



Topic: **Authority Board Agenda Item 7-2** **2019 March 25**

Subject: **Pacific Resources Mutual Water Company Withdrawal**

Requested Action:

Discussion and possible direction to staff regarding the Pacific Resources Mutual Water Company's request to withdraw from the Sites Reservoir Committee.

Detailed Description/Background:

On February 20, 2019, the Pacific Resources Mutual Water Company formally notified the Authority that they intend to withdraw from the Sites Committee effective March 31, 2019.

Prior Authority Board Action:

None.

Fiscal Impact/Funding Source:

None.

Staff Contact:

Jim Watson.

Attachments:

Attachment A – Pacific Resources withdrawal letter February 20, 2019



Pacific Resources Mutual Water Co.
4831 Calloway Drive, Ste. 102
Bakersfield, CA 93312
Tel: 661-829-5109
Fax: 661-215-5105

February 20, 2019

To:
Sites Project Authority
P.O. Box 517
122 Old Hwy 99W
Maxwell, CA 95955
Attn: Jim Watson

Dear Jim –

As a confirmation of our February 15, 2019 phone call, we at Pacific Resources Mutual Water Company (PRMWC) have decided not to participate in Phase 2 of the Sites Project (Sites). Our previous participation was for 20,000 acre-feet per year average yield, Class 2 water.

This was a very hard decision for us to make. We completely support the project, as it is something that is desperately needed for California. It will provide critical new water for California farms and the environment, jobs, and will be part of the mitigation for SGMA, which will severely affect our agricultural industry in the San Joaquin Valley. But in taking a harder look at the projected costs of the project, largely affected by the losses across the Delta and the lower participation levels, we could not make the economics pencil out for us as a small Mutual. Even though we would view the water as incremental, the very large investment obligation, the high water cost, and the up-front interest paid during construction would be too great at this time for us.

We would hope that as the operating parameters and the yield is further developed, the costs might become lower, and at that time we would certainly look at future participation. But at this time, we choose not to continue.

As we previously discussed, PRWMC does seek to recover our Phase 1 investment (a total of \$485,000.00) in full or as much as possible. We also understand that our investment will be returned as funds become available in the Project. We would request confirmation in writing that our investment would remain as our "balance" in the project, to be returned as funds become available, and could also be used as payment towards required funds should we decide to re-enter the project at a future date.

On a personal note, for a project of this scope, we believe that you personally are an excellent leader. We appreciate your concern for details, and your vision for this needed project.

We wish you complete success in the project. Thank you for your continued friendship. Please feel free to call or contact me or Rod if we can be of any help or assistance.

Very Best Regards,

Preston Brittan

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a long horizontal stroke that tapers to the right.

Manager, Pacific Resources Mutual Water Company