



June 7, 2021

Indian Wells Valley Groundwater Authority Board of Directors
c/o April Keigwin, Clerk of the Board
500 W. Ridgecrest Blvd.
Ridgecrest, CA 93555

Dear Chairman Hayman and Board Members,

I am writing on behalf of the California Manufacturers & Technology Association (CMTA) to voice our strong opposition to your misguided groundwater replenishment fee, which threatens to push our member company, Searles Valley Minerals, out of business and shut off water to hundreds of local households in the underserved community of Trona.

CMTA's mission is to improve and enhance a strong business climate for California's 30,000 manufacturing, processing and technology-based companies. Since 1918, CMTA has worked with state government to develop balanced laws, effective regulations and sound public policies to stimulate economic growth and create new jobs while safeguarding the state's environmental resources. Your flawed Groundwater Sustainability Plan is a direct threat to the mission of our organization.

The intention of the Sustainable Groundwater Management Act (SGMA) — to bring groundwater basins into balanced levels of pumping and recharge — is one we support. However, the way the Indian Wells Valley Groundwater Authority (Authority) has gone about implementation is an example of good policy gone terribly wrong. In what appears to be an attempt to protect the Naval Air Weapons Station China Lake, the Authority has inappropriately targeted a handful of businesses to carry the burden of finance for an entirely new water source in the desert. In the case of Searles, the water replenishment fee would dramatically increase their cost of water by 7,000% per month!

Searles Valley Minerals is a legacy company in the region that possesses senior water rights. Treating the company in this manner is an egregious over-step and will scare other businesses away from the region, let alone the negative precedent for other groundwater basins around the state.

The Authority recklessly moved forward with this fee even after Searles testified that doing so would put the company out of business, impact the COVID-19 supply chain and shut off water to an entire community. What is the Authority's Plan B when your action forces manufacturing and agricultural businesses to shutter their doors?

Were the Authority to collect the water replenishment fee:

- Where will the new imported water come from?
- How much will that water cost?
- What kind of infrastructure will you need to get the water into the local groundwater basin?

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- How is the project going to be financed?
- What are the environmental impacts of this project?

These are the questions that should have been answered before the Authority approved an outrageous fee and threatened to cut off water access for non-payment. It is actions like these that lead Californians to mistrust government and lose faith in their elected leaders.

An Orange County judge has already said he is “very concerned” about the impacts of the replenishment fee and believes it could cause “grave financial hardship” for Searles. Sadly, this issue appears to require judicial resolution rather than a deliberative process between the Authority, Searles Valley Minerals and the local community.

We urge the Authority to reject any efforts to cut off water to Searles and the residents of Trona. We believe that it is possible to implement SGMA in a reasonable and fair way, but your excessive fee is anything but reasonable or fair.

Should you have any questions, please do not hesitate to contact me at lhastings@cmta.net or (916) 498-3310.

Sincerely,



Lance Hastings
President & CEO

CC: Governor Gavin Newsom
Wade Crowfoot, Secretary, California Natural Resources Agency
Karla Nemeth, Director, California Department of Water Resources Director