

Newberry Springs Community Alliance

P.O. Box 11
Newberry Springs, CA 92365

April 24, 2026

Newberry CSD Board of Directors
% Kayleen Vanek, General Manager
30884 Newberry Road
Newberry Springs, CA 92365

Re: URGENT ADVISORY: The Existential Risk of the Cadiz, Inc. Letter of Intent.

Honorable Directors,

The Newberry Springs Community Services District stands at a precipice. To sign a Letter of Intent (LOI) with Cadiz, Inc. for a 3,750 acre-foot water allotment is not merely a procedural step; it is a **reckless gamble** that threatens the stability of our neighboring desert communities and the fragile ecosystem we share. By failing to perform legally required due diligence on the "Northern Pipeline" project, this Board is inviting a catastrophe that is both environmentally terminal and legally indefensible.

I. The Myth of Legal Vindication: Unmasking the "Success" of Cadiz, Inc.

Cadiz, Inc. has spent years peddling a narrative of courtroom triumphs to mask its inherent instability. **Do not be misled.** Their claim of winning nine lawsuits is a hollow distortion.

- Of those cases, one was withdrawn, and two were dismissed before ever being heard.
- The remaining six were consolidated into a single hearing, where the court **refused to validate the scientific merits** of the project.
- The court did not rule that Cadiz's data was accurate; it ruled only that the Santa Margarita Water District had the *procedural discretion* to accept it.

By adopting this "flawed" data as your own, this Board is not following a legal precedent—it is choosing to ignore a mountain of conflicting scientific evidence. Such a move is the textbook definition of "**arbitrary and capricious**" **decision-making**, leaving every member of this Board vulnerable to litigation.

II. The EIR Mandate: You Cannot Shortcut the Law

The law is clear: a 3,750 acre-foot water transfer is a massive physical undertaking that **triggers an immediate requirement for a full Environmental Impact Report (EIR).** * **The "Whole of Action" Doctrine:** You cannot "piecemeal" this project to hide its impacts. An EIR must assess the entire scope—from the extraction at the source to the biological devastation of desert springs and the unengineered infrastructure required to move this volume of water.

- **The Fair Argument Standard:** Given the overwhelming public outcry and the "questionable history" of this company, the legal threshold for a "fair argument" of environmental impact has already been crossed. To bypass an EIR now is a direct violation of CEQA that will result in immediate, costly injunctions.

III. Financial Suicide: The Gift of Public Funds

Signing this LOI is not just bad policy; it is potentially a violation of the **California Constitution (Article XVI, § 6)**. Cadiz, Inc. currently possesses **no permits** for the extraction or conveyance of this water.

- Regardless of the fact that the LOI allows either party to "pull out at any time," the act of entering into a formal agreement and expending District resources to advance the interests of a private company that lacks the legal means to perform constitutes a **Gift of Public Funds**. The "exit clause" does not absolve the Board of the illegal expenditure of taxpayer money used to reach that point.

IV. Personal Liability: The "Waste of Funds" Trap

Under **California Code of Civil Procedure § 526a**, each of you can be sued personally for the "illegal expenditure or waste of District funds." If you approve an LOI without a certified EIR, you are authorizing an illegal process. You are "playing dice" with the community's money and your own personal assets to promote a private company that your own legal counsel has warned you against with the word: **CAUTION**.

V. Conclusion

The "escape hatch" in this LOI provides no protection against the immediate legal and environmental violations triggered the moment the pen hits the paper. Without a formal EIR and independent vetting, you are lending the District's name and resources to a "questionable" partner.

We demand that the Board reject the Letter of Intent immediately. Do not gamble with the future of our neighboring desert communities based on the empty promises of a company with a history of failure. Protect the Mojave Desert's environment, protect our taxpayers, and protect yourselves from the legal firestorm and optics that may follow an approval of the LOI.

Respectfully,

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Ted Stimpfel, Exec. Director