Joint Report to the Legislature

Salton Sea Restoration Program

The California Department of Water Resources
and
The California Department of Fish and Game

Submitted pursuant to
The Supplemental Report of the 2011/12 Budget Act

Report Authority

Item 3600-001-6051 of the Supplemental Report of the 2011/12 Budget Act reads:

The Department of Water Resources and the Department of Fish and Game shall jointly submit a report to the Legislature, on or before December 31, 2011, documenting expenditures from all fund sources and agency staff time by both departments on Salton Sea mitigation or restoration efforts since the inception of the Salton Sea Restoration Fund. This report shall also document actions that both departments have taken to (a) disburse grants to local governmental and non-governmental entities for on-the-ground work for habitat restoration at the sea and (b) complete the environmental review and permitting of the Species Conservation Habitat ponds project. The report shall also discuss efforts of the Natural Resources Agency to establish the Salton Sea Restoration Council and hire the council's executive director. See Item 3860-001-0001.

Table 1
Salton Sea Restoration Program Funding History Totals

	Total Allocation	Total Expended	Total Encumbered	Funds Remaining
Salton Sea Restoration Fund[1]	30,000,000	6,243,969	11,282	23,744,749
Proposition 84	45,355,000	5,610,964	8,404,589	31,339,447
Proposition 50[2]	22,000,000	20,163,747	423,184	1,413,069
TOTAL	**$97,355,000**	**$32,018,680**	**$8,839,055**	**$56,497,265**

[1] Salton Sea Restoration Fund Contributions from Local Water Agencies
[2] All Prop 50 funds received by DWR were reimbursements from the Wildlife Conservation Board through two interagency agreements; $20 million in 2003 and $2 million in 2012.

Table 2
Detailed Expenditure by Year/Fund
(Dollars in Thousands)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	TOTAL
SSRF Expenditure		576	775	1,277	1,447	880	631	659	**6,244**
SSRF Encumbrance		160	170	-642	-212	-51	14	-5	**11**
Total SSRF		737	945	1,212	1,235	829	644	654	**6,255**
Prop 84 Expenditure					13	736	1,232	3,630	**5,611**
Prop 84 Encumbrance					8,358	4,167	-899	-3,221	**8,405**
Total Prop 84					8,371	4,903	333	409	**14,016**
Prop 50 Expenditure	19,541							622	**20,164**
Prop 50 Encumbrance								423	**423**
Total Prop 50	19,541							1,046	**20,587**
TOTAL	**$19,541**	**$737**	**$945**	**$1,212**	**$9,605**	**$5,731**	**$978**	**$2,108**	**$40,858**

Table 3
Total DWR Proposition 84 Appropriations: Fiscal Years 2003/04 – 2011/12
(Dollars in thousands)

Type of Request	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
03/04 Budget Revision	750				2,000	2,000	2,000	2,000	2,000
04/05 Spring Fin. Ltr.		7,200	7,200	4,850					
07/08 Spring Fin. Ltr.					2,500				
07/08 May Revise									
07/08 Legislative Add					7,300				
08/09 Gov. Budget						3,000			
08/09 Spring Letter						7,400			
09/10 Gov. Budget							4,000		
09/10 Spring Fin. Ltr.							8,000		
10/11 Gov Budget								4,000	
11/12 Spring Fin. Ltr.									4,200
TOTAL	$750	$7,200	$7,200	$4,850	$11,800	$12,400	$14,000	$6,000	$6,200

Annual Program Fiscal Detail

Fiscal Year 2003/04

In total, the 2003/04 budget provided $750,000 to the Department of Water Resources (DWR) through reimbursement authority for the first year of what would be a four-year $20 million agreement with the Wildlife Conservation Board (WCB) for environmental and engineering studies and to select the best alternative for Salton Sea protection and restoration.

Fiscal Years 2004 – 2006

In total, the 2004 - 2006 budgets provided $19.25 million to DWR to fund years two through four of the WCB's $20 million grant to DWR to complete the habitat restoration study and Programmatic EIR for the Salton Sea Ecosystem Restoration Program.

Fiscal Year 2004/05	$7,200,000
Fiscal Year 2005/06	$7,200,000
Fiscal Year 2006/07	$4,850,000
Total	$20,000,000

The work performed was accomplished via an interagency agreement (WC – 3023SC) with the WCB and the Department of Fish and Game (DFG) for the Salton Sea Ecosystem Restoration Study. This restoration study is the Programmatic Environmental Impact Report (PEIR) released in 2007 by the secretary for natural resources (Secretary). The legislation required the Secretary to recommend a Preferred Alternative to the California Legislature, and the development of the recommended alternative in the PEIR was based upon recommendations by the Salton Sea Advisory Committee and public input on alternatives considered in the draft PEIR. Activities undertaken during this three year period include:

- Developed hydrodynamic and water quality models for the Salton Sea
- Performed air quality analyses associated with the Salton Sea

- Prepared selenium ecorisk analysis
- Performed air quality research and monitoring
- Established science and technical panels to review documents and alternatives
- Established advisory committees to guide the development of the PEIR
- Prepared a draft PEIR for the Salton Sea Ecosystem Restoration Program
- Performed natural resource assessments and evaluations
- Facilitated extensive public outreach and involvement

Fiscal Year 2007/08

The 2007/08 budget provided multiple years of funding for Salton Sea restoration activities. These allocations were from Propositions 84 and 50 as well as the Salton Sea Restoration Fund. As shown in Table 3, allocations specifically for the fiscal year 2007/08 totaled $9.6 million.

1. The January budget provided $10 million from Propositions 84 and 50 and five new positions (4.75 PYs) to support a five-year program to develop and implement habitat conservation measures at the Salton Sea consistent with the concept of Early Start Habitat prescribed in the preferred alternative proposed in the Salton Sea Ecosystem Restoration Program PEIR (2007). Funding was set at a level of $2 million for each of the five years, with $1 million per-year provided by the WCB from Proposition 50. The funds supported 3.2 positions (3.04 PYs).

   Additionally, the January budget allocated $1.7 million to DFG and $1 million to DWR for from the Salton Sea Restoration Fund to support Early Start Habitat projects.

2. A spring finance letter added a request for $2.5 million in reimbursement authority to DWR for fiscal year 2007/08 to continue development of habitat restoration plans and related environmental documentation for the Salton Sea. DWR entered into an agreement with the WCB, with a term from September 2003 through December 2006, to conduct studies, develop restoration plans, and prepare environmental documentation for the restoration of the Salton Sea ecosystem.

3. The Legislature added a total of $13.3 million from Proposition 84, of which $7.3 million was contracted to DWR for project start-up and operations, early start habitat planning, design permitting, environmental documents, and operating expenses and equipment. These activities also included completing the Monitoring and Assessment Plan for the Salton Sea and submitting it to U.S. Geological Survey (USGS) to undergo peer review, developing the implementation plan for the Species Conservation Habitat (SCH) project, and developing the Scope of Work and Request for Qualifications for a consultant to design and undergo the environmental compliance for the SCH. DFG received $10.75 million from Prop 84 of which $4 million was contracted to DWR and $2.8 million from the Salton Sea Restoration Fund. The SCH project is intended to provide habitat values equivalent to the Early Start Habitat called for in the 2007 Salton Sea Restoration Program PEIR.

Fiscal Year 2008/09

1. The January budget provided $3 million in reimbursement authority from the Salton Sea Restoration Fund. The funding is administered by DFG. The requested resources were needed to implement the habitat conservation objectives of the SCH project developed in the previously approved fiscal year 2007/08 Salton Sea Restoration and Management (SSRM) Program BCP. Additionally, DFG was provided $10.75 million from Proposition 84, of which $4 million was contracted to DWR and $2.8 million was allocated to the Salton Sea Restoration Fund.

2. A spring finance letter requested $7.4 million in reimbursement authority to support the state's obligations for SCH development. This request was related to the 2007 appropriation which included $7.3 million in reimbursement authority for DWR to receive the funds from DFG's Salton Sea Restoration Fund appropriation.

   Beginning in fiscal year 2008/09 and extending through fiscal year 2010/11 program expenditures supported the development of the Draft EIS/R for the Species Conservation Habitat project. A consulting team was hired to lead the effort to develop the document. Among the many tasks enveloped by the contract, the primary duties included: conducting technical analyses and field surveys for baseline project information; performing appropriate modeling of physical and living science parameters that form the basis of project alternatives; preparing the draft and final environmental documents; and preparing all necessary permits to build the project. Additionally, significant public outreach was programmed into the project to keep stakeholders informed and involved in the project.

   Additionally, during this time, DWR continued development of the Monitoring and Assessment Program with particular attention on developing and coordinating an air quality monitoring program with local agencies.

Fiscal Year 2009/10

1. The January budget allocated $4 million in reimbursement authority for DWR to implement conservation and mitigation concepts and activities developed in the previously approved fiscal year 2007/08 SSRM Program BCP. These activities support existing law (Fish and Game Code §§ 2930 - 2933) for implementation of species conservation measures necessary to protect the fish and wildlife species dependent on the Salton Sea. DFG received $5.2 million from Prop 84 and $2.7 from the Salton Sea Restoration Fund. These activities included contracting with Scripps to determine the geohazards and develop a bathymetry map of the Salton Sea.

2 A spring finance letter requested an additional $8 million in reimbursement authority for fiscal year 2009/10 to support the development of professional service contracts and the commencement of project-related field surveys, technical analysis and modeling, biological evaluations, geotechnical evaluations, and public outreach programs. These funds were provided to DWR by DFG from the Salton Sea Restoration Fund (Proposition 84) and by the WCB (Proposition 50). These activities included developing an air quality monitoring program and coordinating

with Imperial Irrigation District and Imperial County to install six air stations around the Salton Sea, and developing selenium removal methods with UC Berkeley.

Fiscal Year 2010/11

1. This January budget provided $4 million in reimbursement authority through June 30, 2012 - $2 million from the Salton Sea Restoration Fund (Proposition 84) and $2 million from Proposition 50. DFG received $296,000 from Proposition 84 and $1.2 million from the Salton Sea Restoration Fund. Specific activities accomplished by the funding provided in this appropriation and those in the previous fiscal years include:

    - The initiation of, and progress toward the development of required environmental compliance documents associated with the proposed Species Conservation Habitat (SCH) project;
    - The establishment of baseline resource conditions to support the development and evaluation of alternative SCH pond locations and configurations;
    - The full evaluation of the potential impacts and remediation of selenium movement into and through the habitat created by the proposed ponds;
    - The development of the major sections of the draft EIS/EIR for the SCH project;
    - Coordination with regulatory agencies that have jurisdictional authority over the proposed project; initiation of engineering design work for the SCH ponds;
    - Continued funding of DFG and DWR staff to oversee and manage project development, contract administration, and funding requirements;
    - Initiated the Financial Assistance Program that provides Salton Sea stakeholders with an opportunity of participate in the Sea's restoration. Regular public workshops were organized and presented in the Salton Sea region summarizing the progress of the program.

Fiscal Year 2011/12

The 2011/12 Budget Act provided $4.2 million in reimbursement authority, available through June 30, 2013 - $2 million from the Salton Sea Restoration Fund (Proposition 84) and $2 million from Proposition 50 for DWR, with DFG receiving $296,000 from Proposition 84 and $1.2 million from the Salton Sea Restoration Fund. These funds are to complete the design, engineering, and environmental compliance for the Species Conservation Habitat project.

Specific activities accomplished by the funding provided in this appropriation and those in the previous fiscal years include:

- Completed extensive geotechnical investigations to refine SCH project design
- Finalized the EIS/EIR for the SCH project;
- Completed the draft guidelines for the Salton Sea Financial Assistance Program;
- Worked toward finalizing FAP guidelines which will be incorporated into a formal State Proposal Solicitation Package using DWR's BMS system;
- Coordinated and supported field trials of selenium management techniques;

- Funded the Army Corps of Engineers to take the lead under the National Environmental Policy Act (NEPA) for the joint CEQA/NEPA document;
- Conducted regular public and stakeholder workshops in the Salton Sea region summarizing the progress of the program.
- Staffing

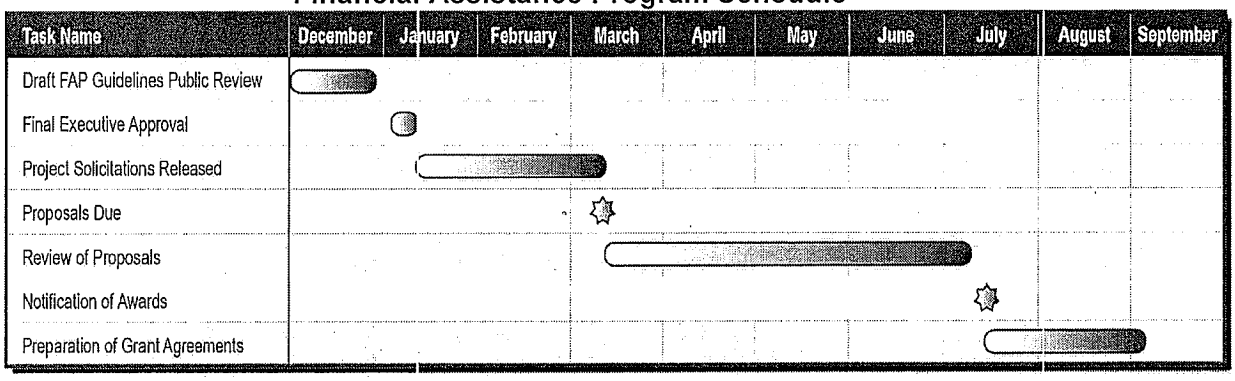
Financial Assistance Program

DWR has developed draft guidelines for the Salton Sea Financial Assistance Program (FAP) as part of the Salton Sea Species Conservation Habitat (SCH) project authorized under Fish and Game Code § 2930. The Final Guidelines and Proposal Solicitation Package were posted on December 22, 2011. The public will have 30 days to familiarize themselves with the grant solicitation package. In mid February two public meetings will be held around the Salton Sea to gather feedback on the guidelines to make sure the program is valuable to potential applicants. Once the guidelines are finalized, they will be bundled with the application to form the Proposal Solicitation Package (PSP). The PSP will then be posted and formally released to the public through DWR's Bond Management System (BMS) website. The release will be followed by at least one workshop at the Salton Sea to help potential applicants understand and use the BMS system when they submit their FAP proposals.

The FAP's $3 million comes from Proposition 84, and was appropriated to DFG for direction to DWR through an Interagency Agreement. The proposal solicitation process will be managed through DWR's BMS. Successful proposals will be reviewed, scored, and selected by a panel of DFG and DWR staff and other invited subject matter experts. DWR will execute and manage the grant contracts for successful applicants on behalf of and in coordination with DFG. Funding Priority will be given to proposals meeting at least one of the following conservation objectives for fish and wildlife at the Salton Sea:

- Habitat creation or enhancement that provides sustainable and functional habitat for the protection of fish and wildlife;
- Water quality improvements that would directly contribute to the conservation of fish and wildlife resources;
- Research activities that directly resolve data gaps currently acting as impediments to creation and enhancement of fish and wildlife habitat;
- Adaptive management experiments to improve the effectiveness of habitat management and habitat quality for fish and wildlife at existing managed habitats.

Table 4.
Financial Assistance Program Schedule



Restoration Study and Programmatic Environmental Impact Report (EIR)

As required under Fish and Game Code § 2081.7, DWR and DFG prepared a Salton Sea restoration study to identify restoration alternatives and a Programmatic EIR consistent with the requirements of the California Environmental Quality Act to evaluate the projected environmental impacts associated with each of six identified Salton Sea restoration alternatives. The preparation of these documents, including the development of alternatives was guided by public input obtained through extensive public outreach in the form of public scoping meetings and stakeholder participation in the Salton Sea Advisory Council – an advisory body representing agriculture, local governments, conservation groups, tribal governments, recreational users, water agencies, air pollution control districts, and geothermal energy development. Stakeholders and the public also participated in focused working groups created by DWR and DFG to better inform the public and to elicit input on specific technical aspects of the project, including biology, hydrology and air quality. The preparation of the restoration study and Programmatic EIR took three years to complete and included complex analyses involving hydrologic modeling and ecological risk assessment. Based on input from the Salton Sea Advisory Committee and the findings in the Programmatic EIR, the Secretary recommended a preferred alternative to the Legislature. Expenditures for preparation of the restoration study and Programmatic EIR included DWR and DFG staff time and expenses as well as the costs for consultant services over the three year period.

Monitoring and Assessment Program

Following completion of the Programmatic EIR and identification of the preferred alternative, DWR and DFG staff and consultants, in collaboration with the USGS Salton Sea Science Office, developed a comprehensive monitoring and assessment plan for the Salton Sea. The intent of the program was to identify a strategy for collecting and assessing data that would help resolve areas of technical uncertainty related to Salton Sea restoration. The development of the monitoring and assessment plan was facilitated through participation by stakeholders and recognized experts in focused technical groups (biology, hydrology and water quality, air quality, geology and geography, and socioeconomics) that identified areas of technical uncertainty, key

technical questions, and preliminary monitoring methods. The Monitoring and Assessment Plan is currently undergoing USGS peer review in anticipation of public release as a USGS Open File Report.

Species Conservation Habitat (SCH)

Under the authority of Fish and Game Code §§ 2930 – 2933, the DFG and the DWR began the process of developing a SCH project that implements conservation measures necessary to protect the fish and wildlife species dependent on the Salton Sea, including adaptive management measures pursuant to Fish and Game Code § 2081.7. The SCH project followed as a near-term action until the Legislature determines a strategy to fund the preferred alternative presented in 2007 after the Salton Sea Ecosystem Restoration Study and Final Programmatic Environmental Impact Report. Workshops with experts on selenium ecorisk, pond design, and species provided important information in order to develop an implementation plan. The plan was reviewed by all stakeholders at meetings and their input was incorporated into the plan.

Consultants were hired in February 2010 to assist in the preparation of the environmental reports, the alternative development, permit applications and studies, and preliminary design. Since February 2010, several special studies[1] were undertaken to help guide the design of the project. In addition, surveys were conducted for special status species at the site locations. During this time, DFG began meeting with all the agencies from whom permits would be required, contracting with the Army Corp of Engineers as the federal lead agency on the Environmental Impact Statement (EIS) to save time.

The Salton Sea Species Conservation Habitat Project Draft Environmental Impact Statement/Environmental Impact Report (EIS/EIR) was released for public review on August 17, 2011; the comment period ended on October 17, 2011. Permit applications are expected to be submitted in early 2012, and it is anticipated that the final EIS/EIR will be released in late spring 2012. Permits will likely be issued in summer 2012 and final design in fall 2012. Construction is targeted to begin in spring 2013 and to be completed by summer 2014.

Salton Sea Restoration Council

Chapter 303, Statutes of 2010 created the Salton Sea Restoration Council as a separate state entity under the Natural Resources Agency. The council is required to evaluate the Salton Sea restoration plans and, by June 30, 2013, report to the Governor and the Legislature with a recommended Salton Sea restoration plan.

The Secretary supports the restoration efforts at the Salton Sea, and DFG and DWR are committed to their long-term responsibilities to implement restoration actions. Due to the state's fiscal situation and declining bond funds available for the Salton Sea, the

[1] These included: mesocosm experiments and selenium removal methods; Selenium ecorisk modeling; Selenium solubilization experiments; 2 Selenium workshops; tilapia salinity and temperature tolerance experiments; creation of Vector Control Plan for SCH; pesticide and heavy metal surveys at SCH sites; hydrologic temperature and water quality modeling; and geohazards and bathymetry studies.

Natural Resources Agency does not feel that diverting existing resources to create a new state department is necessary to implement ongoing restoration projects. The Secretary is committed to maintaining agency staff focus on Salton Sea restoration activities and will ensure that future actions are transparent and are made in collaboration with stakeholders.