



August 13, 2018

Brian Bugsch, Chief  
Land Management Division  
California State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825

Dear Mr. Bugsch:

This letter is provided in response to two letters we received from you dated September 20, 2017 and October 12, 2017 regarding the Cadiz Valley Water Conservation, Recovery, and Storage Project ("Water Project"). We appreciate the clarification in the October 12, 2017 correspondence that your first communication "was not meant to undermine the adequacy of the 2012 EIR or indicate that the Commission intends to challenge it."

Due to the peculiar manner in which these letters were provided to the Company, we felt it important to conduct Public Records Act ("PRA") requests to understand the circumstances that led to the delivery of the letters primarily via the press without any earlier outreach by State Lands Commission ("SLC"). The subsequent responses to our PRA requests, as well as third party communications regarding the SLC process, left us deeply concerned that the SLC could not be fair and impartial in addressing the matters raised in your letters. Emails we received through the PRA responses reflect that both political partisanship and preconceived opinions of the Water Project entered into SLC staff and commission consideration of its role in addressing any ministerial permitting that may be required prior to Project construction.

There is evidence in the PRA documents received that your Fall 2017 letters and earlier legislative efforts to have SLC further regulate the Project were developed over a five-month period in 2017 in coordination with third party Project opponents who unsuccessfully litigated the Project's state approvals from 2012 – 2016. The letters and legislative efforts were developed in secret without ANY outreach to - or input from us, the Lead Agency, or any Responsible Agency during the same period to determine whether the opponents' characterizations were truthful or to access the true status of the Project. Drafts of your proposed correspondence were also shared and discussed with known Project opponents and members of the press before they were received by us. It was extremely disheartening to learn that a regulatory strategy was potentially borne from bias and that staff had formed opinions without investigating the true facts beforehand.

Our primary objective for the Water Project has been to assist California in addressing long-term systemic water supply shortages in an environmentally benign manner. In 2009, we began and welcomed a robust peer review process before the environmental review for the Water Project was initiated and, by agreement with San Bernardino County, created an extra level of scrutiny and independent review of potential impacts.

As evidenced by a voluminous record that was subject to six law suits in Orange County Superior Court and then before the California Fourth District Court of Appeal, the SLC, along with over 100

other interested parties, was notified of the Water Project in March 2011, when lead agency Santa Margarita Water District (“SMWD”) distributed its Notice of Preparation (“NOP”) of an Environmental Impact Report (“EIR”) and Public Scoping Meeting Notice.

From 2011 to 2012, SMWD conducted an 18-month public review process, during which informational workshops, educational seminars and public hearings were held to encourage comment and dialogue from the community and other state and local agencies. In July 2012, SMWD certified the Final EIR and approved the Project. As you are aware, SLC did not respond to the NOP, comment on the EIR nor attend any of the public meetings. However, local, state and federal agencies, as well as thousands of individuals, did.

In addition to the environmental review under CEQA, San Bernardino County independently reviewed and approved the Project issuing a Groundwater Management, Monitoring and Mitigation Plan (“Management Plan”) before which multiple public hearings were held and technical review above and beyond that which was required by CEQA was undertaken. As noted above, the EIR and Management Plan were challenged in Court following approval, but were upheld in their entirety by both the trial court and California Court of Appeal.

It is true that as a component of the Water Project, a 43-mile pipeline will be constructed within a portion of the Arizona & California Railroad’s (“ARZC”) active right-of-way (“ROW”) to avoid any impacts to nearby public lands. This decision to proceed through this pathway was arrived at after careful consideration in an effort to avoid more significant environmental impacts and to be consistent with the national policy in favor of co-locating utilities where possible.

Cadiz and ARZC have been committed to working constructively with State and Federal reviewers. We have a strong interest in private stewardship of natural resources and in the broader interests of San Bernardino County. A recent poll shows that 74% of San Bernardino County residents surveyed are supportive of the Water Project moving forward under the County’s supervision.

We have already fully permitted the largest desert tortoise conservation bank in the history of California (7,500 acres) in the neighboring Piute Valley and we sustainably farm thousands of acres in San Bernardino County. We believe we can do more for the region through constructive engagement and collaboration with the SLC. Toward this end, we have an interest and willingness to discuss ways in which we can further the State’s interest in the property you have identified in your Fall 2017 letters.

We suggest this engagement begin soon as possible. We invite you to visit our Cadiz Valley property so that your staff can obtain a better understanding of the Water Project. We would also welcome a meeting at your Sacramento office to discuss the Water Project and the contents of this letter. Please reach out to Courtney Degener to schedule these meetings. She can be reached directly at 213-271-1603 or via email at [cdegener@cadizinc.com](mailto:cdegener@cadizinc.com).

Sincerely,



Scott Slater  
Chief Executive Officer, President

cc:

Santa Margarita Water District  
Three Valley Municipal Water District  
Jurupa Community Services District  
Golden State Water Company  
California Water Service Company  
Suburban Water Systems  
San Luis Water District  
Arizona & California Railroad Company