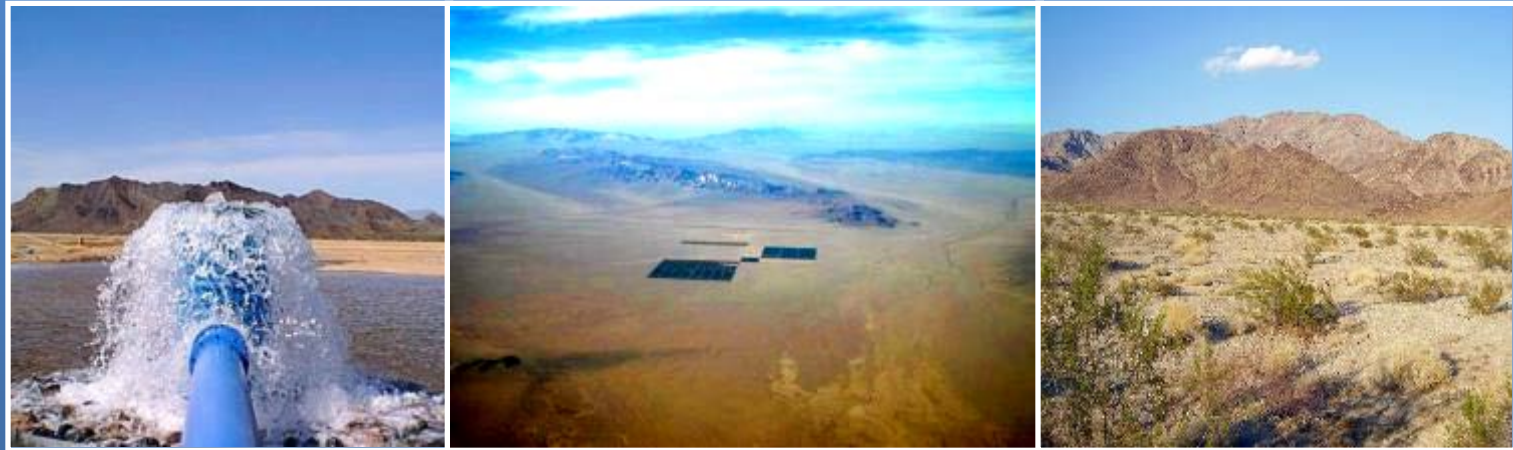
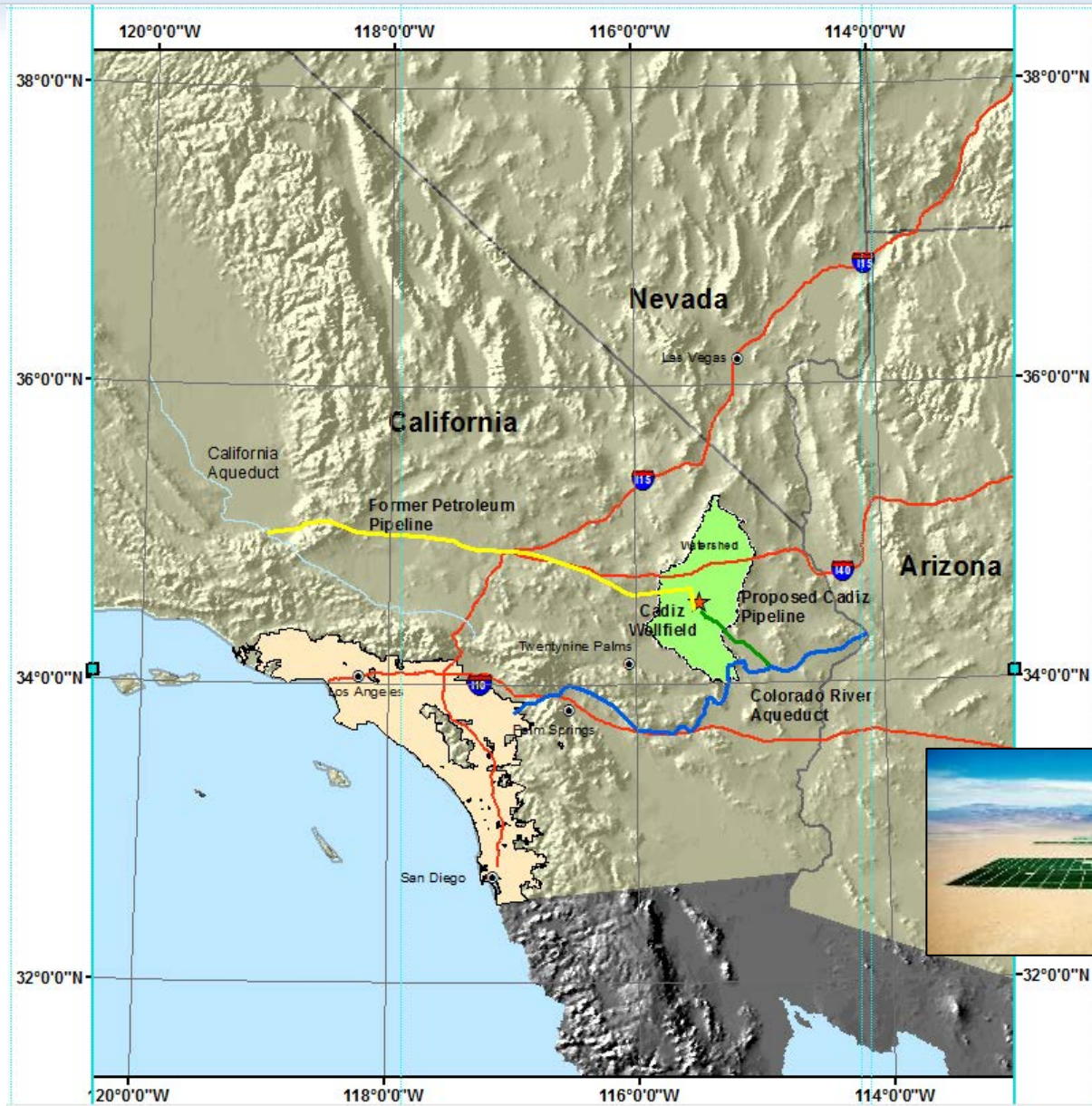


# Cadiz Valley Water Conservation, Recovery & Storage Project



Orange County Water District  
October 2015

# Cadiz Project – Regional Location



# Loss of Water at Dry Lakes

Cadiz/ Fenner Watershed terminates at dry lakes where groundwater is presently evaporating at a rate of approximately 32,000 acre-feet/ year.



Bristol Dry Lake Crust



Evap. Measurement Equip.

# Loss of Water at Dry Lakes

Groundwater beneath dry lake surface is highly saline (10X salinity of Pacific Ocean)

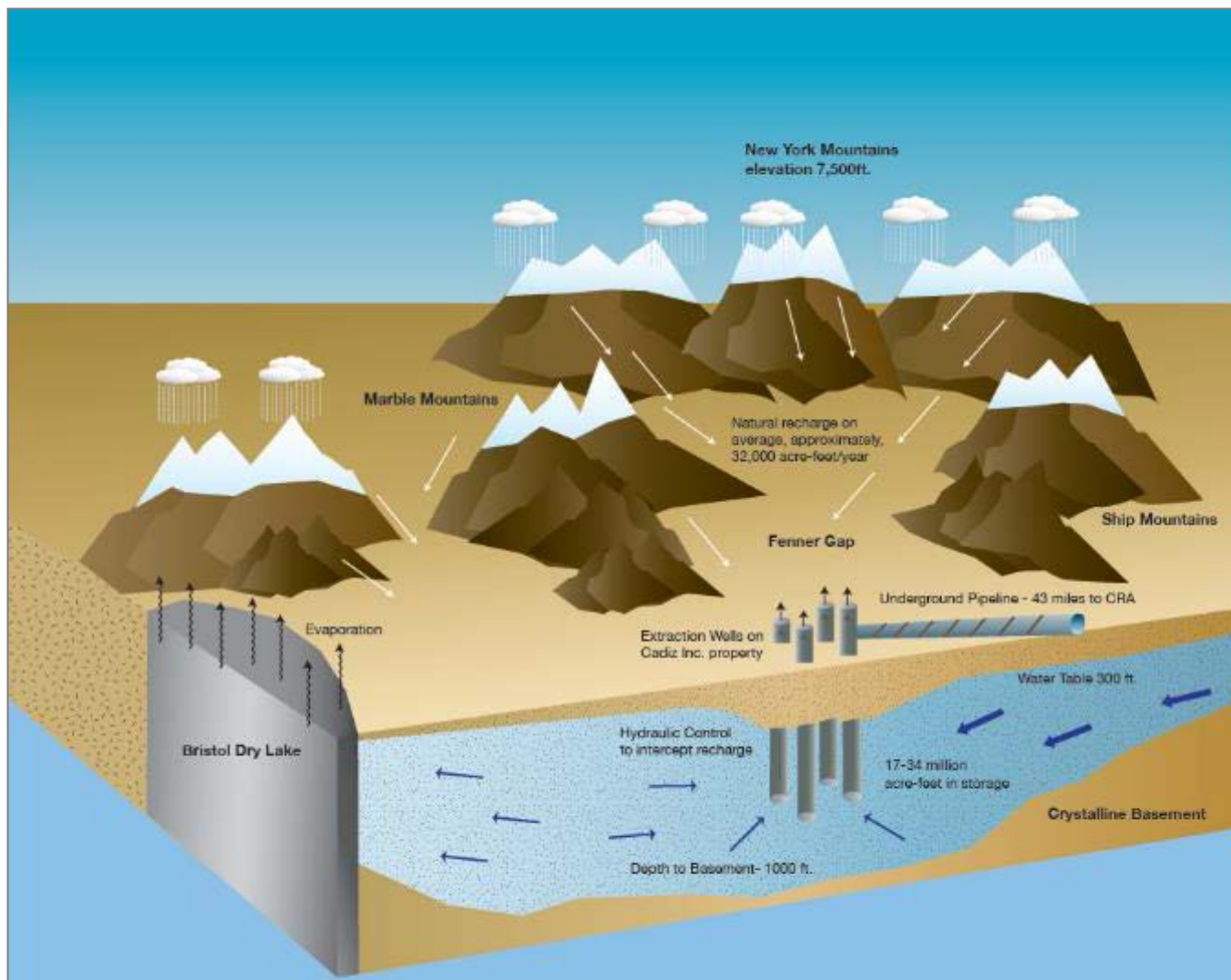


Beneath Dry Lake Surface

# Conservation & Recovery

**Goal:** Put fresh water that would otherwise evaporate to beneficial use

1. Expand wellfield on Cadiz Inc. ag property
2. Capture and conserve average of 50,000 AF/Y for 50 years
3. Deliver via a pipeline to the CRA
4. Create new supply for 400,000 throughout So Cal
5. No environmental impacts



# Cadiz – Clarifications

- Purchase and Sale Agreement § 8.2 – No deposit is required for OCWD to participate. No upfront money of any kind.
- Term: Flexible: A 50 year term is not required.
- Satisfaction of Conditions. If OCWD is not satisfied with resolution of conditions; such as RR RoW or MWD Exchange, it may withdraw from the Project without obligation.
- Cost – 100 percent reliable water and with exchange costs likely ranging between \$230 and \$430 per AFY. (See satisfaction of conditions)



# Capacity in CRA

<b>YEAR</b>	<b>DIVERSION (acre-feet)</b>
2002	1,237,994 * Year prior to QSA
2003	683,786
2004	760,032
2005	875,252
2006	632,424
2007	713,456
2008	904,850
2009	1,105,232
2010	1,099,061
2011	698,990
2012	725,164
2013	1,015,806
2014	1,179,094
2015	1,181,597

Source: US Bureau of Reclamation, Lower Colorado River Water Accounting

# Broad Project Support

- **U.S. Representatives:** Ken Calvert, Tony Cardenas, Paul Cook, Jim Costa, Duncan Hunter, Darrell Issa, Doug LaMalfa, Tom McClintock, Scott Peters, Colin Peterson, Dana Rohrabacher, Ed Royce, Linda Sanchez, Loretta Sanchez, Norma Torres, Mimi Walters and retired members John Campbell, Gary Miller and Gloria Negrete-McLeod
- **CA Legislators:** Pat Bates, Bill Brough, Ian Calderone, Ling Ling Chang, Matt Dababneh, Tom Daly, Cathleen Galgiani, Eduardo Garcia, Diane Harkey, Eric Linder, Chad Meyers, Janet Nguyen and retired members Ray Haynes & Dennis Hollingsworth
- **Building Industry:** BIA/SC, BIA/San Diego, CICWQ, Engineering Contractors Association
- **Regional Business Organizations:** BizFed, Inland Empire Economic Partnership, Morongo Basin Economic Development Consortium, Orange County Business Council, South Orange County Economic Coalition
- **Chambers of Commerce:** CalChamber, San Gabriel Valley, Adelanto, Needles, Twentynine Palms, Rancho Cucamonga, Fontana, Redlands, South Bay Association of Chambers & South OC Chamber.
- **Labor:** Southern California District Council of Laborers, LIUNA, Laborers International Union of North America, Local 783



# Hydrology Points – Sen. Feinstein

- Environmental review in accordance with CEQA, the nation’s toughest environmental law, found absolutely no “grave” impacts.
- Old 2000 USGS report & all concerns were definitively addressed by site specific field data, public agency review, the County’s management plan, and California’s Courts.
- See technical letter distributed today to the Board.

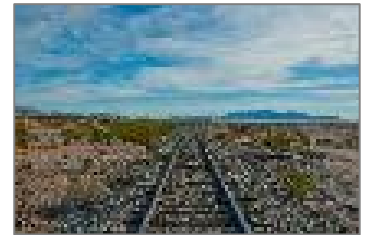
**“The Court finds that the EIR properly concluded that the Project will not substantially deplete the aquifer or interfere with groundwater recharge and no mitigation was required... (and) that the record shows that localized and temporary drawdown of groundwater levels under Cadiz’s property will not result in a significant adverse impact to the basin.”**

*See- COURT OF APPEAL OF CALIFORNIA, FOURTH APPELLATE DISTRICT, DIVISION THREE, 30-2Q12-00612947-CU-TT-CXC, May 10, 2016.*

# Right-of-Way Points – Sen. Feinstein

- 2008 – Cadiz enters lease with ARZC for pipeline access to rail corridor. Lease requires pipeline further railroad purposes.
- 2009 – In response to inquiries from Sen. Feinstein, Interior determines no federal permitting nexus.

**“We do not believe that any federal authorizations or analysis would be required to allow for construction of the pipeline... No federal participation is required for Cadiz to go forward with the project.”** – *US Dept. of the Interior, Jan. 13, 2009.*



# Right-of-Way Points – Sen. Feinstein

- 2011 – After further inquiry from Senator Feinstein, Interior Solicitor states third party commercial use of railroad right-of-way ok, so long as it “furthers a railroad purpose, at least in part.”

**“Within an 1875 Act ROW, a railroad’s authority to undertake or authorize activities is limited to those activities that *derive from or further* a railroad purpose, which allows a railroad to undertake, or others to undertake, activities that have *both railroad and commercial purposes.*”** Solicitor Opinion [M-37025](#), Nov 2011

- 2015 – BLM finds Cadiz use outside scope of ARZC ROW.

**“This administrative determination is not a final agency decision and ... does not determine any final rights or obligations, does not constitute authorization or disapproval of any particular activity, nor do legal consequences for the activity in question flow from this administrative determination. ...If additional information becomes available regarding the Project or if the information relating to the Project changes, an evaluation based on new information could result in a different determination by the BLM.”** - *BLM CA Director Jim Kenna, Oct 2015*

# Right-of-Way Points – Sen. Feinstein

2016

- Bipartisan group of House Members meet with BLM, call 2015 Cadiz Guidance contrary to law and policy.

***“We believe the October 2015 decision to be flawed and in direct conflict with the 2011 M Opinion, and we strongly urge you to reissue the California State Office decision in a manner consistent with the test provided for in the 2011 M-Opinion. Failure to do so will cast a cloud on all other activities within 1875 Act right-of-ways that rely on the M-Opinion as the basis for action, causing significant and avoidable uncertainty to activities nationwide.”*** – 12-21-15 LTR to BLM Director Kornze.

- Language on House Approps. bill aims to clarify scope.  
***“Secretary shall approve any use of a right-of-way ... if authorization of the use would have been considered ... to be within the scope of a railroad’s authority as of the day before the Department’s Solicitor’s Opinion M–37025, issued on November 4, 2011.”***
- 3 Investigations into BLM decision ongoing
- Legal remedies.

# About Cadiz Inc.

- 45,000 acres of land assets and water rights. Ag Asset valuation \$200M
- Agriculture is permitted use on all 45,000 acres, 9,600 acres under current CUP, w/2,200 leased.
- 7,500 Desert Tortoise Conservation Bank in Piute watershed.
- Founded in 1983. Publicly traded on NASDAQ, Managed by Board of Directors, Regulated by SEC, Audited by PWC.
- Owned by sophisticated institutional investors with water focus.





For more information:  
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