Michael Duane Davis, SBN 093678 Marlene L. Allen-Hammarlund, SBN 126418 2 Derek R. Hoffman, SBN 285784 GRESHAM SAVAGE NOLAN & TILDEN, PC 550 East Hospitality Lane, Suite 300 3 San Bernardino, CA 92408-4205 Telephone: (951) 684-2171 4 Facsimile: (951) 684-2150 5 Attorneys for Cross-Defendants/Cross-Complainants, ANTELOPE VALLEY UNITED MUTUALS GROUP; 6 Cross-Defendants, **ADAMS BENNETT** 7 INVESTMENTS, LLC; MIRACLE IMPROVEMENT CORPORATION dba GOLDEN SANDS MOBILE HOME PARK, aka GOLDEN SANDS TRAILER PARK, named as ROE 1121; ST. ANDREW'S ABBEY, INC., named as ROE 623; SERVICE ROCK PRODUCTS. L.P.: and SHEEP CREEK WATER COMPANY, INC. 10 SUPERIOR COURT OF THE STATE OF CALIFORNIA 11 IN AND FOR THE COUNTY OF LOS ANGELES 12 **Judicial Council Coordination** 13 Coordination Proceeding Proceeding No. 4408 Special Title (Rule 1550(b)) 14 ANTELOPE VALLEY Santa Clara Case No. 1-05-CV-049053 **GROUNDWATER CASES** Assigned to the Honorable Jack Komar 15 Department 17C Including Consolidated Actions: 16 DECLARATION OF MICHAEL DUANE **Los Angeles County Waterworks District**) DAVIS IN SUPPORT OF MOTION FOR 17 No. 40 v. Diamond Farming Co. ORDER INTERPRETING JUDGMENT Superior Court of California, County of Los) **REGARDING WATERMASTER** 18 Angeles, Case No. BC 325 201 **FORMATION** 19 Los Angeles County Waterworks District) [Concurrently filed with Motion and with No. 40 v. Diamond Farming Co. Declaration of John Ukkestad; and [Proposed] 20 Superior Court of California, County of *Order1* 21 Kern, Case No. S-1500-CV-254-348 Judge: Hon. Jack Komar, Judge 22 Wm. Bolthouse Farms, Inc. v. City of Lancaster 23 Diamond Farming Co. v. City of DATE: MAY 17, 2016 [RESERVED] Lancaster TIME: 9:00 a.m. Diamond Farming Co. v. Palmdale DEPT: Room 222 24 Water Dist. Los Angeles Superior Court Superior Court of California, County of 111 N. Hill Street Riverside, consolidated actions, Case Nos. Los Angeles, California RIC 353 840, RIC 344 436, RIC 344 668 26 AND RELATED ACTIONS. 27 28

GRESHAM SAVAGE

(909) 890-4499

I, MICHAEL DUANE DAVIS, declare as follows:

1. I am an attorney at law duly admitted to practice before all the courts of the State of California, and I am a shareholder in the law firm of Gresham Savage Nolan & Tilden, a Professional Corporation, attorneys of record for Cross-Defendants / Cross-Complainants, ANTELOPE VALLEY UNITED MUTUALS GROUP [comprised of Antelope Park Mutual Water Co., Aqua-J Mutual Water Co., Averydale Mutual Water Co., Baxter Mutual Water Co., Bleich Flat Mutual Water Co., Colorado Mutual Water Co., El Dorado Mutual Water Co., Evergreen Mutual Water Co., Land Projects Mutual Water Co., Landale Mutual Water Co., Shadow Acres Mutual Water Co., Sundale Mutual Water Co., Sunnyside Farms Mutual Water Co., Tierra Bonita Mutual Water Co., West Side Park Mutual Water Co., and White Fence Farms Mutual Water Co., Inc.]; and Cross-Defendants, ADAMS BENNETT INVESTMENTS, LLC and **SERVICE ROCK PRODUCTS, L.P.** (collectively, "Moving Parties"), in the aboveentitled action. I give this Declaration in Support of Moving Parties' Motion for Order Interpreting Judgment Regarding Watermaster Formation ("Motion") filed concurrently herewith. If called and sworn as a witness, I could and would competently testify to the following facts, having personal knowledge thereof.

- 2. Attached hereto as Exhibit "1" is a true and correct copy of the "Amended Stipulation for Entry of Judgment and Physical Solution" that was filed with the Court by the United States on March 25, 2015 [Court Filing Document Number 9697]¹.
- 3. On December 28, 2015, counsel for Los Angeles County Waterworks District No. 40 ("Waterworks District No. 40") filed by posting on the Court website a "*Notice of Entry of Judgment*" [Doc. No. 11021]² to which a copy of the Court's December 23, 2015 Judgment ("Judgment") was attached as Exhibit "1"³. The Judgment included several exhibits, including the [*Proposed*] Judgment and Physical Solution that was adopted by the Court as part of the

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GRESHAM | SAVAGE

ATTORNEYS AT LAW

550 EAST HOSPITALITY LANE
THIRD FLOOR
SAN BERNARDINO, CA
92408

(909) 890-4499

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¹http://www.scefiling.org/filingdocs/289/82664/128199_Antelope_Amended_Stipulation_with_Signatures_3x24x15_ <u>.PDF.</u> For the convenience of the Court, this Declaration includes within the footnotes the web links to referenced documents that are posted on the Court's website.

² http://www.scefiling.org/filingdocs/2<u>14/92564/142262_NoticexofxEntryxofxJudgment.pdf.</u>

http://www.scefiling.org/filingdocs/214/92564/227981e Judgmentxsignedx12x23x15.pdf.

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ATTORNEYS AT LAW 550 EAST HOSPITALITY LANE THIRD FLOOR SAN BERNARDINO, CA 92408 (909) 890-4499 Judgment and attached thereto as Exhibit A ("Physical Solution")⁴. A true and correct copy of the Physical Solution is attached to this Declaration as Exhibit "2".

- 4. As reflected in the Physical Solution, Section 18.1.1. provides for a five-member Watermaster Board, but specifically identifies only two of the five Watermaster Board seats ("Watermaster Seats") a seat for Waterworks District No. 40 and a seat for AVEK. One of the remaining Watermaster Seats is reserved for another Public Water Supplier, and the other two remaining seats are reserved for landowner representatives ("Landowner Seats").
- 5. Negotiations regarding the formation, membership, duties and functions of a Courtappointed Watermaster began years before the Physical Solution was finalized and presented to the Court for approval. I actively participated in most if not all of the meetings and telephonic discussions during which the Judgment and Physical Solution in general, and the Watermaster provisions in particular, were negotiated. It was fundamentally important to my clients, and I understood that it was fundamentally important to virtually every other Party and their legal counsel, that the Parties would be afforded basic due process rights in the implementation of the Physical Solution, that the implementation processes would be open and transparent, and that each of the Parties would be treated with fundamental fairness by the other Parties. It was also fundamentally important to my clients, and I understood that it was also fundamentally important to the other Parties and their legal counsel, that the Watermaster would be composed of a balanced Board that represented the diverse interests in the Antelope Valley. I would not have recommended that my clients agree to the Physical Solution, and I understood that others would also not have agreed to the Physical Solution if the Physical Solution were not going to be implemented in a fair, open and transparent process in which the Parties' due process rights would be respected.
- 6. In an effort to reach a settlement of this Adjudication in mid-2010, principals for parties representing the vast majority of pumping in the Antelope Valley held settlement discussions facilitated by mediator Jim Waldo. As a result of those discussions, the parties

 $^{^{4}\,\}underline{http://www.scefiling.org/filingdocs/214/92564/227982e}\,\,\,\underline{ExhibitxAxtoxJudgmentxReduced.pdf}$

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GRESHAM SAVAGE

ATTORNEYS AT LAW 50 EAST HOSPITALITY LANE THIRD FLOOR AN BERNARDINO, CA 92408

(909) 890-4499

http://www.scefiling.org/filingdocs/194/28627/48240 2010x07x29xMO.pdf

settlement (often referred to as the "Waldo Accord" or "Antelope Valley Accord"). 7. A true and correct copy of pages 1-3, 13, and 14 the July 12, 2010 version of the

developed a set of principles that they suggested be used in developing a final, comprehensive

- Antelope Valley Accord is attached hereto as Exhibit "3". The Antelope Valley Accord was attached as Exhibit "A" to the City of Lancaster's July 26, 2010 "Ex Parte Application of 'Moving Principals' for Continuance of Trial' [Doc. No. 3799]⁶. A true and correct copy of the City of Lancaster's July 26, 2010 Ex Parte Application is attached hereto as Exhibit "4". Section "III" of the Ex Parte Application comprises the "Declaration of Douglas J. Evertz in Support of Ex Parte Application for Continuance of Trial" ("Evertz Declaration").
- 8. Waterworks District No. 40 filed with the Court an "Objection and Motion to Strike Submission of 'Waldo Accord' and Related Documents' on July 28, 2010 [Doc. No. 3822]⁷, a true and correct copy of which is attached hereto as Exhibit "5". The Objection and Motion to Strike requested that the Court order the Waldo Accord (aka Antelope Valley Accord) be struck from the record. The Court overruled and denied Waterworks District No. 40's Objection and Motion to Strike, as reflected on pages 2-3 of the Court's "Minute Order of July 29, 2010" [Doc. No. 3824]⁸, a true and correct copy of which is attached hereto as Exhibit "6".
- 9. As reflected on pages 2-3 of Section "II" (the Memorandum of Points and Authorities) of the City of Lancaster's July 26, 2010 Ex Parte Application, as well as in paragraphs 2 and 3 of the Evertz Declaration, parties representing a vast majority of the pumping in this Adjudication participated in crafting the Antelope Valley Accord, including but not limited to the Antelope Valley United Mutuals Group, AVEK, AGWA, Los Angeles County Sanitation District Nos. 14 and 20, the City of Lancaster, the City of Palmdale, Palmdale Water District, Bolthouse Properties, Tejon Ranchcorp, Service Rock Products, LP, WAGAS Land Company, the Willis Class, the Wood Class, and Grimmway Farms (including Diamond

http://www.scefiling.org/filingdocs/214/28599/48200 AntelopexValleyxxxObjectionxxxMotionxToxStrike.pdf

⁵ http://www.scefiling.org/filingdocs/20<u>9/28486/66668e_Lancasterx7x26x10xExhibitAxetc.pdf</u>

⁶ http://www.scefiling.org/filingdocs/209/28486/48045 Lancasterx7x26x10xExParte.pdf

Farming Company, Crystal Organic Farms, Grimmway Enterprises, Inc., and Lapis Land Company, LLC).

- 10. The formation of the Watermaster was a primary subject of the discussions culminating in the Antelope Valley Accord, page 14 of which expressly states that "[t]he intent is to have a **balanced Board**, represented by the **diverse interests** in the Antelope Valley, and specifically including Board representation for each management area and SEA [Special Emphasis Area] in order to achieve Basin-wide solutions." (Emphasis added.)
- 11. Between 2010 and 2012, Justice Robie facilitated Court-ordered mediation sessions during which further discussions occurred regarding the make-up of the Watermaster. During those sessions, a suggestion was made that the Watermaster function be assigned solely to the California Department of Water Resources, which received no measurable support. Rather, the theme of broad Watermaster representation continued to receive wide support among the participating parties.
- 12. Settlement discussions continued after the final mediation session with Justice Robie, eventually leading up to the preparation of the final Physical Solution that the Court ultimately approved as part of the Judgment. During those final months of negotiations, it became clear that while the Stipulating Parties could agree on the total number of Watermaster Seats and the specific entities that would fill two of those seats (namely AVEK and Waterworks District No. 40), no consensus was reached on who would fill the second Public Water Supplier Watermaster Seat or the two Landowner Seats, nor was a consensus reached regarding the process that would be utilized to organize the initial Watermaster Board. Rather than holding up the presentation of the Physical Solution to the Court for approval, the Stipulating Parties agreed upon the framework contained within Section 18.1.1., and that the specific procedures for implementing that framework would be addressed after the Judgment was entered.
- 13. Within a couple of days after the Court's entry of the Judgment, the Moving Parties, and many of the other Stipulating Parties for that matter, were surprised to have learned that a purported "first watermaster meeting" had already been announced in a December 25, 2015 article in the Antelope Valley Press entitled, "Merry Christmas, water drinkers," a true an

correct copy of which is attached hereto as Exhibit "7". I received a copy of this article via email correspondence from counsel for the Small Pumper Class on January 1, 2016, a true and correct copy of which email is attached hereto as Exhibit "8". As reflected in the email correspondence, prior to that point, neither counsel for Tejon, counsel for the Small Pumper Class, nor counsel for the Moving Parties had been made aware of, or had any information regarding, AVEK's purported "first watermaster meeting" that was referenced in the article.

- 14. On January 5, 2016, AVEK's Assistant General Manager circulated an email among counsel and representatives for various Stipulating Parties regarding AVEK's January 21, 2016 "initial organizational meeting for the Antelope Valley Watermaster" to be held at Lancaster City Hall Council Chambers. Attached to the email was a notice captioned "Notice of Public Meeting Notice of Discussion of Water Master Organization." Suggesting great urgency, the notice indicates that "[t]wo Landowner members **must** be elected" and that the process for that election "could be further discussed on the 21st to **expedite** the final composition of the Watermaster on or before February 15, 2016." (Emphasis added.) A true and correct copy of the January 5, 2016 email and notice is attached hereto as Exhibit "9".
- 15. Attached hereto as Exhibit "10" is a true and correct copy of a letter dated January 12, 2016, from Los Angeles County Counsel to counsel for AVEK regarding the proposed agenda for AVEK's January 21, 2016 meeting. As reflected in the letter, County Counsel informed counsel for AVEK that the agenda for the January 12, 2016 meeting was not consistent with the terms of the Judgment pertaining to the formation of the Watermaster.
- AVEK proceeded on January 20, 2016 to file with the Court by posting on the Court website, a copy of the January 5, 2016 "Notice of Discussion of Watermaster Organization" [Doc. No. 11100]⁹, notifying of the January 21, 2016 meeting to be held at Lancaster City Hall Council Chambers, a true and correct copy of which is attached hereto as Exhibit "11". Along with the notice, AVEK's filing also contained an extensive packet of meeting materials that included two separate PowerPoint presentations and a copy of the Watermaster provisions of the Physical

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⁹ http://www.scefiling.org/filingdocs/421/93283/143256 AVEKxCounselxPartiesLtrx01.20.16.pdf -6-

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Solution. The meeting materials included a "Suggested Antelope Valley Watermaster Organizational Plan" pushing for the Watermaster Board to be seated by March 2016. The materials also include a statement identifying "AVEK's Role" as the "Facilitator" and a statement that AVEK would perform administrative functions for the Watermaster.

- 17. I personally attended AVEK's January 21, 2016 meeting at Lancaster City Hall Council Chambers. At that meeting AVEK Board Member Mr. Robert Parris, AGWA member Mr. John Calandri, Waterworks District No. 40 General Manager Mr. Adam Ariki, and Tejon representative Mr. Dennis Atkinson, sat upon the dais of the Lancaster City Council Chambers throughout the meeting, as if they all had already been elected and seated. During the meeting, Mr. Thomas Bunn, III, counsel for Palmdale Water District, expressed dissatisfaction and concern over the appearance of these individuals sitting upon the dais and acting as if they had already been seated, and as if they were dictating to the attendees. Also during the meeting, Mr. Calandri stated, referring to the selection of the Landowner Seats, "What we have to do will be monumental. The landowners are fractionalized." AVEK had Mr. Robert Wagner of the consulting civil engineering firm Wagner & Bonsignore deliver a presentation (using the PowerPoint slides that were included in the meeting materials) as if he were already selected as the Watermaster Engineer. Furthermore, even though no Watermaster Board had yet been seated, AVEK Assistant General Manager Mr. Dwayne Chisam stated that AVEK will take direction from the Watermaster regarding administrative matters. A true and correct copy of a January 22, 2016 article in the AV Press newspaper, which memorialized most of those statements, is attached hereto as Exhibit "12". As reflected in Section 18.1.4. of the Physical Solution, Watermaster staff and administrative functions **may** be accomplished by AVEK pursuant to <u>duly adopted</u> Watermaster rules; however, no rules have yet been adopted and no process yet exists for their adoption.
- 18. After the January 21, 2016 meeting, and in an effort to reach a consensus regarding the process for filling the two Landowner Seats, I caused to be posted on the Court's website, and also circulated via email, a letter containing a proposed set of procedures, dated

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ATTORNEYS AT LAW

550 EAST HOSPITALITY LANE
THIRD FLOOR
SAN BERNARDINO. CA

(909) 890-4499

January 29, 2016 [Doc. No. 11151]¹⁰ and information to facilitate a conference call. A true and correct copy of the letter is attached hereto as Exhibit "13". A conference call among counsel for many parties occurred later that day to discuss the proposal in my letter. During that call, counsel for AVEK as well as counsel for AGWA and counsel for Los Angeles County Sanitation Districts Nos. 14 and 20, all asserted their positions that the two Landowner Seats could be filled by persons representing the same interests. In fact, they strongly objected to the proposition that the two Landowner Seats should represent divergent landowner interests such as, for example, the respective interests of large and small pumpers, or the respective interests of agricultural and non-agricultural pumpers. Counsel for Los Angeles County Sanitation Districts Nos. 14 and 20 also asserted that Section 18.1.1. of the Physical Solution entitles <u>all</u> parties listed in Exhibit 4 to vote for the selection of the two Landowner Seats, including public agencies like his clients and like AVEK, who already holds a Watermaster Seat. No consensus was reached on these issues during that call.

- 19. On January 28, 2016, counsel for AVEK filed with the court by posting on the court website another "Notice of Public Meeting Notice of Discussion of Water Master Organization" [Doc. No. 11149]¹¹ regarding a second meeting to be held on February 17, 2016 at Lancaster City Hall. A true and correct copy of the notice is attached hereto as Exhibit "14".
- 20. On February 3, 2016, I caused to be posted on the Court's website, and also circulated via email, a letter [Doc. No. 11151]¹² containing a revised set of proposed procedures reflective of the discussions that occurred during the January 29th conference call, which identified provisions for which there appeared to be conceptual agreement among the parties and provisions for which further discussions were needed. A true and correct copy of my February 3, 2016 letter is attached hereto as Exhibit "15". To my knowledge, no further conference calls have taken place to conclude this effort.

¹⁰ http://www.scefiling.org/filingdocs/1024/93613/143705_UpdatedxInformationxrexNoticexofxJanuaryx29xx2016x ConferencexCall.pdf

http://www.scefiling.org/filingdocs/421/93577/143650 LetterxtoxCounselxPartiesx01.28.16.pdf
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On February 26, 2016, I spoke with counsel for Tejon regarding his understanding of Section 18.1.1., and particularly regarding the phrase within that section which reads, "or their successors in interest." During that call, counsel for Tejon expressed that, in his view, the spirit of Section 18.1.1. was that the landowners, and not the Public Water Suppliers, would select the Landowner Seats, and that a Public Water Supplier who acquires Exhibit 4 Overlying Production Rights would <u>not</u> thereby also acquire accompanying landowner voting privileges.

Subsequently, counsel for Bolthouse represented that he concurred with that interpretation.

- 22. On February 26, 2016, counsel for AVEK filed with the Court by posting on the Court website yet another "Notice of Watermaster Organizational Meeting Landowner Representatives" [Doc. No. 11241]¹³, a true and correct copy of which is attached hereto as Exhibit "16". The notice informed of a meeting "set for Landowners and selected Watermaster representatives" to be held at Lancaster City Hall Council Chambers on Wednesday, March 16, 2016. The notice also informed of a "second organizational meeting between the Watermaster Board and the Landowners" on Thursday, March 31, 2016 at the Palmdale Water District Board Chambers. Notably, the notice refers to the latter March meeting as a "second meeting" between the "Watermaster Board and the Landowners" as if the Watermaster Board already existed.
- 23. On March 22, 2016, counsel for AVEK filed with the court by posting on the court website yet another "Notice of Watermaster Organizational Meeting Landowner Representatives" [Doc. No. 11338]¹⁴ a true and correct copy of which is attached hereto as Exhibit "17". The notice informed of the meeting to be held on March 31, 2016 at the Palmdale Water District.
- 24. On April 6, 2016, counsel for AVEK filed with the court by posting on the court website yet another "Notice of Public Meeting Notice of Discussion of Water Master Organization" [Doc. No. 11375]¹⁵ a true and correct copy of which is attached hereto as Exhibit "18". The notice informed of the meeting to be held on April 13, 2016 at the Palmdale Water District.

http://www.scefiling.org/filingdocs/421/96034/147339 NOTICExOFxWATERxMASTERxORGANIZATION.pdf

¹³ http://www.scefiling.org/filingdocs/421/94553/145121 SKM C364e16022610410.pdf

¹⁴ http://www.scefiling.org/filingdocs/421/95541/146647 SKM C364e16032216470.pdf
15 http://www.scefiling.org/filingdocs/421/06024/147330 NOTICE**OF**WATER**MASTER**(

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PROOF OF SERVICE 1 STATE OF CALIFORNIA, COUNTY OF SAN BERNARDINO 2 3 ANTELOPE VALLEY GROUNDWATER CASES Re: Los Angeles County Superior Court Judicial Council Coordinated 4 Proceedings No. 4408; Santa Clara County Superior Court Case No. 1-05-CV-049053 5 I am employed in the County of San Bernardino, State of California. I am over the age of 18 years and not a party to the within action; my business address is: 550 East Hospitality 6 Lane, Suite 300, San Bernardino, CA 92408-4205. On April 13, 2016, I served the foregoing document(s) described **DECLARATION OF** 7 MICHAEL DUANE DAVIS IN SUPPORT OF MOTION FOR ORDER INTERPRETING JUDGMENT REGARDING WATERMASTER FORMATION on the interested parties in 8 this action in the following manner: 9 (X) **BY ELECTRONIC SERVICE** – I posted the document(s) listed above to the 10 Santa Clara County Superior Court website, http://www.scefiling.org, in the action of the Antelope Valley Groundwater Cases, 11 I declare under penalty of perjury under the laws of the State of California that the 12 foregoing is true and correct. 13 Executed on April 13, 2016 at San Bernardino, California. 14 15 16 DINA M. SNIDER 17 18 19 20 21 22 23 24

GRESHAM SAVAGE

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ATTORNEYS AT LAW
550 EAST HOSPITALITY LANE
THIRD FLOOR
SAN BERNARDINO, CA
92408
(909) 890-4499