

Q&A THE

CADIZ GROUNDWATER STORAGE & DRY-YEAR SUPPLY PROGRAM

What Is The Cadiz Groundwater Storage And Dry-Year Supply Program?

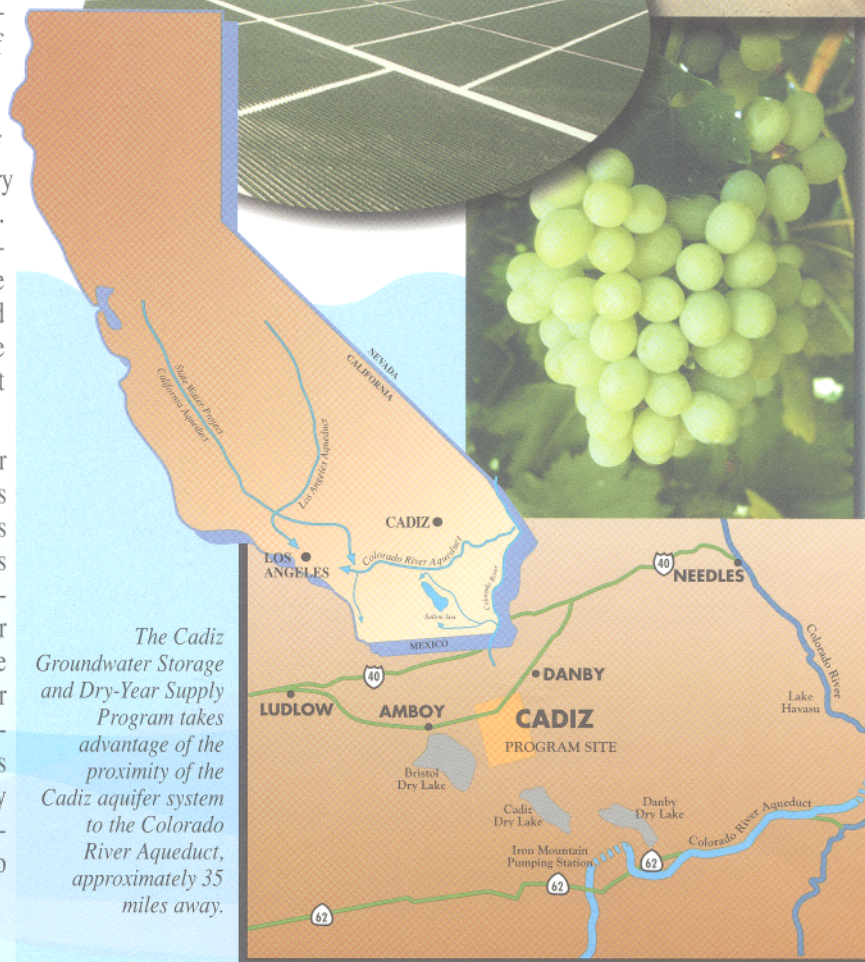
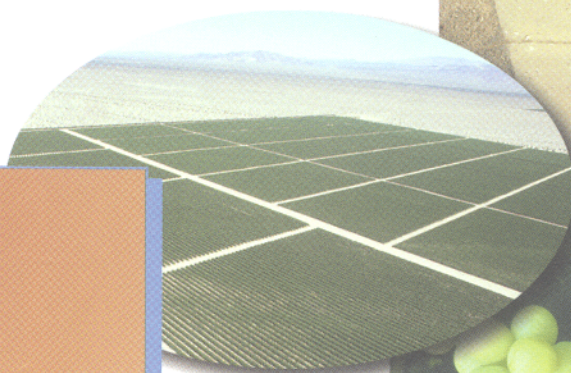
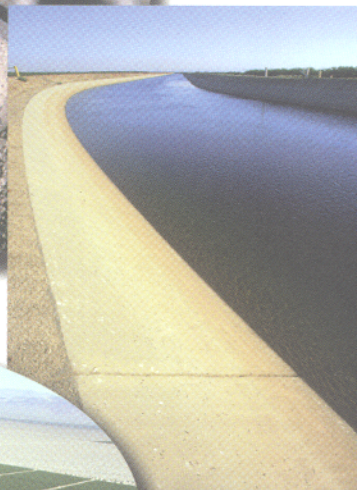
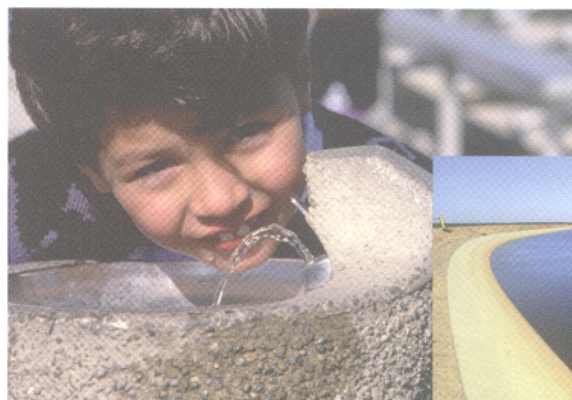
The Cadiz Groundwater Storage and Dry-Year Supply Program (Cadiz Program) is a cooperative program between the Metropolitan Water District of Southern California (Metropolitan) and Cadiz Inc. (Cadiz). This important agriculture/urban partnership is designed to help Southern California meet its current and future water supply needs through better management of Metropolitan's Colorado River resources.

The 50-year Cadiz Program will improve Southern California water supply reliability in two ways:

- Storage - Store Colorado River water to better manage available wet-year supplies to meet dry-year needs.
- Supply - Provide a new dry-year supply from the high-quality groundwater underlying the Cadiz property.

The Cadiz Program is designed to take wet-year water available on the Colorado River and deliver it to the Cadiz property for storage in the underlying aquifer system. Up to one million acre-feet of surplus Colorado River water will be stored at any one time. During dry years, this water will be withdrawn from storage and delivered to Metropolitan's service area. In addition, a portion of the existing groundwater that normally evaporates from adjacent dry lakes will also be made available to Metropolitan during dry years. Approximately one to two million acre-feet of high-quality groundwater will be provided to Metropolitan over the 50-year term of the agreement. The actual amount of water to be stored and transferred will be governed by the restrictions and conditions of the Groundwater Monitoring and Management Plan and by the amount of natural recharge to the aquifer system.

Cadiz owns more than 27,000 acres in the Cadiz and Fenner valleys in eastern San Bernardino County, approximately 35 miles north of Metropolitan's Colorado River aqueduct. The Program's capital facilities will be located entirely on Cadiz property. Studies by independent experts have determined that the Program site overlies an aquifer system, which is ideally suited for underground water storage. The watershed that supplies water to the Program site encompasses approximately 1,300 square miles, or an area larger than the state of Rhode Island. The aquifer system contains approximately 20 million acre-feet of high-quality groundwater, which is replenished naturally through rainfall at a rate of approximately 30,000 acre-feet per year. An acre-foot of water contains approximately 326,000 gallons and is sufficient to meet the needs of two Southern California families for a year.



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

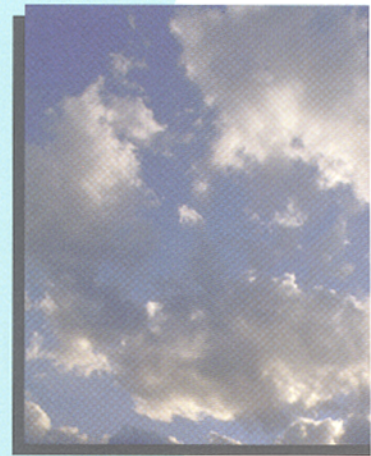


Why Is The Program Needed?

A reliable, high-quality and affordable water supply is vital to Southern California. At present, supplies are adequate during normal rainfall years, but fall short during dry periods.

Water agencies in California need to better manage available water resources in order to maintain water supplies in dry years. Metropolitan's water conservation and recycling programs are one part of the solution, but alone cannot meet the needs of the region. The voluntary transfer of conserved agricultural water to urban areas and the beneficial use of groundwater basins for water storage are two additional options available to meet the state's needs.

Southern California's challenge in managing its water resources is made more difficult by the fact that it is an arid region, which is largely dependent on water supplies imported from other areas. The Cadiz Program helps provide a Southern California solution to Southern California's growing water supply needs.



How Would The Program Work?

STORAGE OPERATIONS

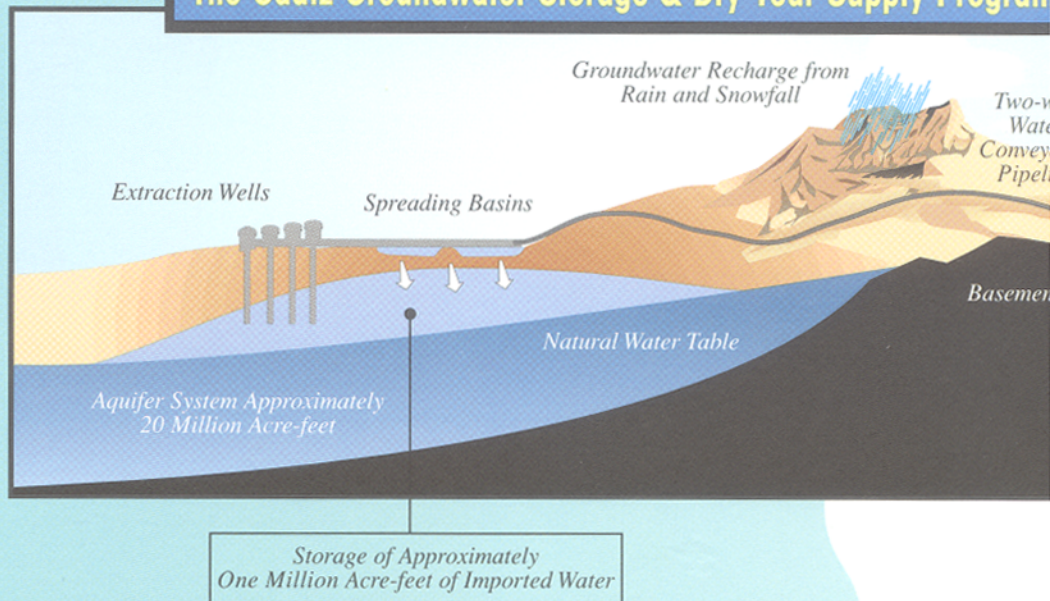
During storage operations, surplus Colorado River water will be conveyed from Metropolitan's Colorado River Aqueduct, via a new water conveyance pipeline, to spreading basins that will be constructed on the Cadiz property. From these spreading basins, the water will percolate into the underlying aquifer system for storage.

SUPPLY OPERATIONS

When needed, the stored Colorado River water and indigenous groundwater will be pumped from wells and returned to the Colorado River Aqueduct, via the transmission pipeline, for ultimate delivery to Southern California residents and businesses.

The pumping plant, wellfield and water conveyance pipeline will be sized to convey up to 150,000 acre-feet of water in any given year of the Program.

The Cadiz Groundwater Storage & Dry-Year Supply Program

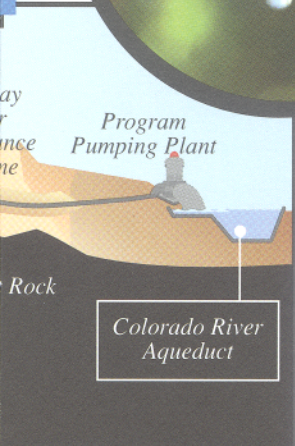
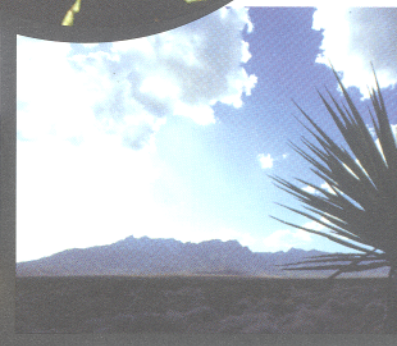


How Will The Program Meet Environmental Regulations?

In planning the Program, Metropolitan and Cadiz have conducted extensive investigations—including biological, geological, hydrological, paleontological, cultural and engineering studies—to ensure that potential environmental impacts are minimized.

In addition to these studies, the Program will undergo an extensive environmental review to ensure compliance with all federal and state laws, including the California Environmental Quality Act and the National Environmental Policy Act. Throughout this process, Metropolitan and

Cadiz have sought, and will continue to seek, public review and comment via published materials and a series of public meetings.



What Are The Program Benefits?

The Program will provide numerous benefits to the people and businesses of the state of California, including:

Improved Reliability: Water supply reliability will be improved by providing much-needed water storage capacity and by augmenting existing Colorado River resources.

Environmentally Sensible: Underground water storage has less environmental impact than traditional surface reservoirs and dams. The Program will also help relieve pressure on the stressed Sacramento/San Joaquin Bay-Delta ecosystem by reducing reliance

on Northern California water supplies during dry years.

Water Quality: Imported Colorado River water quality will be improved.

Jobs and Revenue: Local jobs will be created during construction and approximately \$100 million will be invested in the San Bernardino County economy. The Program would also provide significant long-term economic benefits to Southern California's business community through increased water supply, reliability, and quality.



Who Are The Program Partners?

Who is Cadiz Inc.?

Founded in 1983, Cadiz Inc. is a publicly held agricultural firm that currently owns more than 58,000 acres throughout Central and Southern California. These landholdings include more than 21,000 acres of prime agricultural properties, most of which are located within two of North America's premier agricultural regions - the San Joaquin and Coachella valleys. The company, through its wholly owned subsidiary, Sun World International, is one of California's leading vertically integrated agricultural firms and is one of the nation's largest growers and marketers of table grapes, stone fruit, and specialty crops.

Cadiz also owns approximately 37,000 acres of largely undeveloped land in the eastern Mojave Desert. The majority of this land is located in the Cadiz and Fenner valleys of eastern San Bernardino County. These landholdings overlie underground aquifer systems well suited for innovative water storage and supply programs.



How Can I Get More Information About The Program?

Public comment is an important aspect of the environmental review process. In accordance with federal and state laws, a draft environmental document has been prepared for the Cadiz Groundwater Storage & Dry-Year Supply Program and is available for review. For more information, please call or write:



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PUBLIC INFORMATION & OUTREACH

1. NOP/NOI (February 1999)
2. Public Comment Period 45 days
3. Draft EIR/EIS (November 1999)
4. Public Comment Period through February 22, 2000
5. Final EIR/EIS

PROGRAM
SCHEDULE

PLANNING, DESIGN &
ENVIRONMENTAL DOCUMENTATION

IMPLEMENTATION

MONTHS

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

Who is Metropolitan Water District?

The Metropolitan Water District of Southern California was created by a vote of the people in 1928, following passage of a bill by the California Legislature, to provide supplemental water supplies for cities and communities on the southern coastal plain. Metropolitan also operates the 242-mile Colorado River Aqueduct, which was completed in 1941.

Through its 27 member public agencies, Metropolitan provides almost 60 percent of the water used by more than 16 million people living in portions of San Bernardino, Riverside, Orange, Los Angeles, San Diego and Ventura counties. The mission of Metropolitan is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.



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