188,704</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	67,670	-	-	67,670	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>67,670</u>	<u>-</u>	<u>-</u>	<u>67,670</u>	<u>-</u>
FUND BALANCES:						
Restricted for restoration activities	-	-	-	20,991	20,991	20,991
Unassigned	113,043	(74,163)	-	-	38,880	(2,351)
TOTAL FUND BALANCES (DEFICIT)	<u>113,043</u>	<u>(74,163)</u>	<u>-</u>	<u>20,991</u>	<u>59,871</u>	<u>18,640</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 128,154</u>	<u>139,167</u>	<u>200,941</u>	<u>20,991</u>	<u>489,253</u>	<u>207,344</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2014
(With Comparative Totals for 2013)

	<u>General</u>	<u>Wetlands</u>	<u>Feasibility Study</u>	<u>Fish Clean Up Trust</u>	<u>Total</u>	
					<u>2014</u>	<u>2013</u>
REVENUES:						
Member contributions	\$ 610,000	-	-	-	610,000	247,000
Operating grants	-	252,874	200,941	-	453,815	-
Interest	761	-	-	-	761	194
TOTAL REVENUES	<u>610,761</u>	<u>252,874</u>	<u>200,941</u>	<u>-</u>	<u>1,064,576</u>	<u>247,194</u>
EXPENDITURES:						
Administration	495,367	-	-	-	495,367	66,277
Technical and project support	-	327,037	200,941	-	527,978	240,085
TOTAL EXPENDITURES	<u>495,367</u>	<u>327,037</u>	<u>200,941</u>	<u>-</u>	<u>1,023,345</u>	<u>306,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,394</u>	<u>(74,163)</u>	<u>-</u>	<u>-</u>	<u>41,231</u>	<u>(59,168)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	66,899
Transfer out	-	-	-	-	-	(66,899)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	115,394	(74,163)	-	-	41,231	(59,168)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>(2,351)</u>	<u>-</u>	<u>-</u>	<u>20,991</u>	<u>18,640</u>	<u>77,808</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 113,043</u>	<u>(74,163)</u>	<u>-</u>	<u>20,991</u>	<u>59,871</u>	<u>18,640</u>

See accompanying notes to the basic financial statements.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2014

(1) Summary of Significant Accounting Policies

The basic financial statements of the Salton Sea Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

(a) Reporting Entity

The Authority was created on June 2, 1993, as a result of a joint powers agreement entered into by the County of Riverside, County of Imperial, Coachella Valley Water District and the Imperial Irrigation District. Each of the parties to the joint powers agreement appoints two representatives to the Board of Directors. The Authority is a single function entity whose purpose is to direct and coordinate efforts to improve the quality of the water in the Salton Sea, and to enhance its recreational and economic development potential.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the Authority are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements.

Government-wide Financial Statements – Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Fund financial statements – The underlying accounting system of the Authority is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate.

Governmental funds – In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Authority uses an availability period of six months.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided).

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within the “availability period” established by that local government.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) **Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

(c) **Fund Classifications**

The Authority reports the following major governmental funds:

General fund – The general fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Wetlands Grant fund – This fund accounts for the California State Department of Water Resources grant activity related to the habitat enhancement and creation on the Torres Martinez Wetlands.

Feasibility Grant fund – This fund accounts for the California Natural Resources Agency grant activity to generate a list of components and funding alternatives for the restoration of the Salton Sea.

Fish Clean Up Trust – This fund accounts for private donations to support the cleanup of fish die-offs at the Salton Sea.

(d) **Cash**

The Authority pools cash of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash*.

(e) **Capital Assets**

The capitalization threshold is \$5,000. Currently, there are no capital assets that individually exceed this capitalization threshold.

(f) **Interfund Transfers**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

(g) **Unearned Revenue**

Unearned revenue is recorded for member assessments received prior to the year for which the assessments are applicable.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) **Summary of Significant Accounting Policies (Continued)**

(h) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, and grant reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(i) **Fund Balance**

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) **Summary of Significant Accounting Policies (Continued)**

of Directors. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Board action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The Authority considers a resolution to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the Board of Directors or by persons to whom the Board has delegated the authority to assign amounts for specific purposes.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the Authority's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

(j) **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(k) **Comparative Data**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash

Cash as of June 30, 2014 is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	<u>\$196,312</u>
Total cash	<u>\$196,312</u>

Cash as of June 30, 2014 consisted of the following:

Demand deposits	<u>\$196,312</u>
Total cash	<u>\$196,312</u>

Custodial credit risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(3) Interfund Receivables and Payables

The \$8,203 due from the Feasibility Fund to the General Fund is a short term borrowing to cover the negative cash balances due to grant funds that must be paid out before reimbursements are received. It is anticipated that these funds will be reimbursed in the year ended June 30, 2015.

(4) Commitments and Contingencies

The Authority has been a recipient of State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Authority had not complied with the rules and regulations governing the grants, the Authority's rights to grant money received may be impaired. In

SALTON SEA AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(4) **Commitments and Contingencies (Continued)**

the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been made in the accompanying financial statements for such contingencies.

(5) **Funding of Operations**

The overall operations of the Authority are funded by contributions from its member agencies. In recent years the member agencies funded basic operations while determining the future direction of the Authority. In fiscal year 2014, as the Authority looks to the future restoration of the Salton Sea the agencies have amplified their contributions to provide for additional staff and increased level of activity.

The Authority is pursuing project funds via applications to federal and state agencies for grant funding. It is also investigating joint partnerships with private industry.

REQUIRED SUPPLEMENTARY INFORMATION

SALTON SEA AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES:				
Member contributions	\$ 610,000	610,000	610,000	-
Interest	-	-	761	761
TOTAL REVENUES	610,000	610,000	610,761	761
EXPENDITURES:				
Administration	610,000	610,000	495,367	114,633
TOTAL EXPENDITURES	610,000	610,000	495,367	114,633
Change in fund balance	-	-	115,394	115,394
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(2,351)	(2,351)	(2,351)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (2,351)	(2,351)	113,043	115,394

(1) **Budgets and Budgetary Data**

The Authority is only required to adopt an annual budget for the general fund. This budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). For the other funds of the Authority, project length budgets, rather than annual budgets, are employed.

Once the budget is approved, it can be amended by approval of a majority of the Board of Directors.

A comparison of budget and actual has been presented for the General Fund used by the Authority. With respect to revenues, a favorable variance indicates actual revenues received exceeded the legally adopted budget and an unfavorable variance indicates that actual revenues received were less than the amount budgeted. With respect to expenditures, a favorable variance indicates actual costs were less than the amount budgeted and an unfavorable variance indicates actual expenditures exceeded the legally adopted budget.

List of IID Projects Around the Salton Sea

by Bruce Wilcox, IID

Species Conservation Habitat: The Species Conservation Habitat (SCH) project is located at the New River delta on IID owned land. This project is an important element of Salton Sea restoration and will serve as a pilot project to evaluate construction techniques and operational strategies. At the same time it is highly functional and will provide critical a habitat type (fish habitat). Fish habitat at the Salton Sea is a critical need as the current lake is rapidly becoming too saline for a sustaining fishery.

Currently the State (DFW and DWR) have approximately 3100 acres of habitat designed and permitted. The current plan is to construct the portion of the project on the eastern side of the river channel (approximately 750 acres), with construction starting in 2015. IID will be the construction manager for the project and will assist the state with construction logistics. SSA will also participate in the construction management process. Imperial County has been cooperating with expedited permitting on the project. The SSA, Imperial County and IID will continue to partner with the state and the county on the development of this area. The additional habitat will further protect the Salton Sea fishery and will provide dust suppression.

Salton Sea Restoration and Renewable Energy Initiative: IID and Imperial County, in cooperation with SSA is developing a program that will provide a plan for the development of renewable energy, wildlife habitat and air quality mitigation around the lake. This plan can be implemented incrementally as the lake levels drop and playa becomes exposed. The plan is similar in nature to a master plan in that it identifies locations for various land uses (renewable energy, wildlife habitat, air quality mitigation and reclaimed agricultural fields) in a compatible manner with existing and proposed development. Development will be concentrated in areas of high emissivity to reduce air quality mitigation costs.

The plan is also designed to become the first phase of the implementation of the SSA's restoration plan and Imperial County's renewable energy update to their Master Plan. Both agencies are involved in the development of the plan and are members of the project steering committee.

The plan could also be used as a local mitigation program under the Desert Renewable Energy Conservation Plan currently under development. As envisioned, the plan will also provide a partial funding source for additional restoration in the form of a portion of the land owner revenues generated from the development of the resource. Several of the projects noted in this document (SCH, Red Hill Bay and others) are part of the first phase of this program.

Public workshops are planned for late April and the plan will be completed in September. The plan will require CEQA/NEPA documentation prior to implementation.

USFWS selenium bioaccumulation study site: Selenium bioaccumulation is a concern for habitat constructed at the Salton Sea, particularly with the use of drain water. The current plan for mitigating that concern is to manage the ponds at a higher salinity – which means building sea water pump back

systems that added to the cost of the projects. There are several projects including the SCH project and the Red Hill Bay project (see below) that may evaluate different management techniques for management of selenium concentrations. Additional research is also needed to determine more precise thresholds for selenium concentrations. At the same time we need to concentrate on building habitat and not just doing studies.

The proposed Sonny Bono Salton Sea National Wildlife Refuge project creates habitat and addresses the need for better information. It is located north of Alamo River adjacent to Morton Bay. It will use Alamo River water to flood a small impoundment and monitor for selenium and other water quality issues in nesting wildlife. It will use adjacent sites, including IID freshwater wetlands as control sites. Currently the water transfer JPA is planning to provide funding for sampling. The project will be coordinated with the SSA, USGS Salton Sea Science Office and the Bureau of Reclamation to further inform the design of Salton Sea restoration. Additional funding for construction/operation, and sample analysis is needed.

USFWS Habitat Expansion at Red Hill Bay: The Red Hill Bay project is designed to be expandable in incremental steps as additional playa is exposed. Currently approximately half of the project is funded by the Financial Assistance Program, USFWS grant funding and IID in kind services. It is anticipated that the project will receive additional funding from the Wildlife Conservation Board to complete the currently exposed bay area. However, the project could either be expanded or if WCB funds are not available additional funding could be used to complete the existing portion of the project. This project also provides dust suppression for exposed playa.

Construction will start in late 2015.

New River Wetland Treatment site: Currently two main methodologies for mitigating selenium in habitat projects are being assessed; addressing the selenium through better operation/management methods or reducing the selenium concentrations in the habitat's source water. The USFWS project above addresses the first method and this proposed project would address the second source reduction method.

The New River Wetland Treatment sites are part of a larger master plan to improve water quality in both the New and Alamo rivers. The master plan was funded in part by the Bureau of Reclamation and included stakeholder participation. The SSA plan proposes the creation of 2-4 of these sites noted in the plan to augment the two sites already constructed on the New River. The treatment site would consist of multiple vegetated cells that would, through natural processes (both biological and physical) remove nutrients metals (selenium) and other constituents from the river water. The discharge from the cells could either be reintroduced into the river or the high quality discharge water could be used as a source for constructed habitat adjacent to the cells. The project should include a 2 to 5 year monitoring program to sample sediment, tissue and maybe, bird eggs to monitor selenium concentrations in the new wetlands and the existing systems.

This project would be done in concert with the New River Wetland Committee of Calexico.

Air Quality: IID and Imperial County Air Pollution Control District are currently revising the adaptive management components of the water transfer air quality mitigation program. The revised program will further outline the various dust suppression measures and monitoring techniques necessary for adequate mitigation of particulate matter from the Salton Sea. Currently several pilot projects, including a soil amendment project, a salinity reduction process, a surface stabilization (mulch cover) project, and a fetch interruption project are under final design or implementation. The soil amendment pilot project includes an analysis of vegetation enhancement including establishment techniques and species mix.

The program is being coordinated with the SSA and other air management districts to assure that the program is compatible with the SSA restoration and with the SSRREI. It is likely that the various habitat projects will be designed and located, to the extent practical on playa areas identified as potentially emissive. One of the current strategies to reduce air quality mitigation requirement is to identify other land uses for exposed playa areas. These land uses vary and include agriculture, wildlife habitat and renewable energy development.

Commission Memorandum

To: Salton Sea Authority Board of Directors
From: Roger Shintaku, General Manager
Date: March 26, 2015, April 23, 2015
Subject: Water Resources Institute Contracts
CM No. VIIA – 4-23-15

GENERAL:

Transmitted herewith for your review, comment, and/or approval, please find proposed agreements:

1. “Salton Sea Authority Professional Services Agreement Pursuant to Task Orders” between the Authority and University Enterprises Corporation (UEC) at CSUSB.
2. “Agreement for Transfer of Assets Between Salton Sea Authority and California State University at San Bernardino”.

PURPOSE:

The purpose of the Agreements is to engage UEC to develop a Geographical Information Systems (GIS) based special collection in the CSUSB Palm Desert library for the Salton Sea watershed, including the formation and facilitation of a member agency technical working group to help identify data sources and give guidance on related administration and technical issues. Tasks and budget are set forth in Exhibits A and B to the contract. The Asset Transfer agreement provides that documents transferred to the Water Research Institute become the property of CSUSB once the Authority’s obligations under the Public Record Act are fulfilled.

RECOMMENDATION:

The Salton Sea Authority Staff recommends that the Salton Sea Authority Board approve the proposed contracts and authorize staff to include the funding of \$50,000 (\$22,000 FY 2014-2015 Budget and \$28,000 FY 2015-2016 Proposed Budget).

Respectfully submitted,

Roger Shintaku
General Manager

Attachments: As noted above: Professional Services Agreement and Agreement for Transfer of Assets

**SALTON SEA AUTHORITY
PROFESSIONAL SERVICES AGREEMENT
Pursuant to Task Orders**

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB

I. PARTIES AND DATE.

This Agreement is made and entered into this ___ day of ____, 2015, by and between the SALTON SEA AUTHORITY, a joint powers agency organized under the laws of the State of California (“Authority”) and University Enterprises Corporation at CSUSB, a California non-profit corporation with its principal place of business at 5500 University Parkway, San Bernardino, CA 92407 (“Consultant”). Authority and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

II. RECITALS.

A. Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the Authority pursuant to a series of task orders on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing consulting services to public clients, and is generally familiar with the plans of Authority.

B. Project.

Authority desires to engage Consultant to render certain services as set forth in Exhibit "A" ,"Project Description and Initial Task Order", (“Initial Task Order”) for the development of a Geographical Information Systems (GIS)-based special collection (“Special Collection”) in the CSUSB Palm Desert Library for the Salton Sea watershed, including the formation and facilitation of a member agency technical working group to help identify data sources and give guidance on related administrative and technical issues. It is anticipated that the Special Collection will become the repository of certain public records of the Authority once the Authority has complied with its retention obligations under the Public Record Act .

III. TERMS.

A. Scope of Services and Term.

1. General Scope of Services.

Consultant promises and agrees to furnish Authority with all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional consulting services necessary for the Project ("Services") as are more particularly described in the Initial Task Order. Additional Task Orders may be agreed upon by the Parties. All Services shall be subject to, and performed in accordance with, this Agreement, the Task Orders, and all applicable local, state and federal laws, rules and regulations..

2. Term.

Consultant shall complete the Services within the term specified in the Task Orders, unless earlier terminated or extended as provided herein.

B. Responsibilities of Consultant.

1. Control and Payment of Subordinates; Independent Contractor.

The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Authority retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Authority and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2. Schedule of Services.

Consultant shall perform the Services expeditiously and in accordance with the Schedule of Services set forth in the Task Order. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, Authority shall respond to Consultant's submittals in a timely manner. Upon request of Authority, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3. Conformance to Applicable Requirements.

All work prepared by Consultant shall be subject to the approval of Authority and Authority designees

4. Substitution of Key Personnel.

Consultant has represented to Authority that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Authority. In the event that Authority and Consultant cannot agree as to the substitution of key personnel, Authority shall be entitled to terminate this Agreement for its convenience. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the Authority, or who are determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Authority. The key personnel for performance of this Agreement is Boykin Witherspoon, unless otherwise specified in the Task Order.

5. Authority's Representative.

The Authority hereby designates Roger Shintaku, Executive Director, or his designee, to act as its representative for the performance of this Agreement ("Authority's Representative"). Authority's Representative shall have the power to act on behalf of the Authority for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the Authority's Representative or his designee.

Consultant's Representative.

Consultant hereby designates Boykin Witherspoon, or his designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

6. Coordination of Services.

Consultant agrees to work closely with Authority, in the performance of Services and shall be available to Authority, and other staff at all reasonable times.

7. Standard of Care.

Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant

represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. Any employee who is determined by the Authority to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the Authority, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

8. Laws and Regulations.

Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall defend, indemnify and hold Authority, its member agencies, and their officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

9. Insurance.

a) Time for Compliance.

Consultant shall not commence Work under this Agreement or any of the Task Orders until it has provided evidence satisfactory to the Authority that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the Authority that the subcontractor has secured all insurance required under this section.

b) Minimum Requirements

Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(1) Minimum Scope of Insurance.

Coverage shall be at least as broad as the latest version of the following: (A) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (B) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (C) *Workers' Compensation and Employers' Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance

(2) Minimum Limits of Insurance.

Consultant shall maintain limits no less than: (A) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (B) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (C) *Workers' Compensation and Employer's Liability*: Workers' compensation limits as required by the Labor Code of the State of California. Employers Liability limits of \$1,000,000 per accident for bodily injury or disease.

c) Insurance Endorsements.

The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the Authority to add the following provisions to the insurance policies:

(1) General Liability.

The general liability policy shall be endorsed to state that: (A) the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (B) the insurance coverage shall be primary insurance as respects the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it.

(2) Automobile Liability.

The automobile liability policy shall be endorsed to state that: (A) the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (B) the insurance coverage shall be primary insurance as respects the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it.

(3) Workers' Compensation and Employers Liability Coverage.

The insurer shall agree to waive all rights of subrogation against the Authority, its member agencies, their directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(4) All Coverages.

Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Authority, Its member agencies; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Authority, Its member agencies, their directors, officials, officers, employees, agents and volunteers.

d) Separation of Insureds; No Special Limitations.

All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Authority, Its member agencies, their directors, officials, officers, employees, agents and volunteers.

e) Deductibles and Self-Insurance Retentions.

Any deductibles or self-insured retentions must be declared to and approved by the Authority. Consultant shall guarantee that, at the option of the Authority, either: (A) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Authority, Its member agencies, their directors, officials, officers, employees, agents and volunteers; or (B) the Consultant shall procure a

bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

f) Acceptability of Insurers.

Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the Authority;

g) Verification of Coverage.

Consultant shall furnish Authority with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the Authority. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the Authority if requested. All certificates and endorsements must be received and approved by the Authority before work commences.

11. Safety.

Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

C. Fees and Payments.

1. Compensation.

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated by reference. The total amount of compensation shall not exceed the amount specified in the Task Order. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

1. Payment of Compensation.

Consultant shall be compensated in proportion to the work completed during a billing period. Consultant shall submit to Authority a periodic itemized statement which indicates work completed by task and other reports as required by the Funding Agreement. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Payment of invoices is due within sixty (60) days of receipt of invoice.

Payments prior to satisfactory completion of all work required of this Agreement, shall not exceed, in the aggregate, ninety-five percent (95%) of the total earned to date. All retention shall be paid upon satisfactory completion of the Project, as otherwise provided herein.

2. Reimbursement for Expenses.

Consultant shall not be reimbursed for any expenses unless authorized in writing by Authority.

3. Extra Work

At any time during the term of a Task Order, Authority may request that Consultant perform Extra Work. As used herein, "Extra Work" means and work which is determined by the Authority to be necessary for proper completion of the Task Order, but which the parties did not reasonably anticipate would be necessary when the Task Order was issued. Consultant shall not perform, nor be compensated for, Extra Work, without written authorization from Authority's Representative in the form of an additional or modified Task Order. Payment for Extra Work shall be at the rates set forth in the additional or modified Task Order. .

D. Accounting Records.

1. Maintenance and Inspection.

Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement as required by the Funding Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Authority during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to

the Agreement for a period of three (3) years from the date of final payment under this Agreement.

E. General Provisions.

1. Termination of Agreement and/or Task Orders.

a) Grounds for Termination.

Authority may, by written notice to Consultant, terminate the whole or any part of this Agreement or any outstanding Task Orders at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to Authority, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement or a Task Order except for cause.

b) Effect of Termination.

If this Agreement and/or a Task Order is terminated as provided herein, Authority may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

c) Additional Services.

In the event this Agreement is terminated in whole or in part as provided herein, Authority may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

2. Delivery of Notices.

All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

CONSULTANT:

**University Enterprises Corporation
5500 University Parkway
San Bernardino, CA 92407
Attn: Diane Trujillo**

AUTHORITY:

**Salton Sea Authority
44-199 Monroe Street, Suite C
Indio, CA 92201
Attn: Roger Shintaku**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3. Ownership of Materials and Confidentiality.

a) Documents & Data; Licensing of Intellectual Property.

This Agreement creates a non-exclusive and perpetual license for Authority, Its member agencies to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that Authority is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the Authority. Authority shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at Authority’s sole risk. Ownership of documents provided by the Authority to Consultant and/or CSUSB under this Agreement shall be the subject of a separate Transfer Agreement between the Authority and CSUSB.

b) Confidentiality.

All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Authority, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project, except to the extent required by law or legal process. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Authority's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Authority.

4. Cooperation; Further Acts.

The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5. Attorney's Fees.

If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

6. Indemnification.

Consultant shall defend, indemnify and hold harmless the Authority and its member agencies, their officials, officers, employees, volunteers and agents from and against any and all liability, loss, expense, attorney's fees, or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorney's fees or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the Consultant, its officers, agents or employees.

Authority shall defend, indemnify and hold harmless the Consultant, California State University San Bernardino, the Trustees of the California State University, the State of California, or other parties affiliated with Consultant, its officers, employees and agents from and against any and all liability, loss, expense, attorney's fees, or claims for injury or damages arising out of the performance of this Agreement but only

in proportion to and to the extent such liability, loss, expense, attorney's fees or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the Authority and its member agencies, their officials, officers, employees, volunteers and agents.

7. Entire Agreement.

This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

8. Governing Law.

This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

9. Time of Essence and Liquidated Damages

Time is of the essence for each and every provision of this Agreement. Consultant recognizes the importance of meeting the schedule that is applicable to its Services, and shall perform its Services to meet the Schedule as expeditiously as is consistent with the exercise of professional skill and care and the orderly progress of the Project.

10. Authority's Right to Employ Other Consultants.

Authority reserves right to employ other consultants in connection with this Project.

11. Successors and Assigns.

This Agreement shall be binding on the successors and assigns of the parties, and shall not be assigned by Consultant without the prior written consent of Authority.

12. Assignment or Transfer.

Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Authority. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

13. Construction; References; Captions.

Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to Authority include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

14. Amendment; Modification.

No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

15. Waiver.

No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

16. No Third Party Beneficiaries.

There are no intended third party beneficiaries of any right or obligation assumed by the Parties, other than Its member agencies, as described herein.

17. Invalidity; Severability.

If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

18. Prohibited Interests.

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Authority shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Authority, during the term of his or her service with Authority, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

19. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

20. Labor Certification.

By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

21. Authority to Enter Agreement.

Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

22. Counterparts.

This Agreement may be signed in counterparts, each of which shall constitute an original.

F. Subcontracting.

Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of Authority. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

“AUTHORITY”

SALTON SEA AUTHORITY

“CONSULTANT”

**UNIVERSITY ENTERPRISES
CORPORATION AT CSUSB**

By: _____
Roger Shintaku, General Manager

By: _____
_____, _____

EXHIBIT "A"
PROGRAM DESCRIPTION AND INITIAL TASK ORDER

Narrative

The WRI at the Palm Desert campus is currently assisting the Salton Sea Authority (SSA) with organizing their existing collections of reports, data and other assets. The WRI is developing a special collection in the CSUSB Library for the SSA. These records will be maintained by the Library in perpetuity pursuant to a Transfer Agreement between the Authority and CSUSB. The WRI has invested heavily in this endeavor. The WRI is providing a professional archivist with water domain expertise at no cost to the SSA. The WRI is also providing computers and Internet servers including Internet Geographic Information System servers at no cost. The CSU Palm Desert campus is providing secure space, telephone and other operations infrastructure at no cost and the WRI has begun to secure gift donations from local agencies to help fund this activity.

The goal for the WRI is to build a world-class special collection of water archives for the Salton Sea watershed. This collection will be modeled on the highly successful WRI Santa Ana Watershed collection currently housed at the Cal State San Bernardino campus. The Santa Ana Watershed Collection houses over 10,000 linear feet of historic water records and over 10 terabytes of digital archives. The special collection is funded through a partnership between Cal State and local water agencies and has been in existence for over 12 years. The collection is used by students and faculty for research as well as by local water agencies, regulators and law firms.

The CSUSB Palm Desert Campus (PD) is the only accredited four year degree granting university in the Salton Sea watershed and has contributed substantial resources to developing a special collection based on the SSA records. The WRI staff have an exceptional record of performance in developing and maintaining these types of special collections and are recognized statewide as experts in performing these types of activities. The WRI is also currently collecting and hosting GIS data for the SSA as a part of the special collection. This proposal is to expand that activity to help coordinate other GIS-related activity that the SSA is undertaking.

The WRI at PD is proposing to assist the Salton Sea Authority in the development of a GIS-based special collection in CSUSB PD Library. This GIS-based special collection will contain common and specialized GIS data to assist all stakeholders working in the Salton Sea watershed. The proposed program to develop the GIS special collection will include the formation and facilitation of a member agency technical working group that will meet periodically to help identify data sources and to give direction to WRI staff on administrative and technical issues pertaining to the collection.

The CSUSB PD Water Resources Institute and the CSUSB PD Library are uniquely qualified for this activity. The GIS-based special collection will become a permanent asset of the Library, meaning it will be available in perpetuity. Creating the special

collection as an asset of the Library also insures that the data is transparent and can be cited based on the meta-data used to catalogue the asset.

The data will be made available through Internet map servers insuring the greatest level of access by stakeholders. In addition to facilitating the technical working group, the WRI staff will perform the tasks of collecting data, cataloguing data, helping members and stakeholders access and use the data, as well as performing geospatial analysis on the data with input from the technical working group.

We anticipate running this initial program for one year. During that time the WRI at Palm Desert, the Salton Sea Authority, Technical Team Members and other partners will identify and seek resources to continue the program. Regardless, whatever data is collected and cataloged during the first year will remain available as a special collection in the CSU PD Library pursuant to the Transfer Agreement.

Tasks for the 2015 calendar year

Task 1: Develop Charter; in conjunction with the SSA identify technical team members and protocols for handling the transfer of public records from the Authority to CSUSB pursuant to the Transfer Agreement.

Task 2: Develop Internet map server and branding for the graphic user interface. Develop initial GIS Internet map services and GIS Internet map viewer.

Task 3: Facilitate up to 10 Technical Team meetings over the one-year period.

Task 4: Assist in interpretation of the data for stakeholders by having set hours during the workweek where people can call or go to the Library to talk to WRI staff.

Task 5: Ongoing collection and cataloguing of additional GIS data sets as they are identified.

Task 6: Perform and assist with Geospatial analysis of the data.

Schedule 2015

month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Task 1												
Task 2												
Task 3												
Task 4												
Task 5												
Task 6												

**EXHIBIT “B”
COMPENSATION**

Costs

The cost of this program will be \$50,000 for the 2015 calendar year. The WRI will invoice on a quarterly bases based on progress per quarter.

Cost by task:

Task 1: Planning	\$8,000
Task 2: Server	\$7,500
Task 3: 10 Meetings	\$14,000
Task 4: On Call	\$5,500
Task 5: Collection	\$8,500
Task 6: Analysis	\$6,500
Total	\$50,000

**AGREEMENT FOR TRANSFER OF ASSETS BETWEEN
SALTON SEA AUTHORITY
AND
CALIFORNIA STATE UNIVERSITY SAN BERNARDINO**

1. PARTIES AND DATE.

This Agreement is made and entered into this ____ day of _____, 2015, by and between the Salton Sea Authority (“SSA”) a joint powers agency organized under the laws of the State of California and California State University San Bernardino (“CSUSB”), with its principal place of business at 5500 University Parkway, San Bernardino, CA 92407. SSA and CSUSB are sometimes individually referred to as “Party” and collectively as “Parties.”

2. RECITALS.

2.1 CSUSB.

CSUSB’s Water Resources Institute oversees local water archives (the “Archives”) and desires to develop a special collection in the CSUSB Library at the Palm Desert Campus for the SSA utilizing SSA’s records, documents, data, maps, photographs, reports, GIS-related items, and other assets (the "Assets"). The Archives will accept, store, house, make accessible, and maintain SSA’s Assets in perpetuity on the terms and conditions set forth in this Agreement.

2.2 SSA.

SSA desires to utilize CSUSB’s Archives to create a special collection in the CSUSB Library in perpetuity and transfer SSA’s Assets as SSA deems appropriate and in compliance with the California Public Record Act (“Project”) as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. CSUSB promises and agrees to furnish all labor, materials, tools, equipment, services, and incidental and customary work that are necessary for the Project (“Services”). The Services shall include the following:

- (1) Storing, organizing and retrieving SSA Assets;
- (2) Cataloging or indexing SSA Assets as may be necessary to accomplish efficient storage and retrieval of the Assets;

(3) Making SSA Assets accessible to the public in accordance with SSA's requests and/or the California Public Records Act (Gov. Code § 6250 et seq.) and all other applicable state and federal laws; and

(4) Taking all reasonable precautions to preserve SSA Assets from damage, loss or theft.

All Services shall be subject to this Agreement and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall commence on _____, 2015 (the "Effective Date") and shall continue thereafter until terminated by either Party as provided herein.

3.2 Responsibilities of CSUSB.

3.2.1 Control of Subordinates; Independent Contractor. The Services shall be performed by CSUSB and CSUSB will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The Parties agree that the CSUSB is providing the Services on an independent contractor basis and not as employees of SSA. CSUSB retains the right to perform similar or different services for others during the term of this Agreement.

3.2.2 SSA's Representative. SSA hereby designates Roger Shintaku, General Manager, or his designee, to act as its representative for the performance of this Agreement ("SSA's Representative"). SSA's Representative shall have the power to act on behalf of SSA for all purposes under this Agreement. CSUSB shall not accept direction or orders from any person other than SSA's Representative or her designee.

3.2.3 CSUSB's Representative. CSUSB hereby designates Boykin Witherspoon, Director of Programs of CSUSB's Water Resources Institute Archives, or his designee, to act as its representative for the performance of this Agreement ("CSUSB's Representative"). CSUSB's Representative shall have full authority to represent and act on behalf of the CSUSB for all purposes under this Agreement. CSUSB's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.4 Coordination of Services. CSUSB agrees to work closely with SSA staff in the performance of Services and shall be available to SSA's staff, consultants and other staff at all reasonable times.

3.3 Termination of Agreement.

3.3.1 This Agreement may be terminated by either Party for any reason by giving written notice to the other Party of such termination, and specifying the effective date of termination, at least thirty (30) days before the effective date.

3.3.2 Effect of Termination. If this Agreement is terminated as provided herein, CSUSB shall be required to return all Assets that haven't been transferred to CSUSB pursuant to section 3.4 below prior to the effective date of termination. The Assets provided by SSA that have been transferred to CSUSB will remain the property of CSUSB and remain in the CSUSB Library in perpetuity.

3.4 Ownership of Assets.

3.4.1 SSA hereby agrees that all SSA Assets organized by CSUSB under this Agreement (the "Organized Assets") are irrevocably transferred to CSUSB once SSA's obligations under the Public Record Act have terminated and the documents are released to CSUSB and shall remain the property of CSUSB. SSA's obligations under the Public Record Act shall be deemed to be terminated once: (i) either the required period for retention has elapsed (see sample retention policy attached as Exhibit "A"); or (ii) CSUSB has caused a legally sufficient image of the document to be made and transferred to ownership of the SSA. Transfer of specific documents from SSA to CSUSB shall be memorialized from time to time by a resolution adopted by the Board of Directors of SSA ("Transfer Resolution"). Prior to the adoption of an appropriate Transfer Resolution, all documents shall remain the property of SSA and subject to return to the SSA upon the SSA's request. After adoption of a Transfer Resolution, all Assets specified in a Transfer Resolution shall be considered "Transferred Assets" and property of CSUSB.

3.4.2 CSUSB shall not destroy any Assets without SSA's express written permission.

3.4.3 Upon written request by SSA, CSUSB shall immediately return to SSA any Assets that have not been transferred to CSUSB pursuant to a Transfer Resolution, and shall allow any designated SSA employee(s) to immediately obtain any Assets that are not Transferred Assets.

3.5 Preservation of Stored Documents.

3.5.1 CSUSB may, at its discretion:

3.5.1.1 Photograph, microfilm, digitally image or otherwise copy or reproduce the Assets.

3.5.1.2 Carry out such work in regard to the preservation of the Assets as may from time to time be considered desirable and practical by CSUSB.

3.5.1.3 Withhold or limit public access to any Transferred Assets that are in a fragile condition until such time as all practical and necessary measures to preserve the Assets have been carried out.

3.5.2 CSUSB agrees to take all reasonable steps necessary to minimize deterioration of the physical condition of the Assets that may arise from the inexorable processes of biological and chemical decay and shall endeavor so far as labor and funding permit to carry out preventative or restorative preservation work for the Assets.

3.6 General Provisions.

3.6.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

CSUSB:

CSUSB's Water Resources Institute Archives
5500 University Parkway
San Bernardino, CA 92407
Attn: Boykin Witherspoon, Director of Programs

SSA:

Salton Sea Authority
44-199 Monroe Street, Suite C
Indio, CA 92201
Attn: Roger Shintaku

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.6.2 Indemnification. Each Party shall defend, indemnify and hold harmless the other party and its assigns, employees, agents, consultants, officers, directors and volunteers (the "Indemnified Parties") from and against all liability, loss, expense (including reasonable attorneys' fees and costs of suit), or claims for injury or damages which may arise as a result of that Party's negligent or intentional acts, omissions or willful misconduct.

3.6.3 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Bernardino County.

3.6.4 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6.5 SSA's Right to Employ Other Consultants. SSA reserves the right to employ other consultants in connection with this Project.

3.6.6 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.6.7 Assignment or Transfer. CSUSB shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of SSA. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.6.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.6.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.6.10 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.6.11 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.6.12 Authority to Enter Agreement. CSUSB has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.6.13 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6.14 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

[SIGNATURES ON NEXT PAGE]

SSA

CSUSB

By: _____
Roger Shintaku
General Manager, Salton Sea Authority

By: _____
Kathryn Hansen
CSUSB – Director of Procurement and
Support Services

Exhibit A

Sample Retention Policy (attached)

April 10, 2015

Governor Jerry Brown
c/o State Capitol, Suite 1173
Sacramento, CA 95814

Re: Renewable Portfolio Standard for California

Dear Governor Brown:

As Chairman of the Salton Sea Authority (SSA) Board of Directors, I wish to applaud your efforts to increase California's use of renewable energy but also to convey concerns with the manner in which certain renewable resources are currently treated under RPS procurement processes.

The Authority is working diligently with its partners to facilitate renewable energy development such as biofuels, solar energy, and geothermal power around the Sea in a manner benefiting long-term financial sustainability of environmental restoration. These goals of the Authority are also compatible with helping the State meet its contractual obligations for Salton Sea restoration.

The vast and varied portfolio of renewable energy contributions from the Salton Sea is unequalled. The Desert Renewable Energy Conservation Plan (DRECP) anticipates up to 7000 MW of renewable energy production from the desert region surrounding the Salton Sea.

Yet, those contributions are challenged by State policies for procurement that are inequitable. The Authority respectfully requests your consideration of a more holistic approach to the current State policies embodied in the RPS before there is any further action to expand it. We further request that in lieu of assigning a new and arbitrary percentage goal of renewable purchase by a date certain, establishing goals of carbon reduction and power source reliability would achieve a more economically and environmentally sustainable outcome for the entire State.

For instance, both hydroelectric and geothermal power are unique in providing renewable base-load resource without GHG emissions, yet power purchases from these sources derive no credit for their unique attributes under the current procurement process for RPS. The Authority believes that it is imperative for the State to consider the establishment of reasonable procurement policies for California utilities which will ensure that geothermal, hydroelectric, and pump storage energy be allowed to compete on an even playing field with other resources

In the coming months, we will be reaching out to your office and the State Legislature to explore solutions that will create a mutually beneficial outcome to this important issue. We also look forward to working together with your administration to realize the ambitious and worthwhile visions that you have set out for the State of California.

Sincerely,



John J. Benoit, Chairman, Salton Sea Authority