

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisor John J. Benoit

SUBMITTAL DATE: July 26, 2012

SUBJECT: Opposition to Assembly Bill 642 (Calderon): Salton Sea Stabilization and Agricultural Cultivation Act, as currently drafted.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Oppose, unless amended, Assembly Bill 642 which establishes the Salton Sea Stabilization and Agricultural Cultivation Act; and
2. Authorize the chairman of the Board to forward a letter of opposition to the bill's author and our Sacramento advocates; and
3. Pursue necessary amendments to AB 642.

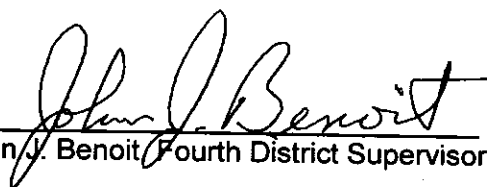
BACKGROUND:

Assembly Bill 642, the Salton Sea Stabilization and Agricultural Cultivation Act, would authorize the state Secretary of the Natural Resources Agency to establish an Algae Production Program in the Salton Sea basin to facilitate research and the commercial development of algae for fuels, foods, medicines and clean water.

Under the legislation, grants would be provided to research institutions and commercial enterprises for research and demonstration projects leading to the commercial development of algae. Commercial enterprises receiving grants would agree to a royalty or other revenue arrangement to be deposited into the state Algae Production Program Fund created by this legislation.

Riverside County is a voting member of the Salton Sea Authority. Riverside County Economic Development Agency - Administration staff and the Salton Sea Authority have reviewed this bill and noted the following concerns:

(Continued)


John J. Benoit, Fourth District Supervisor

Prev.Agn.ref.

Dist.

AGENDA NO.

3.80

Supervisor John J. Benoit

Opposition to Assembly Bill 642 (Calderon): Salton Sea Stabilization and Agricultural Cultivation Act, as currently drafted.

July 31, 2012

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BACKGROUND: (Continued)

While algae cultivation and biofuel production can promise potential benefits for Salton Sea stabilization, AB 642, as written, lacks any reference to the Salton Sea Authority or the locally preferred plan to restore the sea and protect the impacted ecosystem.

Strengthening local control at the Salton Sea is a priority of this Board which has adopted a Legislative Platform (established in accordance with Board Policy A-27) to seek consensus on an updated preferred alternative and identify a sustainable funding mechanism to support restoration activities. The Board has also supported the proposed elimination of the state Salton Sea Restoration Council, which has never convened a meeting, and AB 939 (V. Manuel Pérez) to revert its mandate and responsibilities to the Salton Sea Authority. In its current form, AB 642 is inconsistent with these efforts.

By granting exclusive leasing capabilities and associated financial extraction privileges to the Natural Resources Agency, this bill would override local authority and potentially sidestep the local priorities of the Salton Sea Authority. AB 642 should be amended to thoroughly integrate algae cultivation and biofuel production with restoration plans overseen by the Salton Sea Authority.

Another conflict resides with revenue and royalty sharing in current language of AB 642. The Salton Sea Authority insists that revenue collected from biofuel development and algae cultivation at the Salton Sea should be applied toward Salton Sea restoration in accordance with plans to be promulgated by the Salton Sea Authority and approved by the State Legislature. While the concept of flourishing algae biofuel enterprise is welcome, it is highly inappropriate for the state to divert new local resources from restoration efforts that are critically needed.

The Salton Sea Authority, Coachella Valley Water District, County of Imperial and the Imperial Irrigation District have all taken the formal position to oppose Assembly Bill 642, unless amended.

I respectfully request my colleagues' concurrence to oppose Assembly Bill 642, as currently drafted, and urge necessary amendments to ensure continuity with established efforts to stabilize the Salton Sea.



Established in 1918 as a public agency

Coachella Valley Water District

Directors:

Peter Nelson, President - Div. 4
John P. Powell, Jr., Vice President - Div. 3
Patricia A. Larson - Div. 2
Debi Livesay - Div. 5
Franz W. De Klotz - Div. 1

Officers:

Steven B. Robbins, General Manager-Chief Engineer
Julia Fernandez, Board Secretary

Redwine and Sherrill, Attorneys

July 24, 2012

File: 0541.132
0932.

The Honorable Charles Calderon
Assembly Majority Leader
State Capitol, Room 2117
Sacramento, California 94249-0058

Dear Assembly member Calderon:

Subject: AB 642 (Calderon) — Amendments Sought

Coachella Valley Water District (CVWD) applauds the forward-thinking philosophy of AB 642. If algae cultivation and biofuel production are viable commercial enterprises, the result could be crucial funding for Salton Sea restoration. The legislation needs to be amended, however, because there is not so much as a mention of crucial local input or involvement.

There is no singular solution to what ails the state's largest inland body of water. Recent history strongly suggests the current California bureaucracy is ill equipped to tackle the plethora of problems facing the Salton Sea. While your bill includes safeguards for researching whether it is viable to cultivate algae at the Salton Sea, whatever happens to, for or at the Salton Sea potentially affects the hundreds of thousands of residents and thousands of businesses of Coachella and Imperial counties.

People who live and work near the Salton Sea deserve to have their voices heard regarding anything that might affect them. CVWD belongs to the Salton Sea Authority (SSA), along with Imperial Irrigation District, the counties of Riverside and Imperial and local Indian representation. The SSA is assuming the responsibility for governance of Salton Sea restoration, replacing the Salton Sea Restoration Council.*

The SSA's board consists of locally elected representatives from the two counties, two water agencies and one tribe. All are held accountable for their actions by their constituents. If there is to be an Algae Production Fund, the SSA is the only entity qualified to oversee grants and research; the actual development of a commercial algae cultivation and biofuel production industry; and screening of applicants seeking to fund their Salton Sea restoration projects.

*(*Assembly member V. Manuel Pérez, is working to accomplish this through AB 939, which, like your bill, currently is working its way through the Legislature.)*

July 24, 2012

CVWD, thus, strongly encourages you to amend AB 642, assigning to the SSA the duties and responsibilities currently earmarked for the Department of Natural Resources.

This should be contingent upon passage of AB 939. If the legislation by Assembly man Pérez does not become law, then AB 642 should have as a contingency plan that it suspends implementation until there are assurances of local input and involvement.

Thank you for your interest in exploring one possible answer to the many questions associated with restoring the Salton Sea. Please call me if you have any questions.

Yours very truly,



Jim Barrett
Acting General Manager

cc: Peter Nelson, CVWD
Corky Larson, CVWD
Assembly member V. Manuel Pérez
Assembly member Brian Nestande
Senator Bill Emmerson
Senator Juan Vargas
Marion Ashley, Riverside County Board of Supervisors
Stella Mendoza, Imperial Irrigation District
Phil Rosentrater, Riverside County Economic Development Agency
Robert Hargreaves, Salton Sea Authority
George Dunn, Quantum Government Relations

JB.il/Barrett/2012/July/Calderon - AB 642 - amendments sought

July 10, 2012

Assembly Majority Leader Charles Calderon
Room # 2117
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0058

Re: AB 642 (Calderon) – Oppose Unless Amended

Dear Assemblyman Calderon:

The Salton Sea Authority appreciates your support for algae cultivation and biofuel production to stabilize the Salton Sea; however, we respectfully request amendments to AB 642 to ensure continuity with established efforts to restore the Salton Sea.

Of primary concern is lack of any reference to the Salton Sea Authority (SSA) or the locally preferred restoration plan. In its current form, AB 642 is inconsistent with the Salton Sea Authority's efforts since 1993 to oversee restoration plans at the Sea, including its current effort in this regard via AB 939. By granting exclusive leasing capabilities, and associated financial extraction privileges to the Natural Resources Agency, this bill would override local authority and potentially sidestep the local priorities of the SSA. AB 642 should be amended to thoroughly integrate algae cultivation and biofuel production with restoration plans overseen by the SSA.

Another conflict resides with revenue and royalty sharing in current language of AB 642. The Salton Sea Authority insists that revenue collected from biofuel development and algae cultivation at the Salton Sea should be applied toward Salton Sea restoration in accord with plans to be promulgated by the Salton Sea Authority and approved by the State Legislature. While the concept of flourishing algae biofuel enterprise is welcome, it is highly inappropriate for the state to divert new local resources available to help California's poorest of poor communities overcome the state's most degraded environment and depressed economy.

The Salton Sea Authority respectfully thanks you for your consideration as we request amendments to AB 642 in order to remove our opposition.

Sincerely,

MARION ASHLEY
Chairman, Board of Directors
Salton Sea Authority

DISTRICT 1
JOHN R. RENISON

DISTRICT 2
JACK TERRAZAS

DISTRICT 3
MICHAEL W. KELLEY

DISTRICT 4
GARY WYATT

DISTRICT 5
RAY CASTILLO

COUNTY ADMINISTRATION CENTER

940 MAIN STREET, SUITE 209
EL CENTRO, CA 92243-2871
TELEPHONE: (760) 482-4220
FAX: (760) 482-4215

Board of Supervisors
County of Imperial

June 19, 2012

Assemblyman Charles Calderon
State Capitol,
Sacramento, CA 95814

Subject: AB 642 Salton Sea Algae Production: OPPOSE

Dear Assemblyman Calderon:

The Imperial County Board of Supervisors regrets that we must OPPOSE your AB 642 that would have the Secretary of Natural Resources designate an "Agricultural Algae Conservation District" at the Salton Sea among other things. While the county is interested in finding solutions to the perplexing problems associated with cleaning up and restoring the Salton Sea, this bill appears to conflict with many of the programs we are trying to implement at the local level. Furthermore, your bill seeks to give the Secretary of Natural Resources the authority to designate certain areas for algae production and provides no mechanism for local input. The bill also seems to be handing back to the Secretary the lead role in developing efforts to clean up the Sea.

Had you contacted us PRIOR to introducing this legislation, we would have advised you that the Salton Sea Authority and Assemblyman Manuel Perez, whose district encompasses the entire Salton Sea, have been working legislation to pass the torch of leadership in the restoration of the Sea from the State of California to local agencies and private sector partners who have a direct stake in seeing a restoration program succeed.

We see some things in your bill that we could support. The Salton Sea certainly has some sites that could become very successful producers of commercial scale algae for energy and industrial purposes. However, the Counties of Imperial and Riverside continue to have land use authority over the permitting for any such facilities and relinquishing that authority to the Secretary of Natural Resources or any other state agency is not something we can support.

We invite you to work with the two Salton Sea counties, the Salton Sea Authority and the legislators who represent the Sea to determine how we can collaborate in the future to develop a workable program to promote and encourage the development of commercial scale algae production at the Sea in conjunction with the many other programs that are currently under consideration for renewable energy generation in concert with the restoration of the Salton Sea.

Sincerely,

Michael W. Kelley
Mike Kelley, Chairman

cc Bill Dohring

~~Senate Natural Resources and Water Committee, Attn. Bill Craven~~



IID

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July 16, 2012

The Honorable Charles Calderon
Capitol Office
P.O. Box 942849
Sacramento, CA 94249

Dear Assemblymember Calderon:

Imperial Irrigation District by way of this letter informs you of its *oppose unless amended* position to your AB 642.

IID is a publicly owned water and power provider located in both the Imperial and Riverside counties. Per the requirements of the Quantification Settlement Agreement, IID has been at the forefront of creating species conservation habitat projects in and around the Salton Sea area. Although some progress has been made, the Salton Sea continues to be an impaired body of water in much need of restoration and conservation. Like you, IID believes that research and development of the algae industry might lead to potentially beneficial projects that will aid in these efforts.

It is our understanding that AB 642, as drafted, would authorize the secretary of the Natural Resources Agency to establish an algae production program in the Imperial Valley. Additionally, the secretary would provide grants to both research institutions and commercial enterprises that seek to develop projects leading to algae production in and around the Salton Sea. While we agree in concept and support your efforts, we are concerned that your bill does not include any consultation with local stakeholders and governmental bodies before adopting such a program.

At this time, IID must respectfully request that you consider the adoption of amendments to AB 642 that create a process whereby local input may be considered and concerns raised before the algae production program is established.

Thank you for your attention to this matter. Please do not hesitate to contact me or Antonio Ortega, governmental affairs specialist (760-339-9041) if you have any questions.

Sincerely,

Kevin E. Kelley
General Manager

cc: The Gualco Group, Inc.

IMPERIAL IRRIGATION DISTRICT
333 E. BARIONI BLVD. • P.O. BOX 937 • IMPERIAL, CA 92251
TELEPHONE (760) 339-9477 • FAX (760) 339-9392