

Antelope Valley Principals' Mediation Group

June 8, 2010

Andrea Sheridan Ordin, County Counsel
Warren R. Wellen, Principal Deputy County Counsel
County of Los Angeles
Office of the County Counsel
500 West Temple Street
Los Angeles, California 90012

Re: *Antelope Valley Groundwater Cases*
LA County's Invitation to Mediate Before Justice Robie

Dear Ms. Ordin and Mr. Wellen:

This letter responds to your letter dated June 3 regarding the above-referenced matter. We are pleased to learn that LA County Waterworks Dist. 40 has decided that mediation of groundwater supply and management issues in the Antelope Valley Adjudication Area ("AVAA") is a useful idea as our September trial date for Phase III issues draws near. As you know, however, most of the principals have been engaged in settlement meetings since last year and are currently in a mediation process led by Jim Waldo.

In a concerted effort to settle this litigation, the undersigned parties, among others, have been meeting as a group in two-day sessions every other week for nearly three months. Virtually all landowners (including the two classes) have participated, along with the Cities of Lancaster and Palmdale, a representative of the United States (for the last several sessions), Los Angeles County Sanitation Districts 14 and 20, Tejon Ranch, and most of the water suppliers participating in the litigation. The meetings have been mediated by a team of three persons from the Tacoma, Washington law firm of Gordon Thomas Honeywell, led by Jim Waldo, who has successfully mediated a number of complex, multi-party water rights disputes. The mediating parties have met as group for over 50 hours since March, and have spent several hundred hours in breakout sessions, committee meetings, and preparation.

The current mediation process has produced significant progress toward a physical solution that will reduce groundwater pumping in the AVAA, which will improve water levels in the basin, while at the same time offering water users real opportunities to secure adequate water supplies for urban growth and economic development, and continued agriculture.

The mediation participants have formed a technical working group composed of representatives of both urban and agricultural interests. This group has engaged in additional analyses of groundwater data available in the AVAA beyond the previous technical work done in connection with the groundwater cases. These analyses show that groundwater levels have not been declining in all areas of the basin. The group also examined how alternative

assessments of AVAA groundwater status, using assessment and estimation methods accepted by professionals in the field, could produce varying estimates of annual sustainable groundwater yield across a relatively broad range of pumping volumes. This technical group has identified topics requiring additional research, monitoring, and verification in order to provide the knowledge needed to manage the AVAA's groundwater resources in a sustainable manner. The principals group will soon make a decision on retaining an independent expert to review and evaluate the technical group's work.

The current mediation process has also identified new tools that water users can employ to secure their water supplies, and new combinations of conservation, water transfers, use of recycled and imported water, and other means for managing the basin's groundwater and other supplies to meet everyone's needs.

The principals in the current process expect to address the remaining key issues by the end of this month or early July. Accordingly, we suggest that consideration of the alternative mediation process with Justice Robie be postponed until July. As for the conditions you have suggested for Justice Robie's process, we think the advisable and fairer approach would be to develop mutually acceptable rules and conditions under the guidance of Justice Robie if and when the mediation process with him begins next month.

As we have since this process began, we again encourage LA County to participate in the current mediation process. We believe it is the best opportunity to achieve a comprehensive physical solution to groundwater management issues in the AVAA that will benefit the environment and all water users, providing a sound basis for moving forward in terms of sustainable water management in the AVAA. We believe that the measures we are developing will provide the certainty and stability in groundwater management that are necessary for the participants to act now to enhance the Basin's water supplies for the future. In addition, this process is the best opportunity to satisfy federal statutory requirements of the Air Force for a comprehensive settlement of water rights issues in the basin. We hope you will join us in this very important effort.

Very truly yours,

Mediation Participants (partial list):

AGWA	City of Lancaster	Rosamond C.S.D
A.V. United Mutual Group	City of Palmdale	Rio Tinto Minerals / U.S. Borax
Antelope Valley Water Storage	Palmdale Water District	Small Pumper Class
AVEK	Phelan Pinon Hills C.S.D.	WAGAS Land Company
Bolthouse Properties	Quartz Hill Water District	Willis Class
Grimmway Farms		

cc: Justice Ronald B. Robie