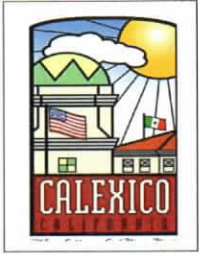


**AGENDA
ITEM**

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CITY COUNCIL AGENDA STAFF REPORT

DATE: June 30, 2022

TO: Mayor and City Council

APPROVED BY: Diego Favila, Interim City Manager 

PREPARED BY: Council Member Raul Ureña 

SUBJECT: Approval of Letter of Support for Imperial County's Lithium Valley Economic Opportunity Investment Plan

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Recommendation

Approval of Letter of Support for Imperial County's Lithium Valley Economic Opportunity Investment Plan.

Background:

The County of Imperial provided a detailed presentation to the Calexico City Council on June 15, 2022 stating their desire to increase the overall wealth of its residents through private economic investment into the Imperial Valley Region in the form of lithium and rare mineral extraction, processing and manufacturing/packaging for end-user applications and renewable energy generation/storage in the form of geothermal, solar, wind and energy storage. The Imperial County Lithium Valley Economic Opportunity Investment Plan will be accomplished through specific actions of the County of Imperial, State of California and the United States Federal Government.

Discussion and Analysis

The Lithium Valley Economic Opportunity Investment Plan will create billions of dollars of private economic investment in Imperial County producing lithium/rare-minerals and renewable energy helping propel the United States economy for generations. This will result in employment opportunities for residents of the region and tax revenue at the local, state and federal government.

The success of the Lithium Valley Economic Opportunity Investment Plan relies on the adoption and funding of the Plan at all levels of government (County, State and Federal). The actions needed by each level of government are outlined quantitatively within the plan. It is incumbent on each participant to take immediate action on their portion of the plan in order to achieve the desired outcome for economic investment.

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| AGENDA ITEM |
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At the June 15, 2022 Council voted on a 3-2 vote to table the approval of the support letter for the next meeting pending conversations with Imperial County.

Fiscal Impact:

None.

Coordinated With:

None.

Attachment(s):

1. LVIP Sample Support Letter.

June 29th, 2022

The Honorable Toni Atkins
Senate President pro Tempore
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
1021 O Street, Suite 8630
Sacramento, CA 95814

The Honorable Philip Ting
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Eduardo Garcia
1021 O Street, Suite 8120
Sacramento, CA 95814

The Honorable Ben Hueso
1021 O Street, Suite 7340
Sacramento, CA 95814

**RE: SUPPORT - Lithium Extraction Excise Tax per Metric Ton Based on a Flat Rate
& Lithium Valley Development Budget Proposals**

Dear President Pro Tempore Atkins, Speaker Rendon, Budget Chairs Skinner and Ting,
Assemblymember E.Garcia, and Senator Hueso:

In solidarity with the organized labor, environmental justice, public health, and local Chambers of Commerce serving and partnering with disadvantaged communities of the Imperial Valley who originally submitted this letter, we submit this letter of support to the following May Revision proposals of the Governor's Budget regarding Lithium Valley Development:

- The Proposed Trailer Bill Language which would establish and levy a Lithium Extraction Excise Tax on California's emerging lithium producers based on a flat rate per metric ton.
- \$80 million to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline.

- \$5 million to the County of Imperial and \$800,000 to support community engagement in the county's environmental impact report related to geothermal and lithium recovery in the Salton Sea region.
- Assemblymember Eduardo Garcia's budget request for \$5 million to fund the First 40 Campaign, a community-led initiative aimed at installing 40 publicly accessible EV charging stations in Imperial County which currently accounts for the lowest number of EV chargers per capita in the entire State.

In particular, the flat rate Lithium Extraction Excise Tax will provide for Salton Sea restoration and support much-needed local infrastructure, public services and community benefit projects. Eighty percent (80%) of the tax revenue, as proposed, will provide appropriate government level Services to our residents in the form of enhanced public safety, road and bridge improvements, expanded judicial buildings, social services, and quality of life amenities including new recreational and cultural/arts facilities. The remaining twenty percent (20%) will be directed at improving and restoring our deteriorating Salton Sea helping mitigate the public health risks associated with its decline.

The Imperial Valley includes some of the most economically disadvantaged communities in California. **The Covid-19 pandemic has had a particularly difficult impact on the Imperial Valley, with the unemployment rate climbing to 27.8%, compared to the California unemployment rate of 15.9% and national unemployment rate of 13.0% during the height of the pandemic.** The economic recovery in the Imperial Valley has been extremely slow and the local economy continues to struggle on an individual and community wide basis with unemployment and decreased local revenue. On a broader scale, the municipalities and State-sanctioned funds for Imperial Valley are struggling to cover the costs of the Salton Sea Management Plan to address air quality issues in the region. The Salton Sea Management Plan lacks appropriate funding and progress for a long-term air quality solution. Thus, community engagement and stable local revenue streams are vital to protect the disadvantaged populations of Imperial Valley and ensure they do not bear the burdens of climate change. The air quality issues associated with the Salton Sea need urgent attention and a steady funding stream to ensure they are addressed.

These investments, as proposed, will spur the development of Lithium Valley's new green economy and help the State transition from its dependency on fossil fuels. Further, stable revenue will also facilitate the creation of much needed high road jobs in our region which has a history of some of the highest unemployment rates in the country. It is for these reasons that we support the aforementioned Lithium Valley Development allocations and the flat rate tax per metric ton as proposed.

Sincerely,
Javier Moreno
Mayor, City of Calexico