

**STATEMENT OF DON ZDEBA TO THE
RIDGECREST CITY COUNCIL ON
SEPTEMBER 1, 2021**

Good evening Mayor, council members and importantly, the citizens of Ridgecrest. My name is Don Zdeba and I am the General Manager of the Indian Wells Valley Water District. I am here to make a statement on behalf of the Board of Directors of the Water District in response to the City Council's staff report regarding a request for the District to finance the replenishment fee. I recall that when this topic was first discussed at the Indian Wells Valley Groundwater Authority (GA) August board meeting, Director Vallejo from Inyo County and Director Itnyre from San Bernadino both expressed concern about one public agency meddling into the financial affairs of another independent public agency. The Water District Board is in agreement with the concerns expressed by those 2 GA Directors.

As your staff report correctly notes, the Indian Wells Valley Groundwater Authority did send a letter to the District requesting that the issue of the District financing the replenishment fee be placed on the Water District's September board agenda. At that same meeting, Director Rajtora was clear that the issue would in fact be on the Water District's agenda and it will. The City's staff report states "the City Council may wish to consider sending a similar message for presentation" at the Water Districts September board meeting. The Water District Board notes that this is not a "similar message", it is more, it is a direct attack on the Water District, going so far as to blame the Basin's state of "critical overdraft" solely on the Water District. This report is filled with misrepresentations, half-truths and so much more. The most troubling aspect of the staff report is that it is an obvious attempt to sway the public and as noted, is anything but accurate.

For example, the staff report states the sustainable yield is 7,650 A/F per year and current pumping is approximately 28,000 A/F per year, leading to the current overdraft. The report identifies Meadowbrook Dairy and Mojave Pistachios as two of the largest pumpers but fails to mention that, according to data compiled by the Indian Wells Valley Groundwater Cooperative Group, historically up to 65% of the basin pumping is done by agricultural interests or that these agricultural interests received approval to farm, not from the Water District, but from the County of Kern. It is interesting that the County of Kern is not mentioned one time when casting blame for the overdraft. The report discusses the recently filed adjudication and anticipated legal fees but fails to acknowledge the 2 current lawsuits filed against the GA challenging the GSP and the replenishment fee. Why weren't those included or the associated legal fees in defending those lawsuits? There are more examples, but I will end with the supposed issue at hand.

The City report estimates a 75% reduction of the replenishment fee "using recent financial projections provided by financial analysts". To be clear, the "financial analysts" are not District analysts and their estimated interest rate of 2.628% is way too low. The District issued Certificate of Participation in 2018 and the actual interest rate is nearly double what is estimated. What other assumptions were used to reach the estimated 75%

reduction? The District will present an accurate and complete description of the potential impacts on the District and its customers if it were to finance the replenishment fee at its September 13, 2021 board meeting.

In closing, I think we all can agree that there are serious issues facing the Indian Wells Valley, most notably with respect to water resources. The Water District Board believes the focus needs to be on finding solutions to the issues we are facing. We agree with the recent letter sent by the Department of Water Resources (July 16) offering to facilitate the development of “collaborative solutions” among “interested parties” in the IWV Basin. The Water District sent a letter in response and has agreed to participate in any DWR facilitated process. We encourage the City, who chairs the GA, to reach out to DWR, accept the invitation and let the collaborative process begin.

I will not take or respond to any questions tonight and the District hopes that it will not be compelled to make further comments prior to the September 13 board meeting but will if the need arises.

Thank you for the opportunity to address the City Council and the public at large.