# NEWS | Control | Control

CADIZ, INC. | AUG 2020





#### Dear Shareholders:

I write hopeful that you all remain healthy and well as California continues to address the COVID-19 crisis following a second wave of infections. The agriculture and water sectors have continued to operate throughout this period as essential businesses and Cadiz remains dedicated to maintaining safe operations during this extended time. Our Ranch operations and our Los Angeles headquarters are open and active while also adhering to guidelines from health officials.

The fallout from this pandemic has focused the nation's attention on inequities in the availability of essential services to America's low income and minority communities. It is our mission to provide access to clean, reliable water to disadvantaged communities in Southern California. Although California pronounced a commitment to satisfying the "human right to water" in all communities regardless of zip code, there remain communities in our state that have no access to clean running water.

California has launched various initiatives to address this challenge which are now being hindered by the economic impact of the COVID-19 pandemic. It has been openly acknowledged that water infrastructure development could help address the water crisis while creating new jobs and economic stimulus. Unfortunately, legislative support for infrastructure projects has abated in a polarized election year. No matter when or if an infrastructure package comes to fruition, public-private partnerships backed by private capital, like the Cadiz Water Project, provide unique opportunities that are not limited by public funding battles. We remain committed to delivering this Project to Californians who need and deserve safe, reliable water.

For too long, those who lack reliable water have been ignored as environmental interest groups forced a false narrative in opposing water infrastructure development on environmental grounds. Rarely has the narrative allowed for a discussion about "how" to actually move forward safely with solutions. Instead, every project is opposed by those who say, "never in my neighborhood, city, county and state".

California is home to the strictest environmental regulations in the nation. Sadly, rather than pursue the objective of supporting smarter, better, more environmentally benign projects with broad benefits, opposition groups use the regulatory process to kill projects that would benefit disadvantaged communities with new jobs, clean water and affordable housing. These groups succeed by collecting donation bounties and attorney fees when they stop projects; not by finding alternative solutions.

There is an emerging public recognition that the sport of toppling progressive projects takes a toll on those among us with the least power and means to absorb the blow. Real people will do jobs that bring the Cadiz water project to fruition, drink the water it provides and live in the houses that can be built. These people will be as diverse as is the State of California. We are committed to successfully delivering this message while we continue pursuing our mission to make more safe water available to all Californians. Our Board and supporters have sounded the alarm about these issues, and this quarter we have included commentary and news coverage about this debate.

Our assets are particularly well positioned to assist in this challenge. As we forge ahead in the water space, we continue to pursue the cultivation of sustainable and organic hemp on a large scale with our first harvest to begin in September. We have received interest in a range of products, including smokable hemp flower and CBD isolate and are excited about the many options for brand growth in the market.

While Cadiz continues to advance our mission, I remain aware of the challenges we are all facing together as a result of this global pandemic. Please continue to stay safe and keep in touch.

Sincerely, Scott Slater





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### CADIZ INC

### EXPANDS MANAGEMENT TEAM TO SUPPORT BURGEONING OPERATIONS

### ANNOUNCEMENT | MAY 21, 2020

Company appoints Tim Shaheen to new Director of Development role and names new CFO as operations focus on expansion of agriculture development and complementary water infrastructure

Cadiz Inc. (NASDAQ: CDZI) ("Cadiz", the "Company") announced today that it has expanded its management team, adding a Director of Development role to support the active development of the Company's Cadiz Valley properties for agriculture and complementary water projects. The Company's current CFO Timothy Shaheen will immediately assume this new position. Mr. Stan Speer, who has been a financial consultant to the Company for five years, will take over as Chief Financial Officer.

Over the last 12 months, the Company has made significant investments in its land and water assets, including the expansion of its sustainable agriculture, water infrastructure and irrigation capacity to support a variety of uses. Mr. Shaheen has been instrumental in this effort, building on decades of prior experience in agriculture, including as CEO of Sun World International, which during his tenure from 1996 to 2005 owned and operated 20,000 acres of various growing, packing and shipping operations throughout California. As the new Director of Development, Shaheen will provide focused leadership and oversight as the Company executes on its plans to continue its successful expansion of agricultural operations and water infrastructure at the Cadiz Ranch.

In the CFO position, Mr. Speer will assume the Company's financial management and reporting responsibilities and maintain oversight of operational budgets. Speer brings decades of financial management experience to this position, including previous tenure as Cadiz CFO from 1997-2003, and roles as a Managing Director with global professional services firm Alvarez & Marsal, and as a partner with Coopers & Lybrand (now PricewaterhouseCoopers), where he spent 14 years specializing in business reorganizations.

Scott Slater, Cadiz's President & CEO, commented: "The enthusiasm around our agricultural prospects and the supporting water infrastructure has led to exciting growth that requires the focus of a leader like Tim to ensure the continued success of these developments. Tim's deep experience with the Company and our land holdings will serve him well in this exciting new role. We also welcome Stan, who has a wealth of financial management experience and personal knowledge of the Company, to round out the team as CFO."

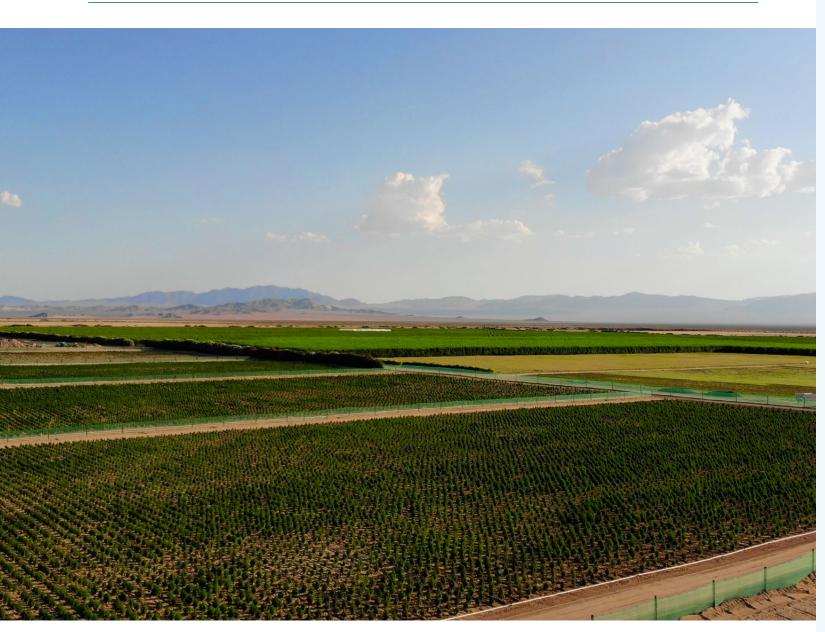
Cadiz is the largest private landowner in eastern San Bernardino County with over 45,000 acres of landholdings, including 9,600 acres permitted for agricultural development. The Company currently maintains lease arrangements with agricultural partners, including Limoneira Company (NASDAQ: LMNR) and Glass House Group, covering approximately 2,500 acres of active farming. This year the Company installed new water infrastructure, including three new wells with 12,500 acre-feet per year in capacity, to support its active agriculture and plans to further develop the water infrastructure at the Cadiz Ranch to support its complementary water and agricultural projects.

More information about Mr. Speer and Mr. Shaheen is available on the Company's website, https://www.cadizinc.com/management/



### CADIZ INC CADIZ LOOKS TO \$150 MILLION MIXED-SHELF OFFERING

LABJ: BY HOWARD FINE | AUGUST 10, 2020



Downtown-based water infrastructure development company Cadiz Inc. has filed to raise up to \$150 million through a mixed-shelf offering.

The company's July 31 filing with the Securities and Exchange Commission said the money will be used for a variety of purposes, including building water pipelines, irrigation and other infrastructure for farming on its desert land holdings; repayment of existing debt; and general business development.

A mixed-shelf offering can include any combination of stock, debt securities, warrants or subscription units.

Under SEC regulations, Cadiz will have three years to issue the new shares or debt outlined in the prospectus filing.

Cadiz has been trying for more than 25 years to get regulatory approval to tap an aquifer beneath its land holdings in the Mojave Desert north of Joshua Tree National Park. But the company has been repeatedly stymied by environmental groups that claim Cadiz's plans will drain the aquifer and harm desert wildlife.

As of last year, the company had been seeking final permits for its project to pump up to 50,000 acre-feet of water per year out of the aquifer and transfer that water via pipeline to the Metropolitan Water District of Southern California's Colorado River Aqueduct.

Ultimately the water would be passed on to several agencies in Southern California that have had to grapple with frequent water shortages.

But last year, the state Legislature, at the urging of environmental opponents, enacted a new regulatory hurdle for Cadiz, requiring the company to get approval from the State Lands Commission. That has delayed the project by at least a couple years.

In the meantime, Cadiz saw an opportunity to bring in more revenue by teaming up with cannabis grower Glass House Farms — a division of Long Beach-based California Cannabis Enterprises Inc. — to produce hemp crops on up to 9,600 acres of its desert land.

After a successful test crop, the first market crop was planted earlier this year, supplementing a small amount of existing citrus and vegetable crops.

"We have begun implementing a business plan that includes more actively developing agricultural operations while continuing to pursue the Cadiz Water Project," the company said in a statement issued last week. "We now have 2,000 acres under irrigation for lemons, vegetables and hemp, and continue to plan for additional acres to be developed in 2021 based on the success of our crops.

"As we continue development of our assets, it is prudent to secure the flexibility to finance investments in our business plan as they become needed," the company added. "The objective is to facilitate our ability to accommodate the best investment vehicle for our company should we choose to utilize it. This is a proactive strategy to prepare for positive asset development."

Investors did not take kindly to the news of the shelf offering, which has the potential to dilute share values for existing shareholders.

On Aug. 3, the first trading day after the SEC filing, Cadiz shares fell 7.7% to \$9.80. The share price rebounded slightly by Aug. 4 to close at \$10.06.



### FIGHTING FOR SYSTEMATIC CHANGE

LATINO LEADERS | MAY/JUNE 2020



**Maria Echaveste** has devoted her decades-long career to working for the people with a passion for serving the community. She's worked as an attorney, public policy adviser, senior White House official and board of director for nonprofits. Her family moved from Mexico to California with her dad working as a bracero and it's that humble beginning that led her to pursue careers with a mission. She recalls how her mother was the one who taught her father how to sign his name and that reading was her escape so she realized the power in education and dreamed of a life beyond what she'd always known.

### "UNDERSTANDING THAT THE BOXES THAT PEOPLE PUT US IN, WE CANNOT LET THEM BE DEFINING FOR US, WE HAVE TO MAKE OUR OWN DEFINITION."

**MARIA GREW UP** "In a traditional Mexican family [here] the expectation is you get married and you don't need an education." She's the oldest of seven children which she attributes for teaching her to be responsible and get things done. "Soy muy mandona, I'm constantly telling people what to do and that started in my family."

She saw college as the only way out and though her dad was not supportive she ended up attending Stanford with a full scholarship which allowed her to not have to rely on her parents financially. He did, however, later commend her for what she did after she graduated law school at UC Berkeley and for also inspiring her siblings to go to college. Yet for her growing up, she shares there weren't that many role models in the '60s of Latinos in high positions.

"I know I'm talented and smart but I also know that I was for-tunate and I believe to the very core of my being that the accident of birth should not determine whether a child is able to achieve their potential." Knowing there were children who grew up in similar situations to hers but ended up in jail or using drugs is what drives her to help her community.

Maria recalls being a corporate litigator from 1980 to 1992 as her most transformative job as it forced her to navigate spaces as the only woman of color. Maria learned how to navigate a mostly male, mostly white world and being successful. "Understanding that the boxes that people put us in, we cannot let them be defin-ing for us, we have to make our own definition."

Maria ran the Latino desk while campaigning for Bill Clinton after the opportunity of meeting Hillary as a board member for the New World Foundation. During that time she worked part time at the law firm to make ends meet and eventually became a senior White House official for Clinton.

Today, Maria acts as CEO and President of Opportunity Insti-tute, an organization that works to increase social and econom-ic mobility and advance racial equity through partnership and collaboration with those seeking to promote systematic change. Some of her main focuses through the organization are math eq-uity and whole child equity. On the side, Maria has been recent-ly invited as a board member for Cadiz Inc., a natural resources company that established a water project to provide a new water source for Southern California. It has the potential to "address the increasingly - as we've seen - water shortage particularly to communities that suffer from inadequate water as we saw in the last drought."

The Cadiz Water Project is working to create a new water sup-ply for up to 400,000 people annually. The most intense period of drought occurred the week of July 29, 2014 where exceptional drought affected 58% of California land, according to the Na-tional Integrated Drought Information System. "I feel a sense of duty to try to improve the lives of others be-cause we are no different. We are ultimately, all human beings, deserving of dignity and respect and an equal opportunity to achieve our potential."

### AT SOCAL HEMP CO., A LONG-TERM PLAN FOR CANNABINOID PRODUCT DEVELOPMENT

### **CANNIBIS BUSINESS TIMES - JULY 16, 2020**

#### Glass House Farms partnered with Cadiz Inc. to learn more about hemp in the desert of California.

Out in the Mojave Desert, a hemp farm is stirring in the dry wind. After inking a partnership last year and trying out a small-scale crop experiment, the teams at Glass House Farms and Cadiz Inc. are watching their first real attempt at the industry come to fruition.

Together, the two companies formed SoCal Hemp Co.

Graham Farrar, president of Glass House Farms, says that hemp offers many relatively inexpensive opportunities to learn more about the cannabis plant.

"I look at things through the lens of cannabinoid products," he says. "We're just starting to scratch the surface of what cannabinoids are all about."

Hemp, of course, is legally defined to exclude anything higher than 0.3% THC content. But every other cannabinoid is fair game. And while CBD has the spotlight right now, Farrar points to minor cannabinoids like CBC, CBN and CBG as notable compounds that will play a role in new product innovation. Zooming out further, there are untold possibilities for additional cannabinoid development (alongside breeding hemp varieties for specific terpene and flavonoid profiles). The opportunities are vast.

To accomplish that, Glass House Farms partnered with publicly traded water supplier Cadiz Inc. in 2019. The company owns 9,600 fertile acres in the Mojave Desert, all sitting atop a natural aquifer. Farrar says that Cadiz boasts the land, water and sunshine required for agriculture on this scale; Glass House brings the operational expertise. The two companies will split proceeds from future hemp sales.

Last fall, the company harvested its first trial crop, answering an important question: Can hemp thrive in the Mojave?

Turns out, it can.

"We are pleased with the results of our research trial this quarter as it served as an important proof of concept for our new hemp-focused venture," Scott Slater, CEO and president of Cadiz Inc. and member of the SoCal Hemp board, said in a public statement at the time. "We sought to test whether we could farm a sun-grown, organic hemp product at Cadiz and we now are confident that hemp can be successfully cultivated in this desert environment."

This spring, the SoCal team planted 250 acres of nine different hemp varieties with an eye toward harvest in August or September. Farrar cites Legendary Blend as one variety that holds a great deal of promise. Other varieties, like CBG-dominant.





For Farrar and Glass House Group, the SoCal Hemp venture represents a chance to hone outdoor cultivation skills and cannabis genetics selection that may help them back in the THC-rich cannabis market. Hemp regulations—including the federally blessed USDA interim final rule—offer a more wide-open landscape for experimentation. License applications are less involved; the cost of participating in the market, at a scale like Glass House Group's, allows for more risk.

The idea is to develop new products from these hemp crops: smokable flower, fresh-frozen extracts, tinctures and more. The long-term plan harkens back to advice that a farmer once gave to Farrar: "Crops aren't grown. They're sold." He says it's vital that cannabis companies consider the end game for their crops.

But before all of that, he and the SoCal team need to learn more about growing hemp at a large scale in the first place. "You can't do that until you figure out how to cultivate, harvest and process [your crops]," Farrar says.

Even just working with the cannabis plant in an outdoor setting—that's something different from Glass House's 500,000 square feet of greenhouse space over in Santa Barbara.

Once this current hemp crop comes out of the ground in August or September, the SoCal team plans to start on another autoflower crop for the end of this year—a perk of the Mojave Desert climate in late fall.



CDZI | CADIZ, INC. AUGUST 2020

### THE DEEPENING FINANCIAL RISK OF WATER SCARCITY

AXIOS: BRYAN WALSH, JULY 21, 2020

Roughly 60% of real estate investment trust (REIT) properties are projected to experience high water-stress by 2030 — more than double the number today, according to a report that Axios had early access to from the asset management firm BlackRock.

**Why it matters:** Climate change is set to exacerbate water scarcity in much of the world. Investors who fail to price in the cost of adapting to water stress risk being left high and dry.

**Details:** Water stress occurs when need for water exceeds supply, due to a combination of population growth and urbanization — which increases demand — and the effects of climate change, which can alter the distribution of water supplies.

BlackRock used the distribution of REITs to identify where investors will feel the pain of water stress.

**By the numbers:** Almost all REIT properties in Malaysia, Japan, and Australia, among other countries, will likely be in what are classified as high-risk water zones within 10 years, according to the report.

Roughly two-thirds of U.S. REIT properties are projected to be in high-risk water zones, double the proportion today. This includes most of the country west of the Mississippi.

According to World Bank estimates, global water infrastructure costs are expected to rise fourfold by 2030, to \$150 billion a year.

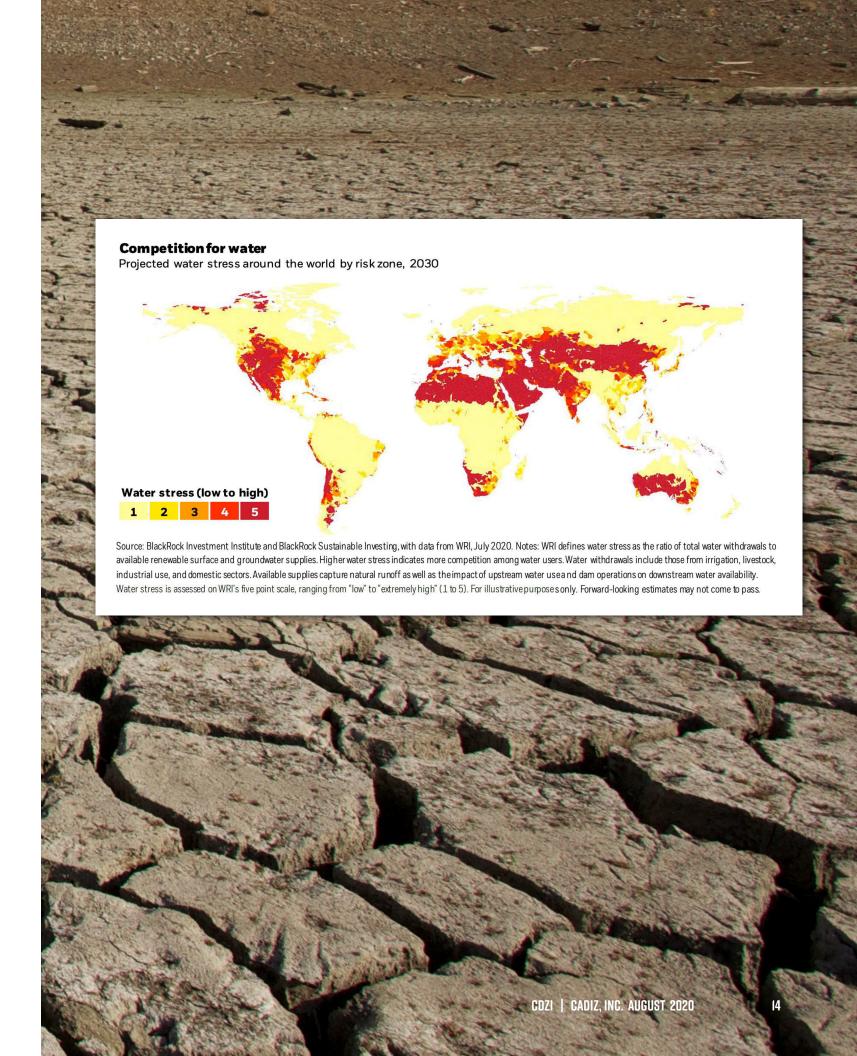
**Yes, but:** Water scarcity doesn't automatically mean financial catastrophe — all of high-income Singapore, for example, is within a high-risk water zone today.

But managing scarce water supplies in the future will both good governance and forward-thinking investment to get the most out of what's left.

Water use is also a good proxy for stewardship at both the national and corporate level, says Brian Deese, BlackRock's global head of sustainable investing. "If you're using water well, you're usually doing other things efficiently, too."

**Of note:** While the BlackRock report focuses on the risk to REIT properties, Deese says virtually all industries will be affected by the growing competition for water.

**The bottom line:** From billionaire investors down to individual citizens, we need to prepare now for the financial effects of a drier future.





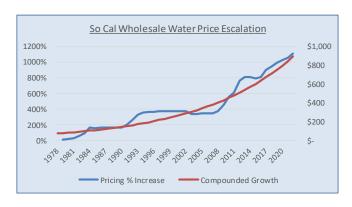


### **WATER PRICING**

### WHOLESALE | PROJECT

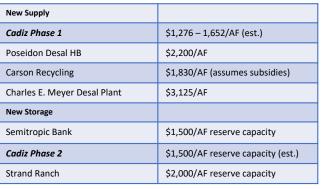
#### Wholesale Pricing (1)

Water prices paid by Southern California water agencies to acquire imported supplies have increased by 1,000%, or a 5.83% CAGR, since 1978.



#### Project Pricing (2)

The cost to acquire new supplies is generally higher than wholesale pricing in Southern California. When ranked among other options in a recent report by a regional water wholesaler, Cadiz was among the most costeffective projects.



#### Spot Market (3)

California has an active water market, allowing parties to address supply imbalances outside of traditional wholesale/retail arrangements. In 2019, the state's water market had +\$1.1 billion in activity. Between 2010 and 2019, approx. 10 million acre-feet was transferred among participants. In the most recent drought cycle, spot prices reached \$2,300 per acre-feet, while in a wet year they hit around \$500 per acre-feet. Thus far in 2020, spot prices are up to \$1,000 per acre-feet.

- 1. MWD of Southern California, Water Rates & Charges, Financial Information, <u>www.mwdh2o.com</u>
- 2. 2018 Orange County Water Reliability Study, MWDOC/CDM Smith Inc.
- 3. WestWater Research Nasdaq Veles California Water Index (NQH2O).

### San Francisco Chronicle

### California had a plan to bring clean water to a million people. Then the pandemic hit

CANTUA CREEK, Fresno County — The water is too contaminated to safely drink, but residents of this farmworker community in the Central Valley pay \$74 a month just to be able to turn on the tap at home. To read more, click here.

https://www.sfchronicle.com/politics/article/California-had-a-plan-to-bring-clean-water-to-a-15433107.php



The Navajo Nation occupies nearly 30,000 square miles of territory across parts of three Western states, bountiful in its beauty but often barren of the most basic needs.

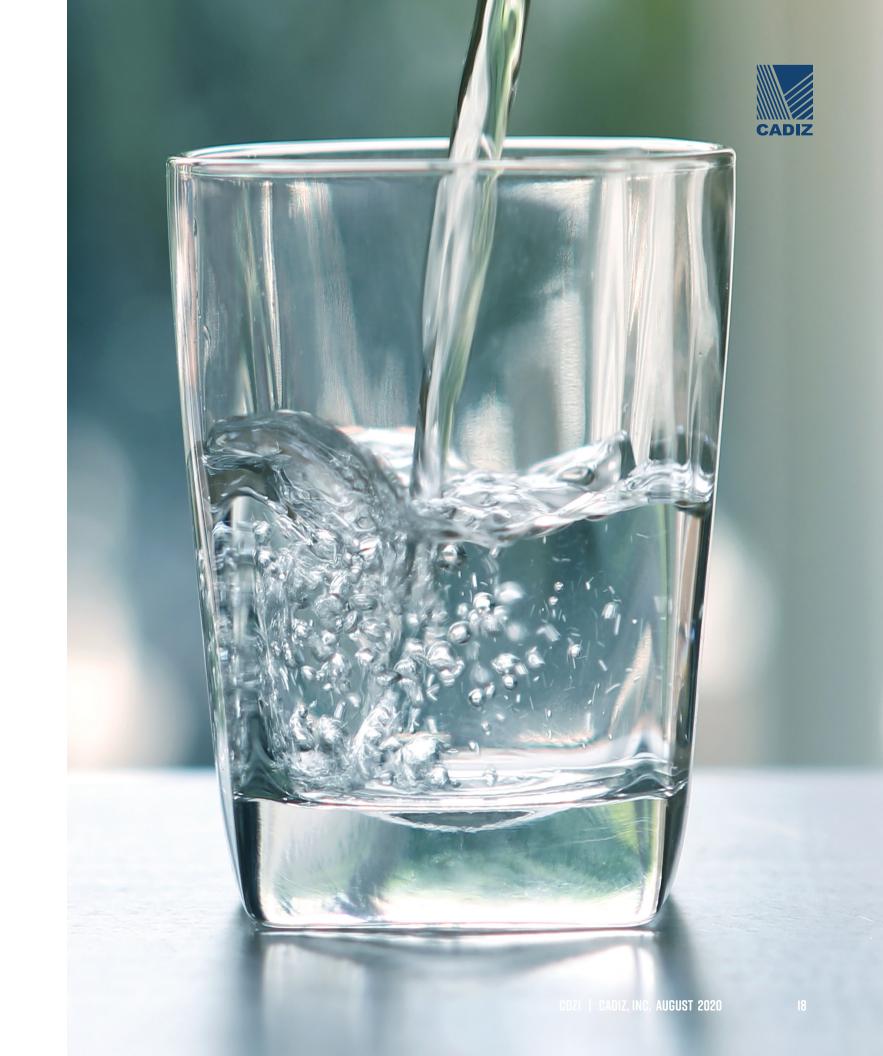
COVID hit this community especially hard; infections per capita were higher than even New York's at its peak.

While health officials warned the nation to wash our hands frequently, here that basic protection is a luxury. In more than a third of the homes, the taps are bone dry.

Not a drop.

To read more, click here.

https://www.cbsnews.com/news/without-water/



### **HEADLINE NEWS**



### SIERRA SUN TIMES

U.S. Senator Kamala D. Harris Introduces Legislation to Ensure Nation's Water Sustainability – Says Our Nation is Facing a Water Safety and Affordability Crisis

U.S. Senator Kamala D. Harris (D-CA) on Tuesday announced the introduction of the Water for Kamala D. HarrisTomorrow Act, legislation that ensures the nation's water supply is safe and sustainable.

#### To read more, click here.

https://goldrushcam.com/sierrasuntimes/index.php/news/local-news/24314-u-s-senator-kamala-d-harris-introduces-legislation-to-ensure-nation-s-water-sustainability-says-our-nation-is-facing-a-water-safety-and-affordability-crisis



### The New York Times

### In Parched Southwest, Warm Spring Renews Threat of 'Megadrought'

We had a really warm spring," said Graham Sexstone, a hydrologist with the United States Geological Survey. "Everything this year has melted really fast." The Southwest has been mired in drought for most of the past two decades. The heat and dryness, made worse by climate change, have been so persistent that some researchers say the region is now caught up in a megadrought, like those that scientists who study past climate say occurred here occasionally over the past 1,200 years and lasted 40 years or longer.

#### To read more, click here.

https://www.nytimes.com/2020/07/08/climate/southwest-megadrought-climate-change.html



### What's the size of the hemp-derived CBD prize? Brightfield Group releases new report

The US hemp-derived CBD market (spanning everything from drinks and supplements to pharmaceuticals and petfood) is projected to rise 14% to \$4.7bn in 2020, predicts a new report from Brightfield Group.

#### To read more, click here,

https://www.foodnavigator-usa.com/Article/2020/07/28/What-s-the-size-of-the-hemp-derived-CBD-prize-Brightfield-Group-releases-new-report?utm\_source=copyright&utm\_medium=OnSite&utm\_campaign=copyright



### CENTER FOR AMERICAN PROGRESS

### Bridging the Water Access Gap Through COVID-19 Relief

As the number of COVID-19 cases continues to climb, guidance around how to control the virus's spread has become a steady drumbeat: Wash your hands, wipe down surfaces, and stay home.

To read more, click here.

https://www.americanprogress.org/issues/green/news/2020/08/05/488705/bridging-water-access-gap-covid-19-relief/



### Poseidon's desalination plan for Huntington Beach delayed again

The Regional Water Quality Control Board tells Poseidon to expand it's environmental mitigation proposal. **To read more, click here.** 

https://www.ocregister.com/2020/08/07/poseidons-desalination-plan-for-huntington-beach-delayed-again/



### La Nina Watch means dry winter and longer fire season possible for Southern California

NOAA has issued a La Nina Watch, which means a dry winter and longer fire season are possible this year for Southern California. This stems from colder water along the equator in the Pacific which has a domino effect on other parts of the world, including an increased risk of hurricanes in the Atlantic Ocean due to weaker winds and also higher chances for a dry winter over Southern California because of a lack of moisture. A lack of winter rain means the fire season could be longer than usual.

To read more, click here.

https://www.10news.com/news/local-news/la-nina-watch-means-dry-winter-and-longer-fire-season-possible-for-southern-california





### Los Angeles Times

## Drought continues to expand as the monsoon in the Southwest has been largely a no-show

Hot and dry conditions pushed portions of Arizona, southern Nevada and Southern California either into drought or further into drought, data from the U.S. Drought monitor show.

#### To read more, click here.

https://www.latimes.com/california/story/2020-08-08/drought-continues-to-expand-as-the-monsoon-in-the-southwest-has-been-largely-a-no-show





### What's the size of the hemp-derived CBD prize? Brightfield Group releases new report

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### Green Entrepreneur

### California is Wrong About Hemp.

Since the passage of the Farm Bill in 2018, hemp-derived CBD has opened doors to countless opportunities for businesses, farmers, and consumers alike. But as states across the country continue to capitalize on the tremendous economic growth that the emerging crop offers, California remains at a competitive disadvantage during a time when economic relief is needed more than ever.

To read more, click here.

https://www.greenentrepreneur.com/article/353357



### Tough fiber: Hemp making (slow) inroads into the textile market

Attentive shoppers walking through a Macy's department store last winter might have spotted a rarity in the bedding department: hemp sheets, advertised as being 100% made from the plant's fibers.

The sheets were a rarity because such textiles are "a brand-new category" in the market, according to Michael Twer, who founded Delilah Home, the Weddington, North Carolina-based company that makes the product.

#### To read more, click here.

https://hempindustrydaily.com/tough-fiber-hemp-making-slow-inroads-to-the-textile-market/



### Advocates hopeful bill will pass this month to open California to CBD in supplements and foods

A bill before the California State legislature would open the country's largest market to dietary supplements and foods containing CBD, but advocates say time is running out while the machinery of state government is preoccupied with pandemic concerns.

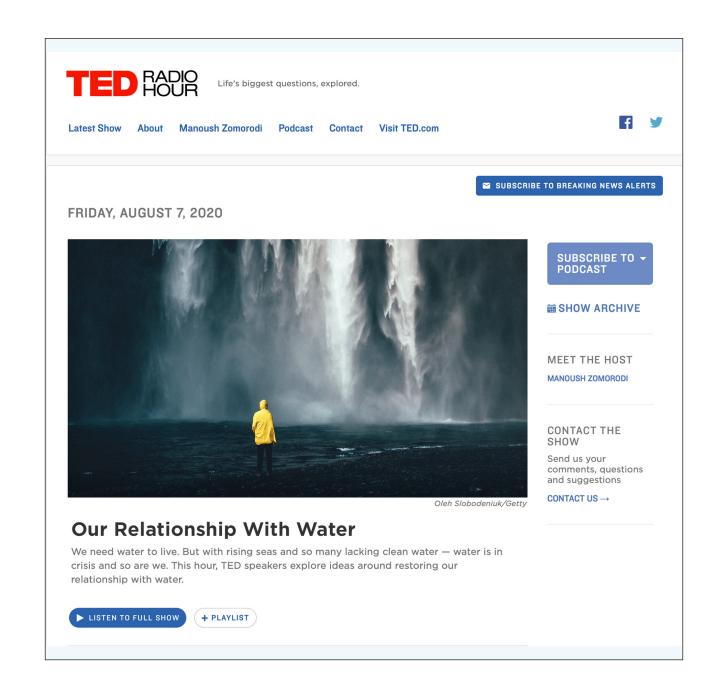
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https://www.foodnavigator-usa.com/Article/2020/08/04/Advocates-hopeful-bill-will-pass-this-month-to-open-California-to-CBD-in-supplements-and-foods

### **TED: PODCAST**



26



To listen to the full show, click here.

https://www.npr.org/programs/ted-radio-hour/899822853/our-relationship-with-water

CDZI | CADIZ, INC. AUGUST 2020 00 CDZI | CADIZ, INC. AUGUST 2020

### **MYTHS VS FACTS: THE WATER PROJECT**

Just a few things we wanted to debunk.

The Cadiz Water Project is a public-private partnership committed to providing a sustainable water supply and storage option to California communities. It has successfully been locally approved, completed a robust review under the California Environmental Quality Act (CEQA), the most rigorous environmental protection law in the nation, and will be subject to a special review by the State Lands Commission. California courts have upheld all of its permits and approvals. We continue our mission of delivering safe water to California communities in need despite false claims from those opposed to the project. Below are corrections to some of the erroneous information:

#### **MYTH:** The Cadiz Project will drain the desert.

**FACT:** The Cadiz Project will manage a groundwater basin beneath an agricultural operation to conserve water lost to evaporation and enable storage opportunities. The Cadiz area watershed is 1,300 square miles, about three times the size of the City of Los Angeles. It already contains between 17 million and 34 million acre-feet of water underground, more than the largest surface reservoir in America. Less than half of 1% of the water in the system can be delivered as water supply per year under the court-approved groundwater management plan. San Bernardino County can halt operations if groundwater levels fall too low or any harm is anticipated.

#### MYTH: The Project will dry up Bonanza Spring, the closest natural spring to the Project area.

**FACT:** Cadiz lies at the base of an extensive watershed. Bonanza Spring is 11 miles away and about 1,500 feet higher in elevation. Extensive study of Bonanza Spring, field work during the CEQA process, and independent peer review have demonstrated that it is hydrologically and geologically disconnected from the Project area and therefore making it impossible for the project to impact the springs. The County of San Bernardino's Groundwater Management, Monitoring and Mitigation Plan (GMMMP) for the Project monitors this spring to avoid harm. This topic is the subject of an ongoing public agency study being completed in 2020, which is expected to resolve how the project can be operated under conditions that fully protect the springs.

### MYTH: The Project is dead; California will never approve it.

**FACT:** The Cadiz Water Project has been approved by every regulatory body by which it has ever been evaluated. That is because the Project is safe for the environment and can be implemented in a sustainable manner to support California's water supply and storage needs.

California adopted a new law in 2019 that requires the State Lands Commission to conduct additional review of projects like the Cadiz Water Project that are in the desert and will convey or wheel water in a public conveyance system. The intent of the law is to ensure there is a review of these projects by a state-level authority in addition to the local application of CEQA. The review is completed following a submission by the project proponent detailing the scientific and permitting record. Cadiz expects to submit a robust application next year.





### MYTH: The Project threatens the desert tortoise and other wildlife.

**FACT:** Definitive scientific review and the environmental impact report shows groundwater at Cadiz is more than 100 feet below the surface, too deep and out of reach for plants or animals to access. In areas where groundwater comes closer to the surface, it is hypersaline and too salty to support life. Desert plants and animals rely on surface water from precipitation.

#### MYTH: The Project will negatively impact Joshua Tree National Park and other federal lands.

**FACT:** The Project is 80 miles away from the Joshua Tree National Park. It is located in the Mojave Desert at a long-time agricultural operation that is crossed by major highways, pipelines, railroads. All project facilities of the Cadiz Water Project will be built entirely on private, disturbed agricultural land, not on public land. It will occur within existing, approved transportation corridors to ensure no environmental impact to public lands.

#### MYTH: The Project is unnecessary; There are other options for a water supply for Southern California.

**FACT:** 1 million Californians lack reliable access to clean water. This problem disproportionately impacts disadvantaged communities with higher rates of poverty in both rural and urban areas. Southern California's traditional water supplies from the Sierra Nevada mountains and the Colorado River are under regulatory restrictions and would require additional infrastructure development to increase delivery at historic capacities. California's hydrology is changing due to climate change. Conservation and recycling alone cannot meet these challenges. By offering a supplemental water supply in Southern California as well as groundwater banking, the Project can help offset the region's current reliance on water imports and will help prepare for inevitable dry years. As part of the water infrastructure system, the project can ensure all communities have access to the reliable, safe and affordable water supply they deserve.

#### **MYTH:** The Project has no support.

**FACT:** The Cadiz Water Project is an innovative public-private partnership that will create a new water supply that can annually serve 400,000 people in need. It has received local, state and federal approvals and been reviewed and upheld in court. The Project will create and support more than 5,900 jobs, generate more than \$878 million in economic activity for Southern California, and diversify California's water infrastructure. It enjoys broad-based bi-partisan support across labor, business and community interests. The Cadiz Water Project has undergone a thorough, transparent environmental review and approval under CEQA, upheld by the California Superior Court and the Court of Appeal. It was named a national infrastructure priority in 2017 after being nominated by labor unions.

#### MYTH: Cadiz is a pet project of the Trump Administration.

**FACT:** Cadiz has been the subject of review and approval by multiple federal administrations and received bipartisan support at all levels of government. The US Bureau of Land management in multiple administrations has changed its legal guidance governing the use of railroad corridors for secondary infrastructure and the Cadiz Project has been a test case in that debate. Ultimately, Federal Court determined in 2019 that the current Administration's policy allowing colocation of infrastructure in railroad rights-of-way correctly interprets the law.

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# THE CADIZ RANCH

