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November 17, 2025

VIA EMAIL

President David C. H. Saint-Amand and Board of Directors
Indian Wells Valley Water District
500 West Ridgecrest Boulevard
Ridgecrest, CA 93555

Re: Response to Letter re Voluntary Consolidation Negotiations

Directors:

We have received your November 10, 2025, letter regarding the State Water Resources Control Board's ("State Board") June 6, 2025, directive to "encourage voluntary consolidation" between Indian Wells Valley Water District ("District") and Inyokern Community Services District ("ICSD").

We agree the State Board has imposed both duties and deadlines on both districts, including the December 12, 2025, date identified for completion of voluntary consolidation negotiations and subsequent reporting of "the milestones agreed upon to accomplish consolidation and a timeline for completing them."

We do not agree, however, with the characterization that ICSD has been inactive or has "seriously hampered, if not eliminated, any real chance to meaningfully discuss a voluntary consolidation." In fact, it is ICSD that submitted a proposal for moving forward that your District rejected and has yet to make a counterproposal. If you had provided *any* response to the ICSD's proposal, we would have been significantly farther along in our discussions.

Below is a summary of ICSD's actions in response to the State Board's June 6, 2025, letter.

1. ICSD Board Meetings

- The ICSD Board has discussed and received comments regarding the consolidation in open session at each of its meetings since the State Board letter was received.
- ICSD attended the State Board public workshop on October 2, 2025.
- On August 25th, the ICSD President and General Manager attended a technical meeting with the District's ad hoc committee.
- ICSD has been in contact with LAFCo regarding consolidation issues.

2. Communications With the State Board

ICSD is in regular communications with the State Board and submits its monthly compliance report.

3. Communications and Offers to Meet With IWVWD

Contrary to the suggestion that there has been “no progress” or “inaction,” ICSD has taken steps directed specifically toward engagement with the District. As you know, the districts created a schedule of meetings, which they followed until November when an ICSD customer stated he had interacted with the District's Board and wanted agendas so he could participate in the joint meetings. While I suspect this resulted from a simple misunderstanding, it created a stir in Inyokern, which derailed the next scheduled meeting. However, rather than reaching out to reschedule the meeting, the District chose to send a letter that does not reflect at all the facts of what has happened.

4. Development and Circulation of a Governance / JPA Concept

Your letter notes that IWVWD's Board “reviewed the outline of the proposed Joint Powers Agreement and does not like the concept.” To be clear, ICSD, in an effort to put a concrete structure on the table, directed staff and counsel to propose a high-level Joint Powers Agreement (JPA) framework. That outline was shared with District as a starting point, not as a “take it or leave it” proposal. **ICSD has yet to receive any follow-up to the proposal.**

5. System Rehabilitation and Local Reliability Measures

Your letter references ICSD's work on the rehabilitation of Well No. 4 and suggests that ICSD “apparently doesn't want to talk publicly about the proposed JPA, or any aspect of consolidation, until the rehabilitation of Well No. 4 is complete.” None of that is true, at all. The District has openly discussed this at Board meetings, including providing a JPA proposal to the District.

While completion of Well No. 4 is an important milestone in demonstrating local capacity and reliability, ICSD has not adopted any formal position conditioning its participation in voluntary consolidation negotiations on the completion of that project. Instead, ICSD has been attempting, as one would expect, to manage both tracks concurrently.

6. ICSD's Position Going Forward

To cut through any misunderstanding:

- ICSD recognizes the State Board's authority and the reality that a mandatory consolidation—over either district's objection—is possible if voluntary efforts fail. ICSD also recognizes that such an order would significantly affect both agencies, their employees, and their customers.
- ICSD intends to continue to comply with the State Board's directives in good faith, including the requirement to “negotiate consolidation” and to report on the outcome of those negotiations by the required deadline.
- ICSD is prepared to participate in a meeting (or series of meetings) with the District focused on Identifying a realistic universe of structural options;
- Establishing a mutually acceptable list of issues to be resolved (governance, rates, capital allocation, staffing, assets/liabilities, etc.); and
- Developing a joint or parallel reporting structure to the State Board that accurately reflects where the parties agree and where they do not.

Please let ICISD know if the District is interested in attempting to move discussions forward so that staff can begin coordinating agendas and logistics.

ICSD remains willing to negotiate. We simply want the record to be accurate: the District has taken multiple concrete steps in response to the State Board's June 6, 2025, letter and will continue to do so, even where we may disagree with IWWWD on structure or timing.

Sincerely,

Inyokern Community Services District


Holly Gallier, General Manager

cc: Jim Worth (jim@mhwslegal.com)