5/16/19

Mr. Bruce Wilcox Assistant Secretary – Salton Sea California Natural Resource Agency 78078 Country Club Drive, Suite 109 Bermuda Dunes, CA 92203

cc: Imperial County and Federal Government of Mexico.

Re: Offer to develop a Public/Private Partnership to import seawater into Imperial County from the Sea of Cortez via the Laguna Salada, Baja California, Mexico.

Mr. Wilcox,

Enclosed is the updated May 19, 2018 offer. The new offer reflects changes in the cost of land, equipment, labor, diesel fuel and environmental regulation.

From 2009 until today, we believe the Sea to Sea Project should be a stand alone non-profit / public benefit project (cost-plus CPUC format). The focus is to convey seawater at the lowest possible cost to eliminate blowing toxic dust and support the regional economy in Riverside and Imperial County.

This offer will not address the salt level of the Salton Sea, berm projects, wetland projects, salt projects or desalination projects. We recommend the concepts be developed separately via RFP's and not merged into the Sea to Sea Project.

Please advise a time to meet in two weeks to review our offer.

Sincerely yours,

Gary Jennings & Dan Johnson Sea to Sea Canal Company Jennings & Johnson Partnership United Solution Group - www.gjennings.com (619) 549 5440 PST (Rosarito Beach, Baja California Mx) Offer to develop a Public/Private Partnership to import seawater into Imperial County from the Sea of Cortez via the Laguna Salada, Baja California, Mexico (StS).

## 1. Primary benefits, seawater importation.

- 1. The following **talking points** should be considered a starting point and basis to develop a cost-plus public/private partnership agreement to develop the Sea to Sea Project (StS).
- 2. **Public health:** Prevent serious lung disease, cardiovascular disease and other health problems caused by poor air quality and eliminate substantial costs of associated medical treatment.
- 3. <u>Economic development:</u> Support regional construction, tourism, and manufacturing as the catalyst for economic development for decades. Please see Palm Springs Chamber of Commerce Economic Development Study.
- 4. <u>State and local tax protection</u>: A full Salton Sea protects one billion in annual sales tax, property tax and income tax from Riverside and Imperial County paid to the State of California. If the Salton Sea is allowed to degrade, the tax base, property value and payments will decrease over time.
- 5. <u>Environment protection</u>: A full Salton Sea will facilitate and promote environmental objectives supporting wildlife habitat and bird flyway.
- 6. <u>Sea to Sea public private partnership</u>: A cost-plus public/private partnership for the development and operation of a 130-mile seawater canal from El Mayor, Baja California Mexico (seawater intake) to the Salton Sea via the Laguna Salada basin in Mexico. The Imperial County canal (40 miles) is on west side of the valley on BLM land.
- 7. <u>Sea to Sea project funding</u>: The StS Canal Company offers <u>nine</u> funding strategies to develop the project. The estimated interest savings is \$ 12.6 million per year or \$ 189.0 million over the term of the bonds (15 years). See page 23, 24, 25 for details.
- 8. <u>Lowering the salt level of the Salton Sea</u>: The StS Canal Company offers <u>eleven</u> salt reduction strategies to lower TDS of the Salton Sea over ten years (65.0 TDS to 45 TDS in ten years) (Tom Sephton and Joseph Rizzi projects). See section 5, page 19.
- 9. **Long term water supply:** Every project under consideration by SSA or other agencies will need more water than is available today or in the future.
- 10. **Tax Payer Value:** The StS Project is the low-cost / long term solution to stop blowing dust at the Salton Sea basin and be the catalysis for economic growth. The other Sea water import proposals have three major fatal flaws each. Their are no water buyers for the next twenty years, not fundable and their projects can not be built in their current canal configurations.
- 11. <u>Self funding project:</u> If the State of California will support the recommendations presented on page 23, 24, and 25. The proposed project can be funded and repay the funding over fifteen years.

# 2. Offer to the State of California.

- 1. Organize StS Canal Project as a regulated utility (CPUC or County regulatory public oversight of canal operations and budgets).
- 2. Imported seawater offered for sale based on a cost-plus public/private partnership format.
  - Price of imported Seawater: \$ 98.9 million per year or \$ 49.45 per acft.
  - Cost of seawater 0&M: \$40.7 million per year or \$20.38 per acft.
  - Cost of construction debt service: \$ 52.6 million per year or \$ 26.32 per acft.
  - Combined operating cost and debt service per year: \$ 98.9 million or \$ 49.45 per acre-foot.
  - Imported seawater volume:
    - 2.0 MAF for ten years to refill the lake to a set level (boat ramp level).
    - 1.3 MAF for fifteen years to replace evaporation.
- 3. Non-Profit funding.
  - The following programs will be funded via StS operating budget.
  - StS Foundation (Imperial County, CA) operating budget
  - StS Foundation (Mexicali, Baja) operating budget

\$ 2.7 million per year.\$ 2.7 million per year.

- 4. Confirm how to fund 130-mile / 2.0 MAF seawater canal construction debt.
  - Estimated construction cost debt: \$ 619.3 million over three years.
  - Estimated debt service: \$ 52.6 million per year for fifteen years.
  - Evaluate StS funding recommendations and avoid \$ 200.0 million interest cost over 15 years.
  - Optional land purchases \$ 35.0 million.
  - Optional loan program \$ 20.0 million.
  - Contingency \$ 102.0 million (sixteen percent of total cost).
- 5. Lease or purchase BLM / canal easements in California (3,000 acres / 50 mile canal).
- 6. Lease or purchase development easements in Laguna Salada MX (30,000 ac / 80-mile canal).
- 7. Confirm five board members and ten regional advisors.

## 3. Canal construction cost.

1. CA and Mexico construction / engineering evaluation cost	\$ 3.5 million (one year).
2. Imperial County construction cost	\$ 288.2 million (three years).
3. Laguna Salada construction cost	\$ 311.0 million (three years).
4. Economic development (loans to projects)	\$ 20.0 million (one year).

## 4. Operations.

- 1. StS will operate 130-mile seawater canal in California and Mexico on a 24/7 basis.
- 2. Confirm 59 full-time staff in Imperial County.
- 3. Confirm 33 full-time staff in Mexicali, Baja California.
- 4. Confirm 25-year canal operating agreement (0&M).

## 5. <u>Permitting/construction contracts.</u>

- 1. StS will arrange permitting in Imperial County and Baja California, Mexico.
- 2. StS will arrange 2.0 MAF seawater purchase contract from Mexico for 25 years.
- 3. StS will arrange seawater purchase contract with California.
- 4. StS will arrange the construction contracts in California and Mexico.
- 5. StS will confirm suppliers, project managers, construction experts, equipment operators, units of equipment and support staff in two countries.

## 6. State of California to confirm salt management of Salton Sea lake water.

- 1. Evaluate eleven concepts to lower the Salton Sea from 65,000 TDS to 45,000 TDS over ten years.
- 2. State of California to manage salt issue separate from seawater import project (via RFP) and we recommend Tom Sephton and Joe Rizzi work be evaluated. Please see page 18 for details.

## 7. Construction funding strategies.

1. Evaluate funding strategies to fund canal construction and operations.

### 8. Next Step.

- 1. Develop and sign an StS memorandum of understanding between parties.
- 2. Start the evaluation process on water contracts, construction, permitting and operations.

Project Summary - Project Construction Costs.		Estimated Total Cost	%	Notes
Imperial canal excavation NORTH	IC	\$50,203,508.75	8.38%	30 mile canal, Hwy 8 to SS
Imperial canal excavation BORDER	IC	\$72,742,617.50	12.14%	10 mile canal, Border to Hwy 8
Start up program	IC	\$58,704,753.50	9.79%	EIR, engineering, permits, staff
Construction equipment	IC	\$47,219,450.00	7.88%	117 units - heavy equipment
Land	IC	\$5,000,000.00	0.83%	Project land
Canal operation office	IC	\$2,403,590.00	0.40%	Operations
Contingency	IC	\$52,000,000.00	8.68%	
Sub total imperial county, CA expense		\$288,273,919.75	48.10%	
				10 mile canal through the
North Laguna Salada canal excavation (border)	LS	\$58,672,827.50	9.79%	border
Central Laguna Salada canal excavation	LS	\$18,236,297.50	3.04%	25 mile canal, LS
South Laguna Salada canal excavation	LS	\$16,437,410.00	2.74%	30 mile canal, LS
Seawater intake & canal dredge excavation	LS	\$18,365,615.00	3.06%	15 mile seawater intake canal
Start up program	LS	\$44,559,431.16	7.43%	EIR, engineering, staff
Construction equipment	LS	\$71,402,630.00	11.91%	118 units - heavy equipment
Land expense A (LAND FOR CANAL)	LS	\$15,000,000.00	2.50%	15,000 acres
Land expense B (LAND FOR CANAL)	LS	\$15,000,000.00	2.50%	15,000 acres
Canal operations office	LS	\$2,418,975.00	0.40%	Operations
Contingency	LS	\$51,000,000.00	8.51%	
Sub total Laguna Salada, Baja CA MX expense		\$311,093,186.16	51.90%	
Total construction expense		\$599,367,105.91	100.00%	
Sea to Sea Non Profit Program				
Economic development expense (Fish farm project)	LS	\$10,000,000.00	1.61%	Largest fish farm in Mexico
Economic development expense	IC	\$10,000,000.00	1.61%	Farming projects
Sub total economic development		\$20,000,000.00	3.23%	
Total construction capital cost	LS+MX	\$619,367,105.91		
Imported seawater	2,000,000			Acre feet per year
Annual sea to sea canal operations	\$20.38	\$40,756,392.48	100.00%	Operating company cost
CA StS foundation	\$1.00	\$2,000,000.00	2.02%	Tree planting program
Civic Grants	\$0.25	\$500,000.00	0.51%	Civic Grants
CA StS foundation operations	\$0.13	\$250,000.00	0.25%	Operation
Sub Total Sea to Sea foundation (CA)	\$1.38	\$2,750,000.00	2.78%	
Mx StS foundation - ED & tree planting program	\$1.00	\$2,000,000.00	2.02%	Tree planting program
Mx StS foundation - Orphanage program	\$0.25	\$500,000.00	0.51%	Orphanage program
MX StS foundation operations	\$0.13	\$250,000.00	0.25%	Operations
Sub Total Sea to Sea foundation operating (MX)	\$1.38	\$2,750,000.00	2.78%	
Total Sea to Sea foundation expense	\$2.75	\$5,500,000.00	6%	0&M
Total Sea to Sea operating expense	\$20.38	\$40,756,392.48	41%	0&M
Total Sea to Sea canal construction debt service	\$26.32	\$52,646,204.00	53%	Debt Service
Total Sea to Sea canal operating expense	\$49.45	\$98,902,596.48	100%	Total Cost

Proposed 130-mile StS canal path. Gravity flow canal with no pumps.







Example: 300,000 acre-foot (per year) Coachella canal, Imperial County (Closed).



Looking WEST. Existing 2.0 MAF (per year) Coyote canal, Laguna Salada Baja (60 mile flood control canal, Mexicali). The seawater canal connects to the tide zone and flows millions of gallons north every day into the Laguna Salada from the Sea of Cortez. Estimated size: 500 feet wide by 25 feet deep by 60 miles. Constructed in the 1970's (Lulu is 5.3 feet tall).



## 1. Sea to Sea project notes.

### Construction notes (FAQ's).

- 1. Business objective: Stop toxic blowing dust (Exposed playa and shoreline) by adding 2.0 million acre feet of imported seawater into the Salton Sea per year.
- 2. StS project owners: Mr. Gary K. Jennings and Mr. Dan Johnson, Jennings & Johnson Partnership (JJP).
- 3. Positions: 59 full-time staff in Imperial County, including corporate staff, 7 board members, canal operations and non-profit operations in Imperial County.
- 4. Positions: 33 full-time staff in Mexicali, Baja California, including 2 board members, canal operations and non-profit operations in the Laguna Salada Mexicali area.
- 5. The construction budget (6 canals, 5 freeway culvers, 2 quarries, 2 sea gates, 10 hydro sites, 200 plus units of heavy equipment, 300 workers) has approximately 500 cost items. Imperial County, Riverside County and Mexicali have the supplier base, labor, heavy equipment, parts, diesel fuel, and construction experts to develop the StS Canal Project.

California suppliers or potential StS development partners (17).

- 1. Granite Construction Inc (Riverside and Imperial County).
- 2. Caterpillar (Imperial County).
- 3. Kinder Morgan Inc (Diesel fuel Supplier).
- 4. Ormat Energy (Imperial County).
- 5. Cal Energy (Imperial County).
- 6. NREL SNL Labs.
- 7. Sky Fuels Inc (Colorado).
- 8. Toray Filter (Los Angeles).
- 9. Stor Energy Inc (UK).
- 10. Private soil testing and survey company, Southern California.
- 11. Private engineering company, Imperial County.
- 12. Private environmental services company, San Diego, and Los Angeles.
- 13. Private investment banker, San Diego, and Los Angeles.
- 14. Private banking tax incentive expert, San Diego.
- 15. Berglund & Johnson Law Office (Los Angeles).
- 16. 5 water districts / IID (Public/private partnership).
- 17. International salt buyers (40.0 million tons per year for five years).
- 6. Private Companies, Mexicali, Baja California, Mexico (10).
  - 1. Caterpillar equipment of Baja Mexico (Heavy equipment supplier).
  - 2. Pemex (Diesel fuel supplier), Mexicali.
  - 3. Private soil and testing company, Mexicali.
  - 4. Private engineering company, Mexicali.
  - 5. Private environmental service company, Mexicali.
  - 6. Private land survey company, Mexicali.
  - 7. Private law firm (Land issues), Mexicali.
  - 8. Private HR services company, Mexicali.
  - 9. Private business services company, Mexicali.
  - 10.Company lobbyist (State and Federal Mexican Government).

7. Private land owners, Laguna Salada, Baja California, Mx.

Presented Memorandums of Understanding (MOUs) to lease or purchase land from six private and two federal agency landowners in the Laguna Salada basin for the 80 mile canal (Canal: 75 feet wide, 15 feet deep, two 20 foot gravel roads).

8. Federal Mexican Government agencies.

Presented MOUs and/or contracts to purchase seawater, lease land or develop non-profit programs in Baja California, Mexico.

Currently, there is no organized opposition to the project from any environmental group or Federal - State government agency.

Mexican agencies (7).

1. CONAGUA federal agency.

2. SEMARNAT federal agency.

3. CESPM federal agency.

4. SEDATU federal agency.

5. City of Mexicali (Several agencies).

6. State of Baja California (two agencies).

7. Secretariat of Economic Development, Baja California, Mexico.

9. United States Government agencies.

Evaluated, interviewed and presented MOUs to 16 Federal and State agencies to develop the proposed project.

The desert land on the west side of Imperial County is owned and managed by the BLM and zoned unlimited off-road and camping area. This land has three completed geothermal EIR's and substantial information is available regarding wind development, geothermal development, and extensive off-road camping via BLM permits. The seawater canal path is located at the sea level contour and near existing paved or dirt roads, buildings, prison, Military base, or power lines. This land is not virgin desert and none of the land is restricted except the military fly over space.

### Federal agencies (8).

- 1. Bureau of Land Management (Canal crossing through 45 sections of land).
- 2. Bureau of Reclamation (Crossing through 10 sections of land).
- 3. EPA (Project review).
- 4. International Boundary & Water Commission (Permitting agency).
- 5. U.S. Border Patrol (Crossing the border, project review).
- 6. U.S. Army Corp of Engineers (Project review).
- 7. U.S. State Department (Presidential permit).
- 8. U.S. Military (Crossing through 10 sections of land).

### California agencies - Imperial County, Riverside County CA (8).

- 1. State Lands (Crossing through 2 sections of land).
- 2. EPA.
- 3. Department of Water Resources (Crossing though 2 sections of land).
- 4. Department of Natural Resources (Project review).
- 5. Department of Corrections (Crossing through 5 sections of land).
- 6. Imperial Irrigation District (Crossing through 5 sections of land).
- 7. Imperial County (40 miles of canal in Imperial County).
- 8. Riverside County (Advisory).

## 2. <u>StS project background.</u>

The first Memorandum of Understanding (MOU) in support of StS was issued to Gary Jennings and Dan Johnson in 2011 (Endorsed by Salton Sea Authority, Imperial County, IID, Riverside County, and CVWD). From 2010 to 2016 our team was the only promoter of Sea to Sea concept.

From 2016 to 2018, the StS development team has been endorsed by Riverside County, Imperial County, IID, CVWD, SSA and CNRA long-range planning committee.

The StS Project has held 5 public meetings, received 5,000 local signatures from three regional petitions, appeared in three movies, has 450 members on social media pages (Facebook) and numerous articles in print (Desert Sun & others).

This project reflects the view (the will, desire, intent) of the people who live in and around the Salton Sea.

### 3. StS operating objectives.

- 1. Objective one (Prevent lung damage or health issues from toxic blowing dust for 25 years).
  - 1. Increase the lake level approximately 20 feet to cover 50,000 to 75,000 acres of existing exposed shoreline-playa (70 miles x 1,000 feet) and cover 50,000 acres of potential dry lakebed in five years or less.
  - 2. Once the Salton Sea is filled to the desired level, imported seawater would be adjusted to maintain the desired level (Replace reduced New River and Alamo River inflows (500,000 acre feet) and annual evaporation of 1.0 MAF).

### 2. Objective two (Promote regional economic development).

- 1. Create regional tourism, home construction and manufacturing jobs in Salton City, Desert Shores, North Shore, Bombay Beach and Laguna Salada, Mexico.
- 2. Estimates suggest \$ 1.0 billion in new activity (business) per year if the "cloud of doubt nonstop negative news" is removed from the Salton Sea image and a clear path to a full lake is started (Palm Springs Chamber of Commerce report).

### 3. Objective three (Salton Sea salt reduction program).

1. Research, <u>eleven</u> concepts should be evaluated to determine the most effective means to reduce the salt water level from 65,000 TDS to 45,000 TDS over ten years.

2. State of California to issue RFI to confirm how to manage this topic.

3. StS recommends Tom Sephton, Joseph Rizzi or others (Inventors) concepts be evaluated.

### 4. Objective four (Bi-National non-profit program development).

1. Provide \$ 3.0 million per year non-profit program funding.

- 2. Provide \$ 20.0 million loan program (10 year matching loan program) for economic development projects in the Laguna Salada and Imperial County.
  - 1. Commercial fish farm (5.0 million pounds per year).
  - 2. Commercial bee/honey operation (5.0 million pounds).
  - 3. Public recreation (5,000 RV space snow bird camp ground).
  - 4. Sea salt production (1.0 million pounds per year).
- 3. Purchase raw desert land (15,000 to 30,000 acres). The land will be used for seawater intake, canal operation, environmental restoration and economic development projects.

## 4. StS planning.

### 1. Mexico.

Presented seven (7) MOUs and/or land contracts to the following Mexican agencies to purchase seawater or lease land including the entire 30-mile Coyote canal system, 15-mile seawater intake system and 40 miles of land easements (roads, canal location) to export seawater from Mexico into Imperial County CA.

### Mexican agencies (7).

- 1. CONAGUA federal agency, Mexico City.
- 2. SEMARNAT federal agency, Mexico City.
- 3. CESPM local agency, Mexicali.
- 4. SEDATU federal agency, Mexico City.
- 5. City of Mexicali (Several agencies), Mexicali.
- 6. State of Baja California (Two agencies), Mexicali.
- 7. Secretariat of Economic Development, Baja California, Mexico, Mexicali & Tijuana.

### 2. Imperial County and State of California.

Contacted each agency to confirm project viability. The Imperial "in ground" canal is 40 miles long, 70 feet wide and 15 feet deep with two 20 foot roads. Canal space (1,000 acres for the canal and 2,000 acres or other economic development projects) and approximately 30 million cubic yards of excavated sand and rock over 40 miles.

### Federal agencies, Imperial County, California (8).

- 1. Bureau of Land Management (Crossing through 45 sections of land).
- 2. Bureau of Reclamation (Crossing 5 sections).
- 3. EPA.
- 4. International Boundary & Water Commission (Cross border permit).
- 5. US Border Patrol.
- 6. U.S. Army Corp of Engineers.
- 7. U.S. Military (Crossing 5 sections).
- 8. California agencies Imperial County California (6).
  - 1. State Lands.
  - 2. EPA.
  - 3. Department of Water Resources.
  - 4. Department of Natural Resources.
  - 5. Department of Corrections.
  - 6. Imperial County.

#### 3. Project feasibility.

Granite Construction, Caterpillar Equipment, and a host other senior construction professionals (Experts in canal excavation and freeway – large culvert construction) in California and Mexico evaluated the proposed canal project.

As a group, they confirmed the StS Project is feasible and cost estimates (Excavation - culverts) are within industry standards (Owner builder - operator format).

The project will need two general managers, four assistant general managers and twenty-five project managers for six canal excavation sites, six culverts excavation sites, food operations, fuel operations, repair operations, quarry and related projects.

The project will require 225 to 250 units of heavy duty – mining equipment to build the proposed canal project over 36 months.

#### The canal - culvert construction evaluation (Imperial County, two canals).

- 1. Confirm units of heavy equipment package (Cat 390, Cat 665, dump trucks, other).
- 2. Confirm fuel consumption by type of equipment (dozers, scrapers, excavators, other).
- 3. Confirm repair costs per hour by type of equipment.
- 4. Confirm labor levels per shift per excavation unit.
- 5. Confirm service levels by unit, per hour.
- 6. Confirm cubic yards for canal segments in Imperial County, California.

7. Imperial County, CA. Imperial canal, SOUTH (Hwy 8 south to the international border).

- 1. General manager.
- 2. Assistant general managers.
- 3. Project managers (One per construction project).
- 4. Project managers (Three shifts, 24/7 operation).
- 5. 155 equipment drivers, three shifts per day, 6 days per week, 312 days.
- 6. 10 miles of unlined canal, border to Hwy 8 at sea level elevation.
- 7. Pipe size: 10-foot pipe, 1-inch thick steel to cross over the border (syphon system).
- 8. Culverts: Reinforced cement units (40 feet by 10 feet) to cross under roads.
- 9. Canal: 70 feet wide by 15 feet deep with two gravel access roads for 10 miles.
- 10. 2 to 1 unlined canal sidewall slope.
- 11. 50 to 200 feet of sand over burden to be removed per mile.
- 12. 27.5 million cubic yards of sand and rock removed over ten miles.
- 13. 72 units of heavy equipment working 24 hours, 6 days per week for 312 days.
- 14. Project management provided by Granite Construction and/or other companies.
- 15. Heavy equipment and service provided by Caterpillar of Imperial County.
- 16. Fuel provided by Kinder Morgan.
- 17. Union training program for equipment service and operators.

8. Imperial County, CA. Imperial Canal, NORTH (Hwy 8 north to the Salton Sea).

- 1. General manager.
- 2. Assistant general managers.
- 3. Project managers (One per construction project).
- 4. Project managers (Three shifts, 24/7 operation).
- 5. 40 miles of unlined canal, Hwy 8 to Salton Sea at sea level.
- 6. Canal: 70 feet wide by 15 feet deep, with two gravel access roads.
- 7. 2 to 1 unlined canal sidewall slope.
- 8. 5 to 10 feet of sand or rock over burden to be removed per mile.
- 9. Working at sea level contour elevation.
- 10. 7.5 million cubic yards of sand and rock removed over 40 miles.
- 11. 45 units of heavy equipment, 24 hours per day, 6 days per week for 312 days.
- 12. 76 equipment drivers, three shifts per day, 6 days per week, 312 days.
- 13. Project management provided by Granite Construction and/or other companies.
- 14. Equipment and service provided by Caterpillar of Imperial County.
- 15. Numerous permits and environmental evaluations required.
- 16. Water flow: 4 mph, 20 base load megawatts per hour.
- 17. Heavy equipment and service provided by Caterpillar of Imperial County.
- 18. Fuel provided by Kinder Morgan.
- 19. Union training program for equipment service and operators.

9. Laguna Salada, Mexicali, Baja California, Mexico.

The canal design and construction budget separated into  $\underline{six}$  excavation projects. The in-ground canal design is 70 feet wide and 15 feet deep with two 20-foot gravel access roads. The excavated sand and rock will be placed on the east side of the canal to prevent over toppling and flooding (flash floods).

- 1. General manager.
- 2. Assistant general managers.
- 3. Project managers (One per construction project).
- 4. Project managers (Three shifts, 24/7 operation).
- 5. 300 equipment operators.
- 6. 5.5 million gallons of diesel fuel over 312 construction days.
- 7. 500,000 hours of heavy equipment operation for one year, 80 miles of canal, 3 shifts.
- 8.10-mile north canal (New excavation 70 feet wide by 15 feet deep).
- 9. 25-mile central canal (New excavation 70 feet wide by 15 feet deep).
- 10. 30-mile south canal (15 foot wide existing canal expansion, 15 feet deep).
- 11. 15-mile seawater Intake (15 foot wide existing canal expansion, 15 feet deep).

### 10. Canal capacity.

California and Mexican canal design incorporates the following

- 1. Syphon system (30 feet elevation crossing the border).
- 2. Hydropower at 30-foot syphon drop, border to Hwy 8.
- 3. Below grade to prevent over-topping during flash floods.
- 4. Designed to withstand extreme earthquakes (reason for in-ground canals).
- 5. Designed to transport 2.0 MAF at 3 to 5 mph per year (Hydro requires 4 mph).
- 6. Excavation fill (Sand) placed on east side to enhance canal safety.
- 7. Flash flood bridges located in critical flood areas (allows water to flow over canal).
- 8. Safety lines and ladders placed in one-mile increments to prevent drowning.
- 9. 24-cross canal bridges for wildlife every 5 miles (ladders & lines).
- 10. 2.0 MAF for five years to fill the lake.
- 11. 1.5 MAF to replace existing river inflows, evaporation, and systems loss.
- 12. The canal may use steel pipes or commercial cement box culverts.

Crossing the border Crossing under roads 15,000 feet of steel pipe (10 ft diameter). 50 to 100 cement culverts (Hwy 2, 98, 8, 87, 5).

11. Fish screens.

1. Seawater will be screened to prevent fish from entering the United States.

### 12. Construction permits.

- 1. Permits required for the following. Crossing five roads, one rail line, one natural gas line, two fuel lines, one water line, five private roads, one military base, crossing hundreds desert washes and crossing under two power lines. The project will cross 50 sections of land and move 30.0 to 40.0 million CY of sand and rock over three years.
- 2. The entire 130-mile seawater canal path was inspected and verified no obvious obstacles would block the canal project were found. The canal path is composed of alluvial sand and/or 12-inch or smaller rock. The projected excavation is 400 CY per hour per unit operating 24 hours, 6 days a week for 312 days. The canal is located on the sea level contour (shore of the Salton Sea when full 500 years ago).

# 5. Salt removal.

- 1. State of California to issue RFP's to confirm what technology is best to remove salt from 1.0 MAF of imported seawater and Salton Sea water (Rizzi, Sephton, Jennings concepts).
- 2. The StS team offers <u>eleven</u> seawater filtration concepts to reduce the salt content from 34,000 TDS to 15,000 TDS on 1.0 million acre-feet per year of imported seawater. The estimated sea salt volume is 40 tons per 1 acre-foot of desalinated distilled water or 20.0 million tons of pure sea salt per year.
  - 1. Standard reverse osmosis desalination.
  - 2. Parabolic distillation.
  - 3. CSP distillation.
  - 4. Induction coil distillation.
  - 5. Geothermal distillation (Steam recovery).
  - 6. Geothermal distillation.
  - 7. Distribution pipe reverse osmosis desalination.
  - 8. Deep shaft reverse osmosis desalination.
  - 9. Canal water wheel compressed air power desalination.
  - 10. Wind or solar power desalination.
  - 11.1,000-foot (Inline) elevation drop desalination.
  - 12. Imported seawater dilution strategy (importing 2.0 MAF (33 TDS) into 60 TDS for ten years.
  - 13. The projects were evaluated by Gary Jennings, Tom Sephton and Joseph Rizzi.

### 6. <u>StS power generation</u>.

- 1. Hydropower (Imperial County) estimated at 20 base load megawatts. The drop is 200 feet over 30 miles with 8 drops at 15 feet per drop (Archimedes screw system).
- 2. Estimated cost \$ 1.5 million per megawatt and three months per unit to build, transport and construct per site.

## 7. StS seawater source.

- 1. The operating seawater intake (Coyote Canal) is 200 feet wide, 15 feet deep and connects to the Sea of Cortez via several large natural channels (500 feet wide and 30 feet deep channel). The tide change is 20 feet every twelve hours.
- 2. The seawater intake is 50 miles from the Sea of Cortez shoreline with no road access (4wd only) and outside of the reserve boundary. The intake is part of the existing flood control system for Mexicali and used to divert brackish water into the Laguna Salada for long-term water storage during storms.
- 3. <u>NOTE: The Mexican government will not allow the Laguna Salada basin to be flooded with</u> <u>seawater as it changes the existing water quality or holding capacity of the basin. The 60 mile</u> x 20 mile basin flooded in the late 1980's and is a reserve fresh water basin for Mexicali.
- 4. Two federal agencies agreed to sell seawater for the term of the project based on a regional economic development program that benefits both parties. The program includes the resolution of the New River pollution issues, leasing land, building infrastructure and a host of other projects.
- 5. Offer to Mexico and California.
  - 1. Return the entire flow of the New River back to Mexico (25,000 acft per year).
  - 2. Fund fish farm in the Laguna Salada, Baja Mexico.
  - 3. Support a host of other non-profit programs in Baja California, Mexico.
  - 4. Purchase 15,000 to 30,000 acres of Laguna Salada federal or private land.
  - 5. Purchase seawater for 25 years.
  - 6. Invest \$ 286.0 million to build StS Project.

### 8. StS land use.

1. Mexicali, Baja California, Mexico.

Purchase 15,000 to 30,000 acres to accommodate the 80 mile seawater canal and other economic development projects.

2. Imperial County, California.

Lease or purchase 3,000 acres to accommodate 40-mile seawater canal (200 ft wide over 40 miles).

## 9. StS non-profit operations.

### Imperial County, CA and Laguna Salada, Baja California Mexico.

- 1. Fund non-profit programs to offset any unforeseen environmental impacts and create regional goodwill.
- 2. Fund, grow and plant 10,000 desert trees to promote bee, bird, and animal population per year in two location (Palo Verde desert type of tree).
- 3. Fund and construct 100 "oasis" solar wells at 50 gallons of water per day to supply burros, coyotes, mountain lions, rams, foxes, and/or other wildlife in the Laguna Salada basin. Each location will have 100 desert trees and/or other desert plants. 10,000 square feet per location.
- 4. Create 100 flash-flood basins to capture rainwater to recharge ground water and prevent flooding or canal over-topping (75,000 acft per year in LS and 75,000 acft Imperial County).

### 10. How imported seawater will be used.

1. Raise the Salton Sea approximately 20 feet (enough water to operate boat ramps) by importing 2.0 MAF for ten years (estimate). Once the lake is stabilized (acceptable water level by the community), the seawater inflows will match evaporation and decreased flows from the New River and Alamo River to maintain the desired lake level for fifteen years.

## 11. StS cross border coordination and permitting.

- 1. IBWC senior management support seawater importation and dust mitigation. The StS development team contacted 20-plus government agencies and spoke with well over 100 people in two countries regarding the StS proposal.
- 2. At this time, NO ONE is objecting to the StS concept or the urgent need to cover the Salton Sea lakebed with imported seawater to eliminate the health concerns presented by the blowing toxic dust.
- 3. Mexican government agencies contacted.
  - 1. CONAGUA federal agency.
  - 2. SEMARNAT federal agency.
  - 3. CESPM local agency.
  - 4. SEDATU federal agency.
  - 5. City of Mexicali (two agencies).
  - 6. State of Baja California (five agencies).
  - 7. Secretariat of Economic Development, Baja California, Mexico.

# 12. StS schedule & construction cost.

1. First step.

Fund construction cost evaluation, Mexico, and California \$ 3.5 million.

- 1. Labor 25 experts confirming the construction and development cost.
- 2. Travel 25 flights to confirm construction cost.
- 3. Corp OH One 5,000 sqft office to manage the evaluation process (El Centro).
- 4. 6 months Arrange water purchase agreement from Mexico.
- 5. 6 months Arrange water sales agreement from California.
- 6. 3 months 400-item construction cost review in Imperial County and Mexicali.
- 7. 3 months Heavy equipment & fuel review (Resolve how to purchase \$ 100.0 million in gear).
- 8. 3 months Land sale or lease review (How to lease or purchase 30,000 acres in LS).
- 9. 3 months 2 fuel contracts review (Mexico and Imperial County).
- 10. 3 months 2 utility easement review.
- 11. 3 months Labor agreement with union equipment workers Imperial County.
- 12. 3 months Labor agreement with union equipment workers Mexicali.
- 13. 3 months MX import tax review (avoiding \$ 9.0 million in MX import fees).
- 14. 3 months EIR cost review, Imperial County.
- 15. 3 months EIR cost review, Mexicali, BC, MX.
- 16. 3 months Excavation & construction cost review.
  - Imperial County, CA.
    - Laguna Salada Baja, CA MX.

## 13. StS seawater canal operation.

- 1. Canal operation: 24/7 administration and operation.
- 2. Two operations offices to manage daily flow of seawater, emergency shut-off of water, recreation access, farming access and canal security.
- 3. Canal system operated on SCADA with four emergency canal gates that can stop the flow of water and/or spill water into emergency holding basins.

# 14. StS heavy equipment detail (estimate).

- 1. Granite Construction, Caterpillar Equipment, and host of construction experts in California and Mexico provided excavation cost data or design recommendations.
- 2. 130-mile canal is separated into six canal excavations and five road-crossing projects.

Each project is clearly defined and evaluated by subject (check list) in detail.

- 1. Canal length.
- 2. Building materials.
- 3. Staffing levels.
- 4. Operations schedule.
- 5. Equipment service levels.
- 6. Equipment requirements.
- 7. Fuel consumption per unit.
- 8. Project planning per project.
- 9. Repair parts per unit.
- 10. Food supply for equipment drivers.
- 11. Showers water supply.
- 12. Waste trash management.
- 13. Operator & staff housing.
- 14. On site medical service.
- 15. Power for food service and operations.
- 16. Environmental issues.
- 17. Non-profit operations.
- 18. Cubic yard excavation estimates.
- 19. Bridge and road building.
- 20. Staff cabins per project.
- 21. Sourcing of materials for the lowest cost.
- 22. Evaluating manufacturing of construction materials or items.
- 23. Soil testing.
- 24. Historical and artifact check (25 people walking the property looking for artifacts).
- 25. Loan program for local farmers, ranchers or Cucapah.
- 3. Based on 7,500 estimated hours of operation for each large unit (Cat 390, Cat D10, Cat 665) it is costeffective to purchase the heavy equipment (250 to 269 units) versus renting and paying the overtime fees. Estimated cost of equipment is \$ 105.0 million and will operate 2.0 million hours over 350 days.
- 4. Equipment purchased via three national auction services over three months and moved to the Calexico storage yard. The same services will sell the units when the project is completed.
- 5. 30 percent investment recovery is expected after 24 months of service (Recover \$ 30.0 million on \$ 105.0 million investment). Rental cost estimated at \$ 150.0 million.

### 6. StS preliminary equipment detail.

- 1. \$105.0 million heavy equipment investment.
- 2. 250 to 269 heavy equipment units.
- 3. 300 workers (equipment drivers, engineering, project managers and operations staff).
- 4. 3 shifts per day, six-day workweek, 312 days, 6 canal excavations, 5 to 8 road crossing excavations.
- 5. 26.1 million gallons of diesel fuel over twenty-four months (\$ 105.0 to \$ 115.0 million).
- 6. 2.0 million excavation construction hours over twelve to twenty four months.
- 7. 75,000 management hours over thirty-six months.
- 8. 72.5 million cubic yards of sand moved over twelve months (6 canal excavation projects).
- 9. 6 to 10 construction teams operating individual excavation projects simultaneously.
- 10. 2 canal excavations in Imperial County, 4 canal excavations in the Laguna Salada.
- 11. 40 Caterpillar 390 excavators.
- 12. 38 30-ton sides dump trailers with cabs.
- 13. 26 Caterpillar 665 drivable pan scrapers.
- 14. 14 Caterpillar D 10 dozers.
- 15. 12 Caterpillar road graders.
- 16. 20 Project manager trucks (Ford Escape SUV).
- 17. 14 Lowboy trucks (Caterpillar equipment / 50 to 100 tons).
- 18. 12 Industrial work lights.
- 19. 9 Caterpillar front-end loaders.
- 20.9 500 KW generators.
- 21. 9 10-person crew vans (Excavation crews).
- 22. 6 15,000-gallon diesel-holding tanks diesel-fueling operations
- 23. 6 Water trucks.
- 24. 4 Fuel and service trucks (Service to Caterpillar equipment).
- 25. 1 75-ton crane.
- 26. 1 25-ton forklift.
- 27. 1 8' tree mover.
- 28. Heavy equipment repair service center, Laguna Salada, Baja California.
- 29. Quarry operations to supply road rock, 260 miles of canal roads (LS and Imperial Canal).
- 30. Quarry operation to supply road rock, 15 mile San Felipe road project, east side of road.
- 31. Quarry operations to supply rock, Laguna Salada flood control dam.
- 32. Dredge operation to service and expand seawater 130 mile canal system.
- 33. Kitchen operation to feed 300 people per day, 312 construction days (Laguna Salada).
- 34. 300 employee cabins (equipment drivers & staff, Laguna Salada).

## 15. StS canal construction funding.

If the following recommendations were implemented, the estimated interest cost savings would be in the range of \$ 200.0 million over fifteen years.

### Funding recommendations.

### 1. <u>Add \$ 1.00 to every megawatt hour per hour transferred on the interstate electric</u> <u>transmission grid per day for five years. This fee currently exists and could be expanded to</u> <u>fund the proposed programs.</u>

- 1. No impact to retail electric customers, the power buyers pay this cost.
- 2. Estimated capital raised, \$250.0 million per year for three years. \$750.0 million.
- 3. Avoid bond offering and \$ 12.6 million in interest charges per year for fifteen years.
- 4. Once construction is completed, lower the transmission line fee to fund StS operating cost.

### 2. <u>Refund 25 percent of all retail sales tax, income tax and property tax generated in Imperial</u> <u>County and Riverside County per year for five years.</u>

- 1. No impact to local programs, the funding is from the State of California.
- 2. Estimated capital raised, \$ 250.0 million per year for three years. \$ 750.0 million.
- 3. Avoid bond offering and \$ 12.6 million in interest charges per year for fifteen years.
- 4. Once construction is completed, lower the refund percentage to fund StS operating cost.

### 3. Add \$ 3.00 per month to every electric meter in California per year for five years.

- 1. Estimated capital raised \$ 250.0 million per year for three years, \$ 750.0 million.
- 2. Avoid bond offering and \$ 12.6 million in interest charges per year for fifteen years.
- 3. Once the project is completed, lower the meter charge to fund annual StS operating costs.

### 4. Develop new business relocation program "Salton Sea Pioneer Program".

- 1. Create 5,000 NO TAX / TAX CREDIT Salton Sea relocation permits (one per company).
- 2. 5 year term to incentivize relocation of companies and people to Salton Sea towns.
- 3. North Shore, Bombay Beach, Salton City, Salton Sea Beach, Desert Shores.
- 4. Promote economic development and new construction investment.
- 5. \$ 1.0 billion in new construction (5,000 buildings @ \$ 200,000 per building).
- 6. \$875.0 million in labor / payroll per year (25,000 workers at \$35,000 per year).
- 7. \$150.0 million in local spending per year (25,000 workers spending \$500.00 per month on gas, rent, power, food, recreation, cable, phone).

### 5. Drinking water sales (Colorado River Basin States).

- 1. Sell 200,000 acre-feet of desalinated water per year. 200,000 acre-feet @ \$ 750.00 per acre-foot. Annual sales \$ 150.0 million per year.
- 2. Water source: StS seawater canal and salt will be retailed or converted into power.

### 6. Sea salt sales (Retail and Commercial).

- 1. Sell 3.0 million tons of sea salt per year to fund StS operating and/or development cost.
- 2. 3.0 million tons per year at \$ 30.00 per ton or \$ 90.0 million per year in food grade salt sales.
- 3. Surplus salt can be used to create power via solar gradient pond concept (Tom Sephton concept) (100.0 million ton salt depository. Tom Sephton project).

### 7. California or Federal tax credits.

- 1. Create and sell State of California or Federal tax credits to fund programs.
- 2. Present program to the top 5,000 taxpayers.

### 8. Base load renewable power from salt and hydro.

- 1. Solar Gradient Pond Generation (Tom Sephton project).
  - 500 megawatts at \$ 75.00 per megawatt/hour \$ 328.5 million per year in power sales.
  - Internal power program for manufacturing.
- 2. Hydroelectric Power Generation (J Rizzi, G Jennings, IID project).
  - 20 megawatts at \$ 75.00 per megawatt/hour \$ 11.8 million per year in power sales.
  - Internal power program for manufacturing.

### 9. Standard infrastructure funding.

- 1. Green bonds 5 percent for 15 years.
- 2. I Bank loan 6 percent for 15 years.
- 3. Private funding 6 to 10 percent for 15 years.
- 4. Economic development.

The sale of power, distilled water, sea salt or other products could offset the StS operating and interest costs.

Estimated annual gross product sales, Imperial County - Laguna Salada.

Item	Туре	Gross Sales Per Y	'ear
<ol> <li>CA S.G. ponds</li> <li>CA Solar distilled water</li> <li>CA Sea salt</li> <li>CA Hydro power</li> <li>CA Fish products</li> <li>CA Farming</li> <li>CA Recreation</li> <li>MX Distilled water</li> <li>MX Generation (Solar ponds)</li> <li>MX Fish farm</li> </ol>	500.0 megawatts 200,000 acre-feet 3.0 million tons 20 megawatts Fish farm in StS canal Salt water crops Camping 50,000 acre-feet 25.0 megawatts 25.0 megawatts Fish farm	\$ 328.0 million \$ 150.0 million \$ 90.0 million \$ 49.2 million \$ 5.0 million \$ 5.0 million \$ 10.0 million \$ 10.0 million \$ 10.0 million \$ 10.0 million	(TS). (JR, StS). (TS, StS). (IID). (RFP). (RFP). (RFP). (CFE). (CFE). (RFP).
12. MX Sea salt 13. MX Farming	10,000 tons Greenhouse	\$ 750,000 K \$ 100,000 K	(RFP).
14. MX Recreation	Camping	\$ 100,000 K	(RFP).
•			

#### Summary & Next Step.

On behalf of the extended StS development team (Salton City, Imperial County & Laguna Salada MX) and the 5,000 signatures (Salton City / K. Morison), thank you for reviewing - contributing to saving the Salton Sea and our regional economy.

Our collective objective is to prevent toxic blowing dust at the Salton Sea, promote a healthy environment and provide unparalleled economic development in the Salton Sea basin for the next 25 years.

As a group, we invite all parties to work together. The offer to sell seawater to the State of California is valid for 60 days due to changing cost of fuel, heavy equipment, property value, development fees, environmental fees and union labor in two countries.

×.

Sincerely yours,

Gary Jennings & Dan Johnson Managing Partners / Sea to Sea Project Sea to Sea Canal Company (StS) Jennings & Johnson Partnership (JJP) www.gjennings.com GaryKJennings@me.com 619 549 5440 (Gary Jennings, cell).

## Public Notice.

This information, past Sea to Sea Canal Company presentations and information posted on the Sea to Sea canal company Facebook page (Importing Seawater from Baja to the Salton Sea) are the property of Jennings & Johnson Partnership (JJP).

This information is copyrighted material in Mexico and the United States. Written permission is required to copy, reference, reprint or use Sea to Sea canal company information, maps, canal path, partnerships, MOU's, or work product.

The JJP partnership is the primary investor, master developer, technology owner, owner of the proposed Sea to Sea canal company – Seawater Importation Project (StS) and related operating companies presented in this document.

## Legal Notice.

Be advised any party (including any government agency, employee, elected official) intentionally interfering with the Sea to Sea canal company contracts, programs, and MOU's in Mexico, or the United States are <u>subject</u> to the laws of the United States and Mexico as it relates to the intentional act of <u>Tortuous Interference</u>.

Tortuous Interference, also known as intentional interference with contractual relations, in the common law of torts, occurs when one person intentionally damages someone else's contractual or business relationships with a third party causing economic harm.

Tortuous Interference is a serious crime in the United States and Mexico:

For more information please contact.

Mr. Gary Jennings Managing Partner Sea to Sea Canal Project. (619) 549-5440 PST GaryKJennings@me.com - www.gjennings.com.

Mr. Dan Johnson, Esq. Managing Partner Sea to Sea Canal Project.(818)371-1113PST-djohnson@bjlawgroup.comwww.berglundandjohnson.com.

Facebook. Please see "Importing seawater from Baja to the Salton Sea" for current details.

Letter dated Friday March 9, 2018.

Mr. John Laird Secretary for Natural Resources California Natural Resources Agency 1416 Ninth Street, Suite 1311 Sacramento, CA 95814

Dear Secretary Laird,

The County of Imperial is supportive of potential Sea to Sea plans that restore the Salton Sea. On October 24, 2013, the County signed a Memorandum of Understanding with the Imperial Irrigation District that supports consideration of Sea to Sea plans. On November 3, 2015, the County adopted a Policy Statement Regarding Sea to Sea that also supports Sea to Sea plans. A copy of that Policy is attached to this letter.

More specifically, the County would support plans that provide benefits to the County such as the following:

- A long term solution for restoration of the Salton Sea
- Projects that protect the health of Imperial County residents
- Projects that protect or improve air, water quality and wildlife habitat
- Projects that promote economic development in Imperial County
- Projects that provide jobs for Imperial County residents

At this time, the County has not reviewed any specific plan and looks forward to reviewing the submittals to the State's Request for Information for Salton Sea Water Importation Projects.

Sincerely,

Board Supervisors

cc: Gary Jennings

The County has supported Sea to Sea plans since the monumental signing of the Memorandum of Understanding between the County of Imperial, Imperial County Air Pollution Control District and Imperial Irrigation District Concerning Salton Sea Stabilization and Restoration (MOU)executed on October 24, 2013. Additionally, the Imperial County 2015 legislative platform emphasizes the need for the County to "secure a permanent solution for the restoration of the Salton Sea" with a "reliable and consistent water source."

While the County emphasizes the importance of developing and focusing on immediate restoration projects that must occur due to the mitigation water delivery to the Salton Sea ending on December 31, 2017, consistent with MOU, the County supports a Sea to Sea plan as a potential long term project to address the air quality and habitat concerns of the Salton Sea.

The County also emphasizes that future water transfers out of Imperial County are not acceptable.

#### **RESOLUTION NO. 10-1**

#### RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALTON SEA AUTHORITY REGARDING THE SEA TO SEA PROPOSAL

WHEREAS, the Salton Sea Authority is a Joint Powers Authority comprised of Imperial County, Riverside County, Coachella Valley Water District, Imperial Irrigation District and Torres Martinez Desert Cahuilla Indians with a stated mission of coordinating actions relating to improvement of water quality and stabilization of water elevation and to enhance recreational and economic development potential of the Salton Sea and other beneficial uses, recognizing the importance of the role of the Salton Sea for the continuation of the dynamic agricultural economy in Imperial and Riverside Counties; and

**WHEREAS**, the Sea To Sea Team, lead by Gary Jennings, of Utility Solutions Group, proposes a public private partnership to research and develop a hybrid plan (pump in – pump out) to fund the long-term restoration of the Salton Sea which should enhance the economic development of surrounding communities; and

**WHEREAS**, The Salton Sea Authority applauds the creative approach that the Sea to Sea team brings to the restoration effort and looks forward to evaluating it carefully.

RVPUB\DMV\52210

### Memorandum of Understanding

### Imperial County and the Sea to Sea Restoration and Desalination Company (StS)

### December 30, 2010

### Parties.

Imperial County, California (hereinafter referred to as "IC"). Sea to Sea Restoration and Desalination Company (hereinafter referred to as "StS ").

### Introduction.

StS proposes a public private partnership with IC to research and develop a hybrid plan to contribute to the long-term restoration of the Salton Sea and generate economic development in Imperial County. Said proposal is more specifically outlined in the attached C2C Executive Summary.

The plan will review several concepts related to dust mitigation, brackish ground water recycling, mitigation bank formation and general concepts related to environmental restoration throughout Imperial County. The intent of this Memorandum of Understanding is to outline a cooperative relationship between the Parties to develop a long term business relationship. The Parties also agree that the plan which is the subject of this Memorandum of Understanding is not intended to be considered a "project" as that term is defined in California Public Resources Code section 21065.

### Sea to Sea Restoration and Desalination Company LLC.

Gary Jennings of Utility Solutions Group (USG) and Dan Johnson of DesalNATE Inc. have assembled an international development team of experienced water and energy professionals to develop the proposed "Sea to Sea Restoration & Desalination Project." As the project evolves, new team members may be included to manage their respective areas of expertise.

Fifteen senior consultants, some of which are listed below, and select Imperial County staff will be responsible for the primary management related to pilot studies, project studies, performance studies, engineering studies, legal review, water quality, environmental, project permitting, real-estate, project marketing, project water sales, project funding, and interface with State & Federal agencies.

### CONSULTANTS

### DesalNATE Inc.

Primary manager of R.O. desalination O&M, equipment manufacturing, site engineering and senior advisor – partner to the project

Sea To Sea Restoration & Desalination Group, LLC 21550 Oxnard St. Suite 900, Woodland Hills, CA 91367 **Doosan Heavy Industry** General engineering and program management

Parsons Brinkerhoff Quade & Douglas General engineering and program management

Mexican Sea Water Export Concession Group All aspects of importing sea water from Baja Mexico

Sephton Technology. General Water Consulting

Brackish Ground Water Pilot Partnerships Six to eight pilot partnerships in Imperial County

**Dr. Timothy Krantz, Environmental Consulting** General Environmental project management

TMG Communications General marketing and program management

### Key Points.

1. StS maintains that the concepts being proposed in the Executive Summary, pilots are the exclusive property of StS and to be developed jointly in Imperial County. During the pilot process, a uniform fee agreement, royalty structure and tax payments shall be developed.

2. The intent of IC includes but is not limited to the following: coordination of actions relating to improvement of water quality; stabilization of water elevation; enhancement of recreational and economic development potential of the Salton Sea; and other beneficial uses, recognizing the importance of the role of the Salton Sea for the continuation of the dynamic agricultural economy in Imperial and Riverside Counties.

3. The Parties agree that the intent of this MOU is to serve as a guide toward evaluation of concept feasibility, and, in the sole discretion of each party, to a more definitive business agreement. The Parties agree to meet monthly, to the extent their resources permit, and in their absolute discretion to attempt to identify and resolve the issues of restoration engineering, environmental study, technical, legal, pilots, business development and environmental aspects of the proposed concepts. The Parties agree to present progress updates to IC at public meetings to keep all interested parties informed.

4. The Parties agree to review the CPUC rate of return or rate of margin financial structure to determine whether it is a reasonable framework for the proposed public-private partnership.

Sea To Sea Restoration & Desalination Group, LLC 21550 Oxnard St. Suite 900, Woodland Hills, CA 91367 5. The Parties agree to review the draft financial structure discussed by StS specific to importing raw sea water from Mexico, payment structure, ownership structure and to determine whether it is a reasonable framework for the proposed bi national public-private partnership.

6. The Parties agree to explore and if acceptable, file the necessary paperwork to obtain grants, Fish & Game funding, and QSA funding to further evaluate the proposed project.

7. The Parties to this Memorandum of Understanding recognize that the proposed concepts would be funded by a combination of private and public investment that may include specific public - private asset ownership and operational responsibilities. The preliminary operational structure, investment requirements, income forecast and funding structure will be clarified during the evaluation process.

8. The Parties agree to research alternative restoration funding methods including utility bill surcharges, private activity bonds, Department of Energy loan programs, WAPA programs and NAFTA programs.

9. The Parties agree to research alternative methods to assist in the restoration of the New River as the Sea to Sea project is researched and developed.

10. The Parties agree to work together to further evaluate the proposed project as outlined in this Memorandum of Understanding. The first concept to be evaluated is the brackish ground water pilots in conjunction with IC's Planning and Development Services Department.

11. The Parties agree that this MOU is non-binding in all respects and that a definitive project has not been identified. The Parties recognize that when and if a definitive project is clearly identified and agreed to by the Parties that full compliance with CEQA will be initiated and followed at that time.

12. The Parties agree that this MOU can be terminated at any time, with or without cause, by notifying the other Party in writing at the address set forth in paragraph 15 of this MOU.

13. The Parties agree that this MOU does not commit IC to the approval of any project ultimately identified for purposes of CEQA, nor does it exempt StS from any of IC's project requirements (e.g., obtaining permits, conducting environmental studies, etc.).

14. The Parties agree that StS will be responsible for reimbursing IC for the reasonable expenses associated with any time IC staff spends working pursuant to this MOU, and that IC will submit all requests for reimbursement to StS at the address set forth in paragraph 15 of this MOU. The parties agree to develop a preliminary budget for anticipated expenses.

Sea To Sea Restoration & Desalination Group, LLC 21550 Oxnard St. Suite 900, Woodland Hills, CA 91367

15. Notices and requests for reimbursement shall be in writing and may be given by personal delivery or by mailing by certified mail, addressed as follows:

IC

Imperial County Executive Office Attn: County Executive Officer 940 West Main Street, Suite 208 El Centro, CA 92243 StS

Sea to Sea Restoration and Desalination Company, LLC 21550 Oxnard Street, Suite 900 Woodland Hills, CA 91367

This MOU contains the entire agreement between IC and StS relating to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, provisions, negotiations, representations, or statements, either written or oral.

Louis<sup>®</sup>A. Fuentes, Chairman Imperial County Board of Supervisors

Date

<u>\_\_\_\_</u>Date

Approved as to Form Michael L. Rood County Counsel County of Imperial

Garv Jennings

Date

President, Utility Solution Group Director of Business Development, Sea to Sea Restoration and Desalination Company www.gjennings.com

1/19/11 Dan Johnson Date

President, DesalNate, Inc President, Sea to Sea Restoration and Desalination Company

Sea To Sea Restoration & Desalination Group, LLC 21550 Oxnard St. Suite 900, Woodland Hills, CA 91367