

# **EXHIBIT B**

1 service, (2) all properties that are listed as “improved” by the Los Angeles County or Kern  
2 County Assessor's offices, unless the owners of such properties declare under penalty of perjury  
3 that they do not pump and have never pumped water on those properties, and (3) those who opted  
4 out of the Non-Pumper Class. The Non-Pumper Class does not include landowners who have  
5 been individually named under the Public Water Suppliers' cross-complaint, unless such a  
6 landowner has opted into such class.

7 **3.5.23 Non-Pumper Class Judgment.** The amended final Judgment that  
8 settled the Non-Pumper Class claims against the Public Water Suppliers approved by the Court  
9 on September 22, 2011.

10 **3.5.24 Non-Stipulating Party.** Any Party who had not executed a  
11 Stipulation for Entry of this Judgment prior to the date of approval of this Judgment by the Court.

12 **3.5.25 Overdraft.** Extractions in excess of the Safe Yield of water from  
13 an aquifer, which over time will lead to a depletion of the water supply within a groundwater  
14 basin as well as other detrimental effects, if the imbalance between pumping and extraction  
15 continues.

16 **3.5.26 Overlying Production Rights.** The rights held by the Parties  
17 identified in Exhibit 4, attached hereto and incorporated herein by reference.

18 **3.5.27 Party (Parties).** Any Person(s) that has (have) been named and  
19 served or otherwise properly joined, or has (have) become subject to this Judgment and any prior  
20 judgments of this Court in this Action and all their respective heirs, successors-in-interest and  
21 assigns. For purposes of this Judgment, a “Person” includes any natural person, firm, association,  
22 organization, joint venture, partnership, business, trust, corporation, or public entity.

23 **3.5.28 Pre-Rampdown Production.** The reasonable and beneficial use of  
24 Groundwater, excluding Imported Water Return Flows, at a time prior to this Judgment, or the  
25 Production Right, whichever is greater.

26 **3.5.29 Produce(d).** To pump Groundwater for existing and future  
27 reasonable beneficial uses.

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**3.5.30 Producer(s).** A Party who Produces Groundwater.

**3.5.31 Production.** Annual amount of Groundwater Produced, stated in acre-feet of water.

**3.5.32 Production Right.** The amount of Native Safe Yield that may be Produced each Year free of any Replacement Water Assessment and Replacement Obligation.

The total of the Production Rights decreed in this Judgment equals the Native Safe Yield. A Production Right does not include any right to Imported Water Return Flows pursuant to Paragraph 5.2.

**3.5.33 Pro-Rata Increase.** The proportionate increase in the amount of a Production Right, as provided in Paragraph 18.5.10, provided the total of all Production Rights does not exceed the Native Safe Yield.

**3.5.34 Pro-Rata Reduction.** The proportionate reduction in the amount of a Production Right, as provided in Paragraph 18.5.10, in order that the total of all Production Rights does not exceed the Native Safe Yield.

**3.5.35 Public Water Suppliers.** The Public Water Suppliers are Los Angeles County Waterworks District No. 40, Palmdale Water District, Quartz Hill Water District, Littlerock Creek Irrigation District, California Water Service Company, Desert Lake Community Services District, North Edwards Water District, City of Palmdale, City of Lancaster, Palm Ranch Irrigation District, Rosamond Community Services District, and West Valley County Water District.

**3.5.36 Purpose of Use.** The broad categories of type of water use including but not limited to municipal, irrigation, agricultural and industrial uses.

**3.5.37 Rampdown.** The period of time for Pre-Rampdown Production to be reduced to the Native Safe Yield in the manner described in this Judgment.

**3.5.38 Recycled Water.** Water that, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

1                   **3.5.39 Replacement Obligation.** The obligation of a Producer to pay for  
2 Replacement Water for Production of Groundwater from the Basin in any Year in excess of the  
3 sum of such Producer’s Production Right and Imported Water Return Flows.

4                   **3.5.40 Replacement Water.** Water purchased by the Watermaster or  
5 otherwise provided to satisfy a Replacement Obligation.

6                   **3.5.41 Replacement Water Assessment.** The amount charged by the  
7 Watermaster to pay for all costs incurred by the Watermaster related to Replacement Water.

8                   **3.5.42 Responsible Party.** The Person designated by a Party as the  
9 Person responsible for purposes of filing reports and receiving notices pursuant to the provisions  
10 of this Judgment.

11                   **3.5.43 Safe Yield.** The amount of annual extractions of water from the  
12 Basin over time equal to the amount of water needed to recharge the Groundwater aquifer and  
13 maintain it in equilibrium, plus any temporary surplus. [*City of Los Angeles v. City of San*  
14 *Fernando* (1975) 14 Cal. 3d 199, 278.]

15                   **3.5.44 Small Pumper Class.** All private (i.e., non-governmental)  
16 Persons and entities that own real property within the Basin, as adjudicated, and that have been  
17 pumping less than 25 acre-feet per Year on their property during any Year from 1946 to the  
18 present. The Small Pumper Class excludes the defendants in *Wood v. Los Angeles Co.*  
19 *Waterworks Dist. 40, et al.*, any Person, firm, trust, corporation, or other entity in which any such  
20 defendants has a controlling interest or which is related to or affiliated with any such defendants,  
21 and the representatives, heirs, affiliates, successors-in-interest or assigns of any such excluded  
22 party. The Small Pumper Class also excludes all Persons and entities that are shareholders in a  
23 mutual water company. The Small Pumper Class does not include those who opted out of the  
24 Small Pumper Class.

25                   **3.5.45 Small Pumper Class Members.** Individual members of the Small  
26 Pumper Class who meet the Small Pumper Class definition, and for purposes of this Judgment  
27 and any terms pertaining to water rights, where two or more Small Pumper Class Members reside  
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1 construed as requiring Lancaster to have any responsibility for constructing, or in any way  
2 contributing to the cost of, any infrastructure necessary to deliver Recycled Water to the National  
3 Soccer Complex.

4 **5.1.8 Antelope Valley Joint Union High School District.** Antelope  
5 Valley Joint Union High School District is a public school entity duly organized and existing  
6 under the laws of the State of California. In addition to the amounts allocated to Antelope Valley  
7 Joint Union High School District (“AVJUHS”) and pursuant to Exhibit 4, AVJUHS can  
8 additionally produce up to 29 acre-feet of Groundwater for reasonable and beneficial uses on its  
9 athletic fields and other public spaces. When recycled water becomes available to Quartz Hill  
10 High School (located at 6040 West Avenue L, Quartz Hill, CA 93535) which is a site that is part  
11 of AVJUHS, at a price equal to or less than the lowest cost of any of the following:

12 Replacement Obligation, Replacement Water, or other water that is delivered to AVJUHS at  
13 Quartz Hill High School, AVJUHS will stop producing the 29 acre-feet of Groundwater  
14 allocated to it and use recycled water as a replacement to its 29 acre-feet production. AVJUHS  
15 retains its production rights and allocation pursuant to Exhibit 4 of this Judgment.

16 **5.1.9 Construction of Solar Power Facilities.** Any Party may Produce  
17 Groundwater in excess of its Production Right allocated to it in Exhibit 4 for the purpose of  
18 constructing a facility located on land overlying the Basin that will generate, distribute or store  
19 solar power through and including December 31, 2016 and shall not be charged a Replacement  
20 Water Assessment or incur a Replacement Obligation for such Production in excess of its  
21 Production Rights. Any amount of such production in excess of the Production Right through  
22 and including December 31, 2016 shall be reasonable to accomplish such construction but shall  
23 not exceed 500 acre-feet per Year for all Parties using such water.

24 **5.1.10 Production Rights Claimed by Non-Stipulating Parties.** Any  
25 claim to a right to Produce Groundwater from the Basin by a Non-Stipulating Party shall be  
26 subject to procedural or legal objection by any Stipulating Party. Should the Court, after taking  
27 evidence, rule that a Non-Stipulating Party has a Production Right, the Non-Stipulating Party

1 shall be subject to all provisions of this Judgment, including reduction in Production necessary to  
2 implement the Physical Solution and the requirements to pay assessments, but shall not be  
3 entitled to benefits provided by Stipulation, including but not limited to Carry Over pursuant to  
4 Paragraph 15 and Transfers pursuant to Paragraph 16. If the total Production by Non-Stipulating  
5 Parties is less than seven percent (7%) of the Native Safe Yield, such Production will be  
6 addressed when Native Safe Yield is reviewed pursuant to Paragraph 18.5.9. If the total  
7 Production by Non-Stipulating Parties is greater than seven percent (7%) of the Native Safe  
8 Yield, the Watermaster shall determine whether Production by Non-Stipulating Parties would  
9 cause Material Injury, in which case the Watermaster shall take action to mitigate the Material  
10 Injury, including, but not limited to, imposing a Balance Assessment, provided however, that the  
11 Watermaster shall not recommend any changes to the allocations under Exhibits 3 and 4 prior to  
12 the redetermination of Native Safe Yield pursuant to Paragraph 18.5.9. In all cases, however,  
13 whenever the Watermaster re-determines the Native Safe Yield pursuant to Paragraph 18.5.9, the  
14 Watermaster shall take action to prevent Native Safe Yield Production from exceeding the Native  
15 Safe Yield on a long-term basis.

16 **5.2 Rights to Imported Water Return Flows.**

17 **5.2.1 Rights to Imported Water Return Flows.** Return Flows from  
18 Imported Water used within the Basin which net augment the Basin Groundwater supply are not a  
19 part of the Native Safe Yield. Subject to review pursuant to Paragraph 18.5.11, Imported Water  
20 Return Flows from Agricultural Imported Water use are 34% and Imported Water Return Flows  
21 from Municipal and Industrial Imported Water use are 39% of the amount of Imported Water  
22 used.

23 **5.2.2 Water Imported Through AVEK.** The right to Produce Imported  
24 Water Return Flows from water imported through AVEK belongs exclusively to the Parties  
25 identified on Exhibit 8, attached hereto, and incorporated herein by reference. Each Party shown  
26 on Exhibit 8 shall have a right to Produce an amount of Imported Water Return Flows in any  
27 Year equal to the applicable percentage multiplied by the average amount of Imported Water used  
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1           **7.4       Water Rights.** A Physical Solution for the Basin based upon a declaration  
2 of water rights and a formula for allocation of rights and obligations is necessary to implement  
3 the mandate of Article X, section 2 of the California Constitution. The Physical Solution requires  
4 quantifying the Producers’ rights within the Basin in a manner which will reasonably allocate the  
5 Native Safe Yield and Imported Water Return Flows and which will provide for sharing Imported  
6 Water costs. Imported Water sources are or will be available in amounts which, when combined  
7 with water conservation, water reclamation, water transfers, and improved conveyance and  
8 distribution methods within the Basin, will be sufficient in quantity and quality to assure  
9 implementation of the Physical Solution. Sufficient information and data exists to allocate  
10 existing water supplies, taking into account water rights priorities, within the Basin and as among  
11 the water users. The Physical Solution provides for delivery and equitable distribution of  
12 Imported Water to the Basin.

13           **8.       RAMPDOWN**

14           **8.1       Installation of Meters.** Within two (2) Years from the entry of this  
15 Judgment all Parties other than the Small Pumper Class shall install meters on their wells for  
16 monitoring Production. Each Party shall bear the cost of installing its meter(s). Monitoring or  
17 metering of Production by the Small Pumper Class shall be at the discretion of the Watermaster,  
18 subject to the provisions of Paragraph 5.1.3.2.

19           **8.2       Rampdown Period.** The “Rampdown Period” is seven Years beginning  
20 on the January 1 following entry of this Judgment and continuing for the following seven (7)  
21 Years.

22           **8.3       Reduction of Production During Rampdown.** During the first two Years  
23 of the Rampdown Period no Producer will be subject to a Replacement Water Assessment.  
24 During Years three through seven of the Rampdown Period, the amount that each Party may  
25 Produce from the Native Safe Yield will be progressively reduced, as necessary, in equal annual  
26 increments, from its Pre-Rampdown Production to its Production Right. Except as is determined  
27 to be exempt during the Rampdown period pursuant to the Drought Program provided for in  
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1 Paragraph 8.4, any amount Produced over the required reduction shall be subject to Replacement  
2 Water Assessment. **The Federal Reserved Water Right is not subject to Rampdown.**

3 **8.4 Drought Program During Rampdown for Participating Public Water**

4 **Suppliers.** During the Rampdown period a drought water management program (“Drought  
5 Program”) will be implemented by District No. 40, Quartz Hill Water District, Littlerock Creek  
6 Irrigation District, California Water Service Company, Desert Lake Community Services District,  
7 North Edwards Water District, City of Palmdale, and Palm Ranch Irrigation District,  
8 (collectively, "Drought Program Participants"), as follows:

9 **8.4.1** During the Rampdown period, District No. 40 agrees to purchase  
10 from AVEK each Year at an amount equal to 70 percent of District No. 40's total annual demand  
11 if that amount is available from AVEK at no more than the then current AVEK treated water rate.  
12 If that amount is not available from AVEK, District No. 40 will purchase as much water as  
13 AVEK makes available to District No. 40 at no more than the then current AVEK treated water  
14 rate. Under no circumstances will District No. 40 be obligated to purchase more than 50,000  
15 acre-feet of water annually from AVEK. Nothing in this Paragraph affects AVEK’s water  
16 allocation procedures as established by its Board of Directors and AVEK’s Act.

17 **8.4.2** During the Rampdown period, the Drought Program Participants  
18 each agree that, in order to minimize the amount of excess Groundwater Production in the Basin,  
19 they will use all water made available by AVEK at no more than the then current AVEK treated  
20 water rate in any Year in which they Produce Groundwater in excess of their respective rights to  
21 Produce Groundwater under this Judgment. During the Rampdown period, no Production by a  
22 Drought Program Participant shall be considered excess Groundwater Production exempt from a  
23 Replacement Water Assessment under this Drought Program unless a Drought Program  
24 Participant has utilized all water supplies available to it including its Production Right to Native  
25 Safe Yield, Return Flow rights, unused Production allocation of the Federal Reserved Water  
26 Rights, Imported Water, and Production rights previously transferred from another party.  
27 Likewise, no Production by a Drought Program Participant will be considered excess  
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1 Groundwater Production exempt from a Replacement Water Assessment under this Drought  
2 Program in any Year in which the Drought Program Participant has placed water from such  
3 sources described in this Paragraph 8.4.2 into storage or has transferred such water to another  
4 Person or entity.

5 **8.4.3** During the Rampdown period, the Drought Program Participants  
6 will be exempt from the requirement to pay a Replacement Water Assessment for Groundwater  
7 Production in excess of their respective rights to Produce Groundwater under this Judgment up to  
8 a total of 40,000 acre-feet over the Rampdown Period with a maximum of 20,000 acre-feet in any  
9 single Year for District No. 40 and a total of 5,000 acre-feet over the Rampdown Period for all  
10 other Drought Program Participants combined. During any Year that excess Groundwater is  
11 produced under this Drought Program, all Groundwater Production by the Drought Program  
12 Participants will be for the purpose of a direct delivery to customers served within their respective  
13 service areas and will not be transferred to other users within the Basin.

14 **8.4.4** Notwithstanding the foregoing, the Drought Program Participants  
15 remain subject to the Material Injury limitation as provided in this Judgment.

16 **8.4.5** Notwithstanding the foregoing, the Drought Program Participants  
17 remain subject to a Balance Assessment as provided in Paragraph 9.3 of this Judgment.

18 **9. ASSESSMENTS.**

19 **9.1 Administrative Assessment.** Administrative Assessments to fund the  
20 Administrative Budget adopted by the Watermaster shall be levied uniformly on an annual basis  
21 against (1) each acre foot of a Party's Production Right as described in Paragraph 5.1, (2) each  
22 acre foot of a Party's right to Produce Imported Water Return Flows as determined pursuant to  
23 Paragraph 5.2, (3) each acre foot of a Party's Production for which a Replacement Water  
24 Assessment has been imposed pursuant to Paragraph 9.2, and (4) during the Rampdown, each  
25 acre foot of a Party's Production in excess of (1)-(3), above, excluding Production from Stored  
26 Water and/or Carry Over water, except that the United States shall be subject to the  
27 Administrative Assessment only on the actual Production of the United States. During the  
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1 accordance with the procedures and schedules determined by the Watermaster. Any assessment  
2 which becomes delinquent, as defined by rules and regulations promulgated by the Watermaster  
3 shall bear interest at the then current real property tax delinquency rate for the county in which  
4 the property of the delinquent Party is located. The United States shall not be subject to payment  
5 of interest absent congressional waiver of immunity for the imposition of such interest. This  
6 interest rate shall apply to any said delinquent assessment from the due date thereof until paid.  
7 The delinquent assessment, together with interest thereon, costs of suit, attorneys fees and  
8 reasonable costs of collection, may be collected pursuant to (1) motion by the Watermaster giving  
9 notice to the delinquent Party only; (2) Order to Show Cause proceeding, or (3) such other lawful  
10 proceeding as may be instituted by the Watermaster or the Court. The United States shall not be  
11 subject to costs and fees absent congressional waiver of immunity for such costs and fees. The  
12 delinquent assessment shall constitute a lien on the property of the Party as of the same time and  
13 in the same manner as does the tax lien securing county property taxes. The property of the  
14 United States shall not be subject to any lien. The Watermaster shall annually certify a list of all  
15 such unpaid delinquent assessments. The Watermaster shall include the names of those Parties  
16 and the amounts of the liens in its list to the County Assessor's Office in the same manner and at  
17 the same time as it does its Administrative Assessments. Watermaster shall account for receipt of  
18 all collections of assessments collected pursuant to this Judgment, and shall pay such amounts  
19 collected pursuant to this Judgment to the Watermaster. The Watermaster shall also have the  
20 ability to seek to enjoin Production of those Parties, other than the United States, who do not pay  
21 assessments pursuant to this Judgment.

22 **18.5** **Watermaster Engineer.** The Watermaster Engineer shall have the  
23 following duties:

24 **18.5.1** **Monitoring of Safe Yield.** The Watermaster Engineer shall  
25 monitor all the Safe Yield components and include them in the annual report for Court approval.  
26 The annual report shall include all relevant data for the Basin.

1                           **18.5.2           Reduction in Groundwater Production.** The Watermaster  
2 Engineer shall ensure that reductions of Groundwater Production to the Native Safe Yield  
3 (Rampdown) take place pursuant to the terms of this Judgment and any orders by the Court.

4                           **18.5.3           Determination of Replacement Obligations.** The Watermaster  
5 Engineer shall determine Replacement Obligations for each Producer, pursuant to the terms of  
6 this Judgment.

7                           **18.5.4           Balance Obligations.** The Watermaster Engineer shall determine  
8 Balance Assessment obligations for each Producer pursuant to the terms of this Judgment. In  
9 addition, the Watermaster Engineer shall determine the amount of water derived from the Balance  
10 Assessment that shall be allocated to any Producer to enable that Producer to fully exercise its  
11 Production Right.

12                           **18.5.5           Measuring Devices, Etc.** The Watermaster Engineer shall  
13 propose, and the Watermaster shall adopt and maintain, rules and regulations regarding  
14 determination of Production amounts and installation of individual water meters. The rules and  
15 regulations shall set forth approved devices or methods to measure or estimate Production.  
16 Producers who meter Production on the date of entry of this Judgment shall continue to meter  
17 Production. The Watermaster rules and regulations shall require Producers who do not meter  
18 Production on the effective date of entry of this Judgment, except the Small Pumper Class, to  
19 install water meters within two Years.

20                           **18.5.6           Hydrologic Data Collection.** The Watermaster Engineer shall (1)  
21 operate, and maintain such wells, measuring devices, and/or meters necessary to monitor stream  
22 flow, precipitation, Groundwater levels, and Basin Subareas, and (2) to obtain such other data as  
23 may be necessary to carry out this Judgment.

24                           **18.5.7           Purchases of and Recharge with Replacement Water.** To the  
25 extent Imported Water is available, the Watermaster Engineer shall use Replacement Water  
26 Assessment proceeds to purchase Replacement Water, and deliver such water to the area deemed  
27 most appropriate as soon as practicable. The Watermaster Engineer may pre-purchase  
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