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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) 371-1113 PST- djohnson@bjlawgroup.com – www.berglundandjohnson.com.

Facebook: Please see "Importing seawater from Baja to the Salton Sea" for current details.
Friday, March 9, 2018

March 9, 2018

Mr. Bruce Wilcox
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Re: Response to CNRA RFI (v19).

Mr. Wilcox,

The Sea to Sea (StS) development team (Gary Jennings - Dan Johnson Partnership, JJP, and 64 suppliers, construction experts, local homeowners, concerned citizens and government agencies in two countries are pleased to present our response to the CNRA Request for Information (RFI).

Our comments to each question are brief and assume the reader has an in-depth understanding of the Salton Sea. If CNRA or other State agencies require further information, the Sea to Sea development team will require an enforceable non-disclosure – non-circumvention agreement.

The leadership of Imperial County (IID & Imperial County Supervisors) recommends Sea to Sea development team focus on creating a "long term dust reduction project" via imported seawater.

The Sea to Sea team recommends importing 2.0 MAF of seawater and raising the Salton Sea approximately 20 feet (-220 elevation). This volume of imported seawater will cover 50,000 to 100,000 acres of exposed Salton Sea lakebed that will go dry in fifteen years. 1.5 MAF will maintain the pre set lake level and replace evaporation or reduced inflows.

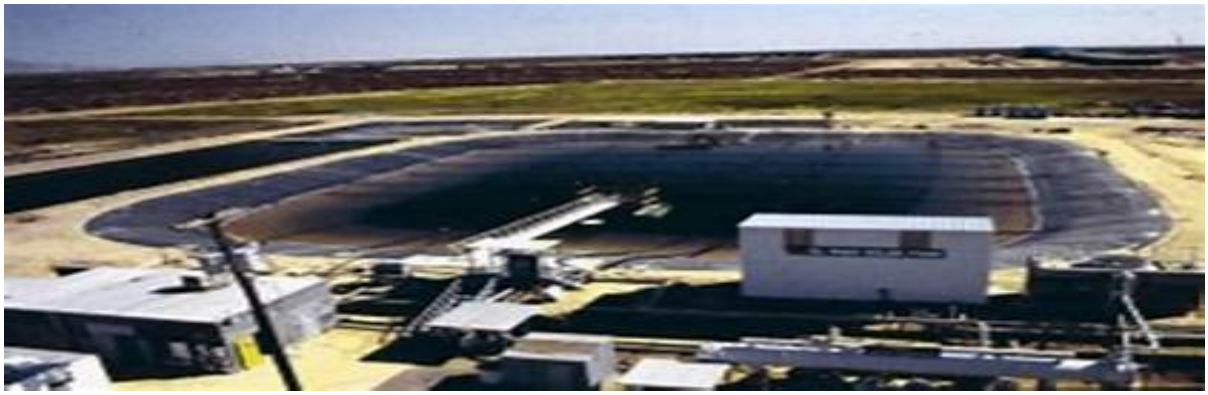
The Sea to Sea (StS) development team updated offer to CRNA:

a. Import 2.0 MAF of seawater per year from Mexico to the Salton Sea until the lake is full.
b. Import 1.5 MAF to maintain the pre set lake level (replace inflows and evaporation).
c. StS organized as a California canal company (CPUC and CA water code).
d. State of California to fund operating cost to import seawater per year.
e. Estimated StS operating cost: $ 38.3 million per year before debt service.
f. Estimated StS operating cost: $ 85.9 million per year with 15 year debt service.
g. Estimated StS 135-mile canal construction cost: $ 560.0 million over three years.
h. Contract and operating term: 50 years with options for extension.
i. Develop public/private - cost plus partnership agreement between the parties.
j. Develop cost plus operating agreement for Sea to Sea canal operations.
k. Sea to Sea will allocate profits to repurchase certain project assets (water, salt, land, other).
l. Bi-national project with a staff of 90 people (two office & operation offices).
m. Sea to Sea canal company will operate 135-mile seawater canal in California and Mexico.
n. Sea to Sea canal company will arrange permitting and water purchase contracts from Mexico.
o. Sea to Sea canal company will arrange permitting/construction contracts in California and Mexico.
p. Sea to Sea will retain ownership of all operating companies (water, salt, canal operation, other).
q. Jointly evaluate four to six funding strategies with State agencies for implementation.
r. Jointly evaluate salt reduction projects to lower Salton Sea from 60 TDS to 45 TDS over ten years.
s. Jointly evaluate economic development projects to offset StS operating and development cost.
t. Jointly evaluate economic development projects to offset seawater distillation development costs.

135-mile Sea to Sea canal path 2.0 MAF per year.

Size of pipe or culverts to cross international border, Hwy 2, Hwy 98, Hwy 8, Hwy 86, and/or county roads.

Picture one:	**300,000 AF Coachella Canal, Imperial County (Closed).**
Picture two:	**2.0 MAF Coyote Canal, Laguna Salada Baja (40 mile flood canal, Mexicali).**
Picture three:	**Hydropower screw (500 KW unit).**
Picture four:	**Hydropower operating unit, 500 KW (45 units - 20 base load megawatts per hour).**
Picture five:	**Solar Gradient Pond Power Production (500 megawatt power production potential).**
Picture six:	**Example of distilling seawater system.**
Picture seven:	**Commercial sea salt operations.**

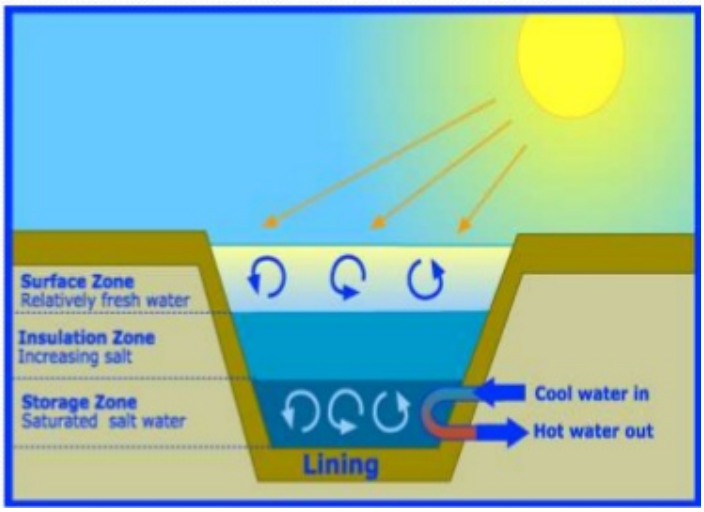


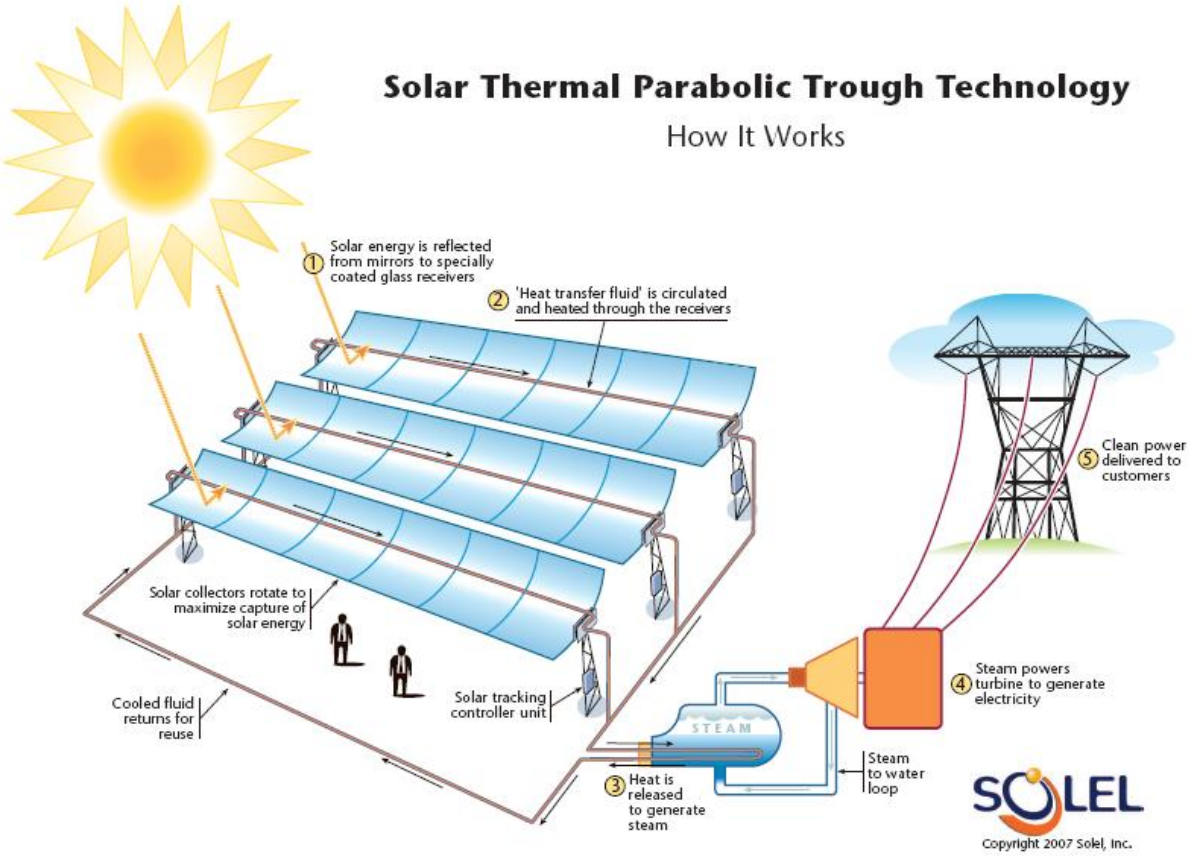
Solar Pond

Artificially designed pond filled with salty water maintaining a define concentration gradient is called a "Solar Pond"

Three basic zones: 1. surface convective zone(SCZ)(thickness 10-20 cm),
2. Non-convective zone(NCZ) (half the depth of the pond, as insulator layer)
3. Lower convective zone(LCZ)(nearly same as NCZ, constant temp. and conc.

- Top layer at ambient temp, whereas bottom layer temp 60°- 85°C
- surface convection zone
- 2.concentration gradient zone
- 3. Lower convective zone




Solar Thermal Parabolic Trough Technology
How It Works
1 Solar energy is reflected from mirrors to specially coated glass receivers
2 'Heat transfer fluid' is circulated and heated through the receivers
Solar collectors rotate to maximize capture of solar energy
Cooled fluid returns for reuse
Solar tracking controller unit
STEAM
3 Heat is released to generate steam
Steam to water loop
4 Steam powers turbine to generate electricity
5 Clean power delivered to customers
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Response to CNRA - RFI Questions.

1. Identification of Project Team.

The principal owners - developers are Gary K. Jennings - Dan Johnson, Jennings & Johnson Partnership (JJP). Mr. Jennings and Mr. Johnson will manage the Sea to Sea canal company and affiliated companies.

The extended team is 64 suppliers, concerned citizens, government agencies, 90 engineers, managers and operational staff in Imperial County and Mexicali, Baja California, Mexico.

The Sea to Sea development team is requesting the State of California fund the Sea to Sea operating cost (purchase 1.5 to 2.0 MAF of seawater) and increase the water level of the Salton Sea (20 feet) to prevent toxic blowing dust and promote economic development over a fifty-year timeline. The offer is based on a cost-plus - public/private partnership format.

a. 57 full-time staff in Imperial County, including corporate staff, board of directors, canal operations and non-profit operations in Imperial County.

b. 33 full-time staff in Mexicali, Baja California, including corporate staff, board of directors, canal operations and non-profit operations in the Laguna Salada area.

c. 64 suppliers, agencies, and partner companies associated with the StS canal project.

b. The following companies have contracted with the Salton Sea development team (JJP) or have shown interest in developing programs. Based on the 200 items in the construction budget, Imperial County, Riverside County and Mexicali have the supplier base, labor inventory, heavy equipment, diesel fuel, and construction experts to develop the Sea to Sea canal project.

<u>California suppliers or potential Sea to Sea development partners (17).</u>

a. Granite Construction Inc (Riverside and Imperial County).
b. Caterpillar (Imperial County).
c. Kinder Morgan Inc (Diesel Fuel Supplier).
d. Ormat Energy (Imperial County).
e. Cal Energy (Imperial County).
f. NREL - SNL Labs.
g. Sky Fuels Inc (Colorado).
h. Toray Filter (Los Angeles).
i. Stor Energy Inc (UK).
j. Private soil testing and survey company, Southern California.
k. Private engineering company, Imperial County.
l. Private environmental services company, San Diego, and Los Angeles.
m. Private investment banker, San Diego and Los Angeles.
n. Private banking - tax incentive expert, San Diego.
o. Berglund & Johnson Law Office (Los Angeles).
p. 5 water districts / IID (public private partnership).
q. International salt buyer.

c. Private Companies, Mexicali, Baja California, Mexico (12).

a. Caterpillar equipment of Baja Mexico (heavy equipment supplier).
b. Pemex (diesel fuel supplier), Mexicali.
c. Private soil and testing company, Mexicali.
d. Private engineering company, Mexicali.
e. Private environmental service company, Mexicali.
f. Private land survey company, Mexicali.
g. Private law firm (land issues), Mexicali.
h. Private HR services company, Mexicali.
i. Private business banking agent, Mexicali.
j. Private business services company, Mexicali.
k. Company lobbyist (State and Federal Mexican Government).

d. Private Land Owners, Laguna Salada Baja Mx.

Sea to Sea development team presented ground lease offers or Memorandums of Understanding (MOUs) to lease or purchase land from six private and two agency landowners in the Laguna Salada basin (proposed path of 90 mile seawater import canal). The private and government land area is estimated at 25,000 acres at sea level, including the entire operational Coyote Canal system (30 miles), entire operational seawater intake system (15 miles) and the proposed canal paths to bring water over the international border (40 miles).

Currently, there is no organized opposition to the proposed project from local land owners, with the understanding Sea to Sea development team pay market rate for fresh water, sea water, gravel, land, and/or ground leases. The non-profit programs are part of offer to lease or purchase land.

e. Mexican Government Agencies.

Sea to Sea development team 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 Sea to Sea canal project from any environmental group or Federal - State government agency with the understanding all regulations are followed and several million dollars be invested in the regional programs to enhance the wildlife and water supply per year.

Mexican agencies (7).

a. CONAGUA agency.
b. SEMARNAT agency.
c. CESPM agency.
d. SEDATU agency.
e. City of Mexicali (several agencies).
f. State of Baja California (two agencies).
g. Secretariat of Economic Development, Baja California, Mexico.

f. United States Government Agencies.

Sea to Sea development team contacted, presented MOUs or letters requesting land or easements to 16 Federal and State agencies, to develop the proposed Sea to Sea seawater canal project.

Based on conversations or observations, there are no objections to the proposed Sea to Sea canal (dust mitigation project) with the understanding that a complete EIR be conducted in conjunction with a detailed canal path inspection for artifacts. The proposed tree program, non-profit programs and economic development projects were well received and key elements to our offer to the State of California.

The raw land on the west side of Imperial County is owned and managed by BLM and zoned unlimited off-road and camping area. This land has three complete EIR's and substantial information is available from windmill development, geothermal development, and existing (extensive) off-road development via BLM. The 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 due to critical wildlife. The current restriction is based on the military fly over space or events that create excessive dust.

Federal agencies (8).

a. Bureau of Land Management (crossing through 45 sections of land).
b. Bureau of Reclamation.
c. EPA.
d. International Boundary & Water Commission.
e. U.S. Border Patrol.
f. U.S. Army Corp of Engineers.
g. U. S. State Department (Presidential permit).
h. U.S. Military.

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

a. State Lands.
b. EPA.
c. Department of Water Resources.
d. Department of Natural Resources.
e. Department of Corrections.
f. Imperial Irrigation District.
g. Imperial County.
h. Riverside County.

2. **Narrative description of project concept and how/when it will benefit the lake**.

(Brief Description) The Sea to Sea development team is requesting the State of California fund the Sea to Sea operating cost (purchase 2.0 MAF of seawater per year) and increase the water level of the Salton Sea (20 feet) to prevent toxic blowing dust and promote economic development over a fifty-year timeline.

The offer is based on a cost-plus - public/private partnership format. This format will deliver seawater at the lowest cost possible and has the full support of the IID board and Supervisors of Imperial County as a dust suppression strategy assuming a host of issues can be resolved.

The first Memorandum of Understanding (MOU) in support of Sea to Sea canal company (JJP) was issued to Gary Jennings and Dan Johnson in 2011 (endorsed by Salton Sea Authority, Imperial County, IID, Riverside County, CVWD). Over an eight-year period, the idea of importing seawater from the Sea of Cortez, Baja California, Mexico has gained in popularity and has wide support based on the non-stop lobbying from Sea to Sea development team, thousands of local property owners, petition signatures, and The Eco-Media Compass, based in Salton City.

Over the last twenty-four months, Sea to Sea canal company (JJP) has accepted the endorsement from CNRA long range planning committee, has received 3,000 local signatures from three regional pro Sea to Sea canal company (JJP) petitions, has appeared in three movies, has 675 members on social media pages (face book) and numerous articles in print (Desert Sun & others).

(Project concept) The general concept of the Sea to Sea canal company is to import 2.0 MAF of seawater from Mexico and increasing the lake level 20 feet in five years. Once the lake is full, import 1.5 MAF to maintain a pre set lake level.

(Project Revenue) The Sea to Sea canal company is organized into four primary operating objectives. Potential revenues from secondary operating companies are **preliminary.** If customers will purchase products from the StS canal project or other operating companies. The sale of power, distilled water, sea salt or other products could pay the StS operating costs, StS construction debt service, seawater distillation programs and power development. To confirm income potential, substantial investigation will be required.

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

CA Generation (Solar ponds)	500.0 megawatts	$ 328.0 million per year.
CA Sea salt	3.0 million tons	$ 225.0 million per year.
CA Distilled water	200,000 acre-feet	$ 100.0 million per year.
CA Hydro power	20 megawatts	$ 49.2 million per year.
CA Fish products	Fish farm in StS canal	$ 500,000 per year.
CA Farming	Salt water crops	$ 100,000 per year.
CA Recreation	Camping	$ 100,000 per year.
MX Distilled water	50,000 acre-feet	$ 25.0 million per year.
MX Generation (Solar ponds)	25.0 megawatts	$ 16.4 million per year.
MX Generation (Hydro)	25.0 megawatts	$ 16.4 million per year.
MX Fish products	Fish farm	$ 2.0 million per year.
MX Sea salt	10,000 tons	$ 750,000 per year.
MX Farming	Green house	$ 100,000 per year.
MX Recreation	Camping	$ 100,000 per year.

Preliminary construction cost.

a. Please see budget page for detail. Labor, office, infrastructure, equipment, fuel, land, water, contingency, environmental, other.

- 45 mile canal	$ 259.3 million in Imperial County, CA.
- 90 miles canal	$ 270.9 million in Laguna Salada, Baja California Mexico.
- Economic development	$ 30.0 million.
Total	$ 560.2 million.

Sea to Sea Seawater Canal Operating Objectives (project description).

a. Objective one (Health).

Increase the Salton Sea water level approximately 20 feet and cover 50,000 acres of existing shoreline (70 miles by 1,000 feet) and cover 75,000 to 100,000 acres of potential dry lakebed in five years or less. Once the Salton Sea is filled to desired level, imported seawater would be adjusted to maintain the desired level (replace reduced inflows and evaporation).

The principal benefit of covering dry, exposed lakebed is to reduced toxic blowing dust and preventing potential lung and cardiovascular damage in the regional population, estimated at 1.6 million (Riverside County, Imperial County, Mexicali Baja California Mexico).

b. Objective two (Economic Development).

Create family-based recreation; improve property values, improve quality of life and economic development in Salton City, Desert Shores, North Shore, Bombay Beach and Laguna Salada, Mexico.

Create and/or improve the regional economy by increasing the lake level and prevent blowing toxic dust. Preliminary estimates suggest $ 1.0 billion in new activity per year if the "cloud of suspension - non-stop negative news" is removed from the Salton Sea image and a clear path to a full lake is started.

Support the $ 10.0 billion regional economies in Riverside County and Imperial County and $ 1.0 billion in State tax from being negatively impacted by blowing toxic dust and non-stop negative news from the Salton Sea. Please read the Palm Springs Chamber of Commerce report for details. The avoided cost and/or new income are substantial if the Salton Sea is repaired. Improve evapotranspiration of water to Colorado River basin, more reserve fresh water available via renewable powered distillation or desalination in times of drought.

Farming microclimate is maintained, helping prevent against frost and extreme temperatures by the Salton Sea's natural regulation of temperature.

c. Objective three (Salt Reduction / Environment).

Evaluate and present salt reduction concepts to lower the Salton Sea TDS from 60,000 to 45,000 TDS in less than ten years with proper State or private funding.

Based on StS research, eleven concepts should be evaluated - developed to reduce the salt level from 60,000 TDS to 45.0000 TDS over ten years. The fish and piscivorous birds would begin a substantial recover, helping make up for the loss of 95 percent of the quality wetland habitat in the State.

The Sea to Sea development team recommends each concept be evaluated and several pilot projects be conducted to confirm which are most feasible.

d. Objective four (Bi-National Non-Profit Program Development).

From 2009 through 2013, the Sea to Sea (JJP) project received extensive project coverage and one MOU from the Salton Sea Authority, CVWD, IID and one MOU from Imperial County. In exchange for their support, StS pledged to operate as a cost plus company, fund economic development projects in Mexico and Imperial County and fund non-profit programs to stimulate economic development and environmental projects.

$ 3.3 million per year allocated to fund non-profit programs: Planting trees, creating wildlife water, saltwater agriculture, fish farms, general economic development in two countries and/or other programs. Please see non-profit budget for details.

$ 30.0 million allocated (loan program) for economic development projects. Please see budget for details (commercial fish farms, commercial bee/honey ranching, commercial green house produce, commercial salt-water farming, public recreation and a host of other projects.

$ 75.0 million allocated to purchase raw desert land. The land will be used for a host of environmental and economic development projects including the following. Big horn sheep protection lands, 85 miles of canal easements, 4 roads, 30,000 acres of land, salt - power development land, salt water distillation land, 20,000 sqft of office space, recreation - camping land, green house - salt water farming land and/or land for future economic development opportunities (see budget for details).

3. General planning and design process.

Sea to Sea development team presented the following agencies or private parties offers to lease land, purchase land, purchase seawater and/or MOUs to organize the process to bring water from Mexico to the United States.

a. Mexico.

Sea to Sea development team presented seven (7) MOUs or land contracts to the following Mexican agencies to purchase seawater or lease land including the entire 30-mile Coyote Canal, 15-mile seawater intake and 45 miles of land easements to export seawater from Mexico into Imperial County.

Mexican agencies (7).

a. CONAGUA agency.
b. SEMARNAT agency.
c. CESPM agency.
d. SEDATU agency.
e. City of Mexicali (several agencies).
f. State of Baja California (two agencies).
g. Secretariat of Economic Development, Baja California, Mexico.

b. Imperial County, California.

Sea to Sea team has contacted the following State agencies, Federal agencies and counties to lease land or evaluate their interest in the proposed Sea to Sea canal project. The Imperial canal is 45 miles in length, 70 feet wide and 15 feet deep (1,000 acres). The project will need 15,000 acres of land for the following projects. Distillation water development (3,000 acres), solar gradient power development (5,000 acres), sea salt project (5,000 acres) and a host of other projects (2,000 acres).

Federal agencies, Imperial County, California (8).

a. Bureau of Land Management (crossing through 45 sections of land).
b. Bureau of Reclamation.
c. EPA.
d. International Boundary & Water Commission.
e. US Border Patrol.
f. U.S. Army Corp of Engineers.
g. U. S. State Department (Presidential permit).
h. U.S. Military.

California agencies - Imperial County, Riverside County California (7).

a. State Lands.
b. EPA.
c. Department of Water Resources.
d. Department of Natural Resources.
e. Department of Corrections.
f. Imperial County.
g. Riverside County.

A. Project Feasibility.

In general terms, Granite Construction, Caterpillar Equipment and other construction professionals in California and Mexico evaluated the project. As a group, they confirmed the project is feasible and cost estimates are within industry standards (owner operator format).

The Sea to Sea development team elected to hire construction managers, project managers, purchase heavy equipment, retain industry experts and build the proposed canal project.

The excavation group recommended the heavy equipment package, projected fuel consumption by type of equipment, repair costs, labor levels, service levels, and estimated cubic yards to excavate 6 canal projects (135 miles in total)(2 segments in Imperial County, California and 4 segments in the Laguna Salada, Baja Mexico

The group concerns center on crossing five roads, one rail line, one gas line, one water line, three private roads, one military base, crossing one hundred large desert washes, crossing under two power lines, obtaining the necessary environmental permits and project funding. The entire canal path was inspected by truck and verified no obvious obstacles would block the canal project were found. The entire canal path is composed of alluvial sand and/or four-inch or smaller rock. The projected excavation in cubic yards is 400 CY per hour per unit.

a. Imperial County.

Imperial Canal, SOUTH (Hwy 8 south to the border). Canal design and excavation budget separated into two excavation projects.

a. 10 miles of unlined canal, border to Hwy 8, north to south at sea level elevation.
b. Pipe size: 10-foot pipe, 1-inch thick steel.
c. Culverts: 10-foot reinforced units (40 feet long by 10 feet wide).
d. Pumping: The project has no pumps to move imported seawater.
e. 70 feet wide by 15 feet deep with two gravel access roads.
f. 2 to 1 unlined canal sidewall slope.
g. 50 to 200 feet of sand over burden to be removed.
h. 27.5 million cubic yards of sand and rock removed.
i. 54 units of heavy equipment working 24 hours, 6 days per week for 312 days.
j. 162 equipment drivers, three shifts per day, 6 days per week, 312 days.
k. Project management provided by Granite Construction and/or other companies.
l. Heavy equipment and service provided by Caterpillar of Imperial County.
m. Fuel provided by Kinder Morgan.

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

a. 30 miles of unlined canal, Hwy 8 to Salton Sea, north to south at sea level elevation.
b. 70 feet wide by 15 feet deep, with two gravel access roads.
c. 2 to 1 unlined canal sidewall slope.
d. 10 feet of sand over burden to be removed.
e. Working at sea level contour.
f. 7.5 million cubic yards of sand and rock removed.
g. 47 units of heavy equipment working 24 hours per day, 6 days per week for 312 days.
h. 141 equipment drivers, three shifts per day, 6 days per week, 312 construction days.
i. Project management provided by Granite Construction and/or other companies.
j. Equipment and service provided by Caterpillar of Imperial County.
k. Numerous permits and environmental evaluations required.
l. Water flow: 4 mph, hydropower estimated at 20 base load megawatts per hour.
m. Heavy equipment and service provided by Caterpillar of Imperial County.
n. Fuel provided by Kinder Morgan.

b. Laguna Salada, Mexicali, Baja California, Mexico (Coyote seawater intake to the border).

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

334 equipment operators, project managers and staff working three 8-hour shifts per day, working six days per week and for 312 construction days excavating sand and rock.

10.7 million gallons of diesel fuel, 435,000 hours of heavy equipment operation, $ 270.9 million over three years to move 37.7 million cubic yards of sand and rock in four projects over twelve months.

a. 8-mile north canal (border - 70 feet by 15 feet).
b. 37-mile central canal (new excavation - 70 feet by 15 feet).
c. 30-mile south canal (expanding existing flood control canal, 10 foot expansion).
d. 15-mile seawater Intake (expanding existing flood control canal and seawater channel).

c. System Capacity.

California and Mexican canal design incorporated the following.

a. 3 pipes at ten feet each syphon to reduce excavation costs (30 feet above sea level).
b. Hydropower development at 30-foot syphon drop, border to Hwy 8.
c. Designed to be below grade to prevent over-topping during flash floods.
d. Designed to withstand extreme earthquakes (reason for in ground canals).
e. Designed to transport 2.0 million acre-feet at 4 mph per year (hydro requires 4 mph).
f. Excavation fill (sand) placed on east side to enhance canal safety.
g. Flash flood bridges located in critical flood areas (allows water to flow over canal).
h. Safety lines and ladders placed in one-mile increments in each canal segments.
i. 25-cross canal bridges for wildlife, recreation and safety every 5 miles.
j. 75.0 million cubic yard estimate.
k. In general terms, to fill the Salton Sea lake the process would take three to five years at 2.0 MAF and 1.5 MAF to replace existing river inflows, evaporation, water transfers, desalination processing loss, and systems loss via canal seepage.

d. Pipe or Box Culverts.

The canal project may use ten-foot steel pipes or commercial cement box culverts.

- Border	15,000 to 25,000 feet pipe or cement culvert.
- Roads	50 to 75 cement box culverts or large diameter 2-inch steel pipe.

e. Fish Screens.

Imported seawater will be screened to prevent fish or other marine species from entering the United States.

f. Water Quality – Salt Removal Program.

Sea to Sea development team will evaluate eleven 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 program duration will be 5 to 10 years in operation via distillation.

The evaluation and pilot projects will be conducted with the understanding that the State of California will mandate and fund this specific distillation effort. The estimated sea salt volume is 40 tons per 1 acre-foot of desalinated - distilled water.

This program will create 40.0 million tons of sea salt per year for 5 to 10 years for commercial sale or be used to create 500 megawatts of base load power generation (solar gradient ponds). Once the Salton Sea salt level is at 45,000 TDS, the distilled water could be sold to other markets to fund operations or development debt. The Colorado River water market is $ 350.00 to $ 450.00 per acft.

Sea to Sea development team will evaluate eleven distillation or desalination concepts to reduce the salt level and contamination level at the Alamo River, New River, and 300,000 acre-feet of Salton Sea lake water per year.

a. Standard reverse osmosis desalination.
b. Parabolic distillation.
c. CSP distillation.
d. Induction coil distillation.
e. Geothermal distillation (steam recovery).
f. Geothermal distillation (ground based).
g. Distribution pipe reverse osmosis desalination.
h. Deep shaft reverse osmosis desalination.
i. Canal – water wheel - compressed air power desalination.
j. Wind power desalination.
k. 500-foot elevation drop desalination.

g. Energy Use.

Sea to Sea canal project offices are not a large consumer of power. The anticipated use is two 10,000 sqft of office space lighting, cooling, and heating.

h. Commercial Power Generation.

Hydropower production estimated at 20 megawatt per hour from the 40-mile Imperial Canal system. The drop 200 feet over 40 miles with 8 drops at 15 feet each.

Solar gradient pond power production is the primary generation option and salt disposal site from distillation or desalination programs (estimated at 40.0 million tons per year. Power production is estimated to be 500.0 megawatts at full potential. IID has expressed interest in developing this element of the proposed project and purchase power.

B. Water Source Identification.

a. The source of seawater is the existing 15-mile Coyote Canal - Sea of Cortez seawater intake. The operating seawater intake is 200 feet wide, 15 feet deep and connects to the Sea of Cortez via several large natural channels. The tide change is 20 feet per twelve hours. The intake will supply seawater to the existing Coyote canal. The seawater intake is 25 miles from the Sea of Cortez shoreline with limited road access (4wd roads). Fish screens will be used at the intake.

b. The seawater intake is part of the existing flood control system for Mexicali and it is used to divert brackish water into the Laguna Salada for water storage. If brackish water is available (storm - rain water), the water will be delivered into the Laguna Salada ground water holding basins. The Mexican government will not allow the Laguna Salada to be flooded with seawater as it changes the existing water quality or holding capacity of the basin.

c. Sea to Sea development team presented MOUs and contracts to purchase seawater to several Federal agencies in Mexico City. Due to the coming national election, Colorado River, New River and Tijuana River issues, the process has been delayed for three months and the program is under evaluation.

d. Through extensive meetings and program review (Federal). The federal water agency confirmed it would not establish a legal seawater or fresh water right; two federal agencies will 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, leasing land, building infrastructure and a host of other projects.

e. <u>Mexicali, Baja California, Mexico.</u>

The following items are part of the offer to Mexico and California.

a. Returning the entire flow of the New River back to Mexico (50,000 acre-feet per year).
b. Develop 50,000 acre-feet of new water via distillation for Mexicali.
b. Funding 5.0 to 10.0 million pound per year fish farm in the Laguna Salada, Mexicali.
c. Supporting a host of other non-profit programs in Baja California, Mexico.
d. State of California to fund Sea to Sea operating cost per year and accept 2.0 MAF.
e. Leasing or purchasing 25,000 acres of Laguna Salada federal land or private land.
f. $ 1.7 million in non-profit program funding per year.
g. Investing $ 270.0 million in the Laguna Salada over three years.
h. Loan program: $ 20.0 million to develop fish farm and New River projects.

f. <u>Imperial County, California.</u>

The following is part of the offer to Mexico and the State of California.

a. Returning the entire flow of the New River back to Mexico (50,000 acre-feet per year).
b. Developing 200,000 acre-feet of new water via distillation.
c. Funding one 5.0 to 10.0 million pound per year fish farm in Imperial County.
d. Support a host of other non-profit programs (Tree farm, farming, recreation).
e. Leasing 15,000 acres of BLM federal land for the seawater canal and distillation program.
f. $ 1.5 million in non-profit program fund per year.
g. Investing $ 259.0 million in Imperial County over three years.

C. Land Use.

a. Mexicali, Baja California, Mexico.

The 90-mile seawater canal and land requirement estimated at 30,000 acres (private and federal) for distillation operations, canal operations, canal excavation, four roads, environment, farming, power generation, other.

b. Imperial County, California.

The 40-mile seawater canal and land requirement estimated at 15,000 acres (federal) for water distillation, canal operations, canal excavation, two roads, farming, solar gradient power generation, environment, recreation, other).

Canal Path.

D. Environmental Impact.

Laguna Salada, Baja California Mexico.

Sea to Sea development team will fund the following non-profit programs to offset any unforeseen environmental impacts and create regional goodwill.

a. Growing and planting 10,000 desert trees to promote bee, bird, and animal population per year for five years.

b. Funding the development of 50 "oasis" solar wells that will produce 25 gallons of water per day to supply to the local 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. Estimated size 10,000 square feet per location. Project funding (repair and service) will be for the term of the master ground lease agreement.

c. Sea to Sea canal will provide 500 to 1,000 acres (canal surface) of water for birds and marine life inside the canal.

d. No surface water use, no impact to the ground water basin, no connection to the Alto Golfo Biosphere and bridges will be placed every five miles to create access to both sides of the canal.

e. Flash-flood basins will be created to capture rainwater to recharge ground water and prevent flooding or canal over-topping.

Imperial County.

Sea to Sea development team agreed to fund the following programs to offset any unforeseen impacts and create regional goodwill.

a. Growing and planting of 10,000 desert trees per year for five years to promote bee, bird, and animal population.

b. Funding the development of 50 "oasis" solar wells that will produce 25 gallons of water per day to supply to the local burros, mountain lion, rams, foxes and/or other wildlife. Each location will have 100 trees and/or other desert plants. Estimated size 10,000 square feet per location. Project funding (repair and service) will be for the term of the master ground lease agreement.

c. Sea to Sea canal will provide 500 to 1,000 acres (canal surface) of water for birds and marine life inside the canal.

d. No surface water use, no impact to the ground water basin, and bridges will be placed every five miles to create access to both sides of the canal.

e. Flash-flood basins will be created (inside existing channels) to capture rainwater to recharge ground water and prevent flooding or canal over-topping.

E. Salton Sea Salinity.

Sea to Sea development team researched eleven concepts to remove salt from the Salton Sea, New River, Alamo River and/or the 1.0 MAF of imported seawater per year. The cost of evaluation and/or potential joint ventures will require 800 hours of time per project and $ 60,000 to evaluate each project (two staff, two months labor each and travel cost).

The ultra-pure sea salt (brine) will be sold and the balance of the salt converted into power production via solar gradient ponds. Please see map on page 7.

F. Water Use.

The Sea to Sea development team intention is to raise the lake approximately 20 feet (-220) by importing 2.0 MAF for five years. Once the lake is stabilized, the imported seawater inflows will match evaporation and decreased flows from the New River and Alamo River to maintain the desired lake level, including the use of all former boat ramps (estimated at 1.5 MAF and - 220 elevation).

Lowering the salt level of imported seawater, New River or Alamo River water is our strategy to lower the entire salt level of the Salton Sea from 60,000 TDS to 45,000 TDS in less than 10 years.

G. Cross Border Governmental Coordination and Permitting.

Sea to Sea development team conducted several phone meetings and one dinner meeting to review any issues or concerns. At this time, IBWC supports seawater importation and will evaluate any permit request presented. Primary concerns center on program funding, water purchase permits, issues related to the border wall and New River contamination.

Sea to Sea development team contacted 50-plus government agencies and spoke with well over 100 people in two countries. At this time, NO ONE is objecting the Sea to Sea concept or the urgent need to cover the Salton Sea lakebed with imported seawater. No one is interested in blowing dust at any level.

The following Mexican government agencies have been contacted or presented MOUs detailing how to move the project forward.

a. CONAGUA agency.
b. SEMARNAT agency.
c. CESPM agency.
d. SEDATU agency.
e. City of Mexicali (several agencies).
f. State of Baja California (two agencies).
g. Secretariat of Economic Development, Baja California, Mexico.

H. Project Development Schedule.

a. Sea to Sea development timeline is organized to confirm the most pressing issues first. If the Government of Mexico or private parties refuse to issue a water purchase agreement or critical land sales or land leases, the project will be stopped.

b. Formal approval in Mexico and California cost. $ 3.5 million

- 200 item construction cost review in Imperial County and Mexicali.
- Twelve month to arrange water purchase agreement from Mexico.
- Twelve month to arrange water purchase agreement from California.

c. Twelve month EIR process cost, Imperial County. $ 5.0 million

d. Twelve month EIR process cost, Mexicali, BC, MX. $ 1.0 million

e. Twelve-month excavation & construction cost.

- Imperial County, CA. $ 259.4 million
- Laguna Salada Baja, CA MX. $ 270.9 million

I. Operation Schedule.

a. Sea to Sea canal operation will have two 24/7 administration – canal offices.

b. The purpose of the two offices is to manage the flow of seawater, power operations, water operations, salt production, recreation access, farming access and provide canal security.

- Imperial 57 staff.
- Mexicali 33 staff.

c. The entire canal system will be operated on SCADA with ten emergency canal gates that can stop the flow of water and/or spill water into emergency holding basins. The seawater intake shall have four sea-lock gates to lock out the tides if necessary.

4. Cost Projections.

Preliminary canal or infrastructure cost projections are separated by topic and a detailed equipment list is provided. Granite Construction, Caterpillar Equipment and host of construction experts in California and Mexico provided the excavation cost data.

The 135-mile canal has been separated into 6 excavation projects. Each project has been clearly defined by length, building materials, staffing levels, scope of work, equipment requirements, fuel consumption, project planning, repair parts, equipment service, food supply, water supply, trash management, staff housing, medical, roads, power needs, environmental issues or projects and cubic yard excavation estimates.

Based on 7,300 estimated hours of operation for each large unit (Cat 390, Cat D10, Cat 665) it is cost-effective to purchase the heavy equipment versus renting it and paying the overtime fees, transport charges, service charges, as well as Caterpillar dealer service labor rates.

Becoming an owner operator is the most cost-effective way to manage six excavation projects and related construction projects (crossing under roads, syphon, office, other).

All project equipment can be purchased via three national auction services over three months and move to the El Centro storage yard. The same services will sell the units when the project is completed. Excavation and construction detail are available upon request.

Project Summary - Project Construction Costs.		**Estimated Total Cost**	**%**	**Notes**
Imperial Canal Excavation NORTH	IC	$43,832,721.60	7.82%	30-mile canal, Hwy 8 to Salton Sea
Imperial Canal Excavation BORDER	IC	$56,518,375.20	10.09%	10-mile canal, Border to Hwy 8
EIR, Engineering, Permits, Program Managers	IC	$51,990,392.63	9.28%	EIR, Engineering, ops staff
Construction Equipment	IC	$46,107,000.00	8.23%	92 units - Heavy equipment
Land Expense	IC	$25,000,000.00	4.46%	15,000 acres project land
Canal Staff Operation Office	IC	$2,135,341.20	0.38%	57 person canal operations office
Contingency	IC	$33,750,000.00	6.02%	Contingency @ fifteen percent
Sub Total Imperial County, CA		**$259,333,830.63**	**46.29%**	
North Laguna Salada Canal Excavation (Border)	LS	$14,747,136.00	2.63%	8-mile canal through the border
Central Laguna Salada Canal Excavation	LS	$15,166,363.20	2.71%	37-mile canal, LS
South Laguna Salada Canal Excavation	LS	$10,431,168.00	1.86%	30-mile canal, LS
Seawater Intake & Canal Dredge Excavation	LS	$16,172,839.20	2.89%	15-mile seawater intake canal
EIR, Engineering, Permits, Construction Managers	LS	$51,009,921.88	9.11%	EIR, Engineering, ops staff
Construction Equipment	LS	$72,750,925.89	12.99%	127 units - Heavy equipment
Land Expense A	LS	$25,000,000.00	4.46%	25,000 acres
Land Expense B	LS	$25,000,000.00	4.46%	25,000 acres
Canal Staff Operations Office	LS	$1,750,907.45	0.31%	33 person canal operations office
Contingency	LS	$38,850,000.00	6.93%	Contingency @ fifteen percent
Sub Total Laguna Salada, Baja CA MX		**$270,879,261.61**	**48.35%**	
Total Construction Cost		**$530,213,092.24**	**94.64%**	

Non Profit Program				
Economic Development Loan (Fish farm project)	LS	$ 10,000,000.00	1.79%	Largest fish farm in Mexico
Economic Development Loan Imperial County CA	IC	$ 10,000,000.00	1.79%	Largest fish farm in U.S.
New River Diversion Loan (L S Water Recharge)	LS	$10,000,000.00	1.79%	Send NR water back to Mexico
Sub Total		**$30,000,000.00**	**5.36%**	
Total Construction Capital Cost		**$560,213,092.24**	**100.00%**	
Annual Sea to Sea Operating Company	$19.15	$38,305,622.25	44.58%	90 person operating company
Bi National Canal Construction Debt Service	$23.81	$47,618,112.84	55.42%	Program debt service
Sub Total Operating Company Expense	**$42.96**	**$85,923,735.09**	**100.00%**	
CA StS Foundation - Tree Planting Program	$0.25	$ 500,000.00	15.38%	Planting trees
CA StS Foundation - Economic Development	$0.25	$ 500,000.00	15.38%	New project development
CA StS Foundation - Company Operating Funds	$0.25	$500,000.00	15.38%	Operation funding
Sub Total CA Sea to Sea Foundation Operating Cost	**$0.75**	**$1,500,000.00**	**46.15%**	
Mx StS Foundation - New River Diversion	$0.13	$250,000.00	7.69%	Send NR water to Mexico
Mx StS Foundation - Economic Development	$0.25	$500,000.00	15.38%	New program development
Mx StS Foundation - Orphanage Program	$0.25	$500,000.00	15.38%	Community farming program
MX StS Foundation - Operating Funds	$0.25	$500,000.00	15.38%	Operations
Sub Total MX Sea to Sea Foundation	**$0.88**	**$1,750,000.00**	**53.85%**	
Total Sea to Sea Foundation	**$1.63**	**$3,250,000.00**	**100.00%**	
Total Operating Cost with Debt Service	**$44.59**	**$89,173,735.09**		

Sea to Sea equipment summary and operating detail (estimate).

- $ 93.7 million in heavy equipment cost.
- 206 heavy equipment units.
- 364 workers (equipment drivers, engineering, project managers and operations staff).
- 312 construction days.
- 3 shifts per day, six-day workweek.
- 19.9 million gallons of diesel fuel over twelve months ($ 68.5 million).
- 800,000 excavation - construction hours over twelve months.
- 100,000 management hours over thirty-six months.
- 72.5 million cubic yards of sand moved over twelve months (6 canal excavation projects).
- 6 construction teams operating on individual excavation budgets, staffing and equipment levels.
- 2 canal excavations in Imperial County, 4 canal excavations in the Laguna Salada.
- All canal excavation will operate 3 shifts per day, 6 days per week until completed.

38 Caterpillar 390 excavators.
25 Caterpillar 665 drivable pan scrapers.
20 Caterpillar D 10 dozers.
12 Caterpillar road graders.
9 Caterpillar front-end loaders.

15 Project manager trucks (Ford Escape SUV).
12 30-ton sides dump trailers with cabs.
10 Industrial work lights.
9 Low-boy trucks (Caterpillar equipment).
9 10-person crew vans (Excavation crews).
6 15,000 gallon diesel holding tanks - diesel fueling operations.
5 Water trucks.
5 250 KW generators.
4 Fuel and service trucks (Service to Caterpillar equipment).
1 500 KW generators.
1 75-ton crane.
1 25-ton forklift.
1 8’ tree mover.

1 Heavy equipment repair - service center, Laguna Salada, Baja California.
2 Quarry operations to supply rock and gravel, 300 miles of canal roads.
1 Dredge operation to service and expand seawater canal system.
1 Kitchen operation to feed 300 people per day, 312 construction days (Laguna Salada).
1 300 employee cabins (equipment drivers & staff, Laguna Salada).

5. Plan for funding of proposed Sea to Sea canal project.

If the State of California agrees to fund the Sea to Sea operating cost via a long-term O & M contract, the project can be funded via green bonds (4%), I Bank loan (6%) or private funding (8%) percent

The following projects could offset the development and operating cost of the proposed Sea to Sea canal project, industrial seawater or wastewater distillation and industrial salt projects.

If any of the funding recommendations were accepted, the interest cost savings would be substantial $ 47.6 million per year for 15 years savings.

Funding concepts:

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

- The people of California will have a new lake, $ 1.0 billion in new economic development projects and decades of enjoyment by millions of people.

- No impact to retail electric customers, the power sellers or buyers pay this cost.
- Estimated capital raised $ 250.0 million per year for five years.
- Avoid bond offering and $ 47.6 million in interest charges per year for fifteen years.
- Pay cash for the project, no debt service, problem solved in three to five years.
- Once construction is completed, lower the transmission line fee to fund StS operating and distilled water production cost.

b. Refund 25 percent of all retail sales tax, income tax and property tax generated in Imperial County and Riverside County per year for five years.

- The people of California will have a new lake, $ 1.0 billion in new economic development projects and decades of enjoyment by millions of people.

- No impact to local programs, the funding is from the State of California.
- Estimated capital raised $ 250.0 million per year for five years.
- Avoid bond offering and $ 47.6 million in interest charges per year for fifteen years.
- Pay cash for the project, no debt service, problem solved in three to five years).
- Once construction is completed, lower the refund percentage to fund StS operating and distilled water production cost.

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

- The people of California will have a new lake, $ 1.0 billion in new economic development projects and decades of enjoyment by millions of people.

- Minor personal investment to repair the largest lake in California.
- Estimated capital raised $ 250.0 million per year for five years.
- Avoid bond offering and $ 47.6 million in interest charges per year for fifteen years.
- Pay cash for the project, no debt service, problem solved in three to five years).
- Once the project is completed, lower the meter charge to fund annual StS operating and distilled water production costs.

d. Develop a company / new business relocation program "Salton Sea Pioneer Program".

a. Create 5,000 NO TAX Salton Sea company relocation permits.
b. 5 to 10 year term to incentivize relocation of companies and people to Salton Sea towns.
c. North Shore, Bombay Beach, Salton City, Salton Sea Beach, Desert Shores, Travertine Point.
d. Promote economic development and new construction investment.
e. $ 1.7 billion in new construction (5,000 buildings @ $ 350,000 per building).
f. $ 875.0 million in labor spending (25,000 workers at $ 35,000 per year).
g. $ 150.0 million in local spending per year (25,000 workers spending $ 500.00 per month).
h. Program development cost under evaluation.

e. Distilled water sales (Colorado River Basin States).

a. Sell 200,000 acre-feet of fresh water to fund the development of distilled water program.

b. 200,000 acre-feet @ $ 500.00 per acre-foot. Annual sales $ 100.0 million per year.

c. Profit will fund the development of a large-scale distillation program (debt service and operation cost).

d. Technically speaking 800,000 acre-feet of water per year could be distilled and placed into the Salton Sea to reduce the salt level or blend down the salt level of imported seawater (34,000 TDS to 15,000 TDS).

e. The land requirements estimated at 15,000 acres (distillation units and salt operations).

   - The sale of 200,000 acre-feet of fresh water at retail rates might fund debt service and operating costs.

f. Program development cost under evaluation.

f. Sea salt (Retail and Commercial).

a. Sell 3.0 million tons of sea salt per year to fund large-scale distillation program and Sea to Sea canal operating or development cost.

b. 3.0 million tons at $ 100.00 per ton or $ 300.0 million per year in salt program sales.

c. All surplus salt could be used to create power via solar gradient pond concept.

g. California or Federal Tax Credits.

a. Create and sell State of California tax credits to fund the proposed programs.

b. Present program to the top 10,000 taxpayers in California.

c. Tax credit program requires a reduced tax rate to encourage participation.

h. Base-Load Green - Renewable Power.

a. Solar Gradient Pond Generation.

- 500 megawatts at $ 75.00 per megawatt/hour $ 328.5 million per year.

b. Hydroelectric Power Generation.

- 20 megawatts at $ 75.00 per megawatt/hour $ 49.2 million per year.

Summary:

On behalf of the extended Sea to Sea canal development team in Imperial County and Laguna Salada Baja Mexico, thank you for reviewing the Sea to Sea canal company proposal to prevent blowing dust at the Salton Sea and related projects.

As a group, we invite all parties to work together and start the conversation in thirty days or less. The offer to sell seawater to the State of California is valid for thirty days due to ever changing cost of fuel, equipment, property value and labor.

Sincerely yours,

Gary Jennings & Dan Johnson
Managing Partners
Sea to Sea Canal Company
Jennings & Johnson Partnership (JJP).

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

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.

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.

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 A. Fuentes, Chairman
Imperial County Board of Supervisors

Date

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

1-14-11
Date

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

1-17-11
Date

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

1/17/11
Date