

Michael Duane Davis, SBN 093678  
Marlene Allen-Hammarlund, SBN 126418  
**GRESHAM SAVAGE NOLAN &  
TILDEN, A Professional Corporation**  
3750 University Avenue, Suite 250  
Riverside, CA 92501-3335  
Telephone: (951) 684-2171  
Facsimile: (951) 684-2150

Attorneys for Cross-Defendants,  
Service Rock Products Corporation, as successor-  
in-interest to Owl Properties, Inc.; Sheep Creek  
Water Company, Inc.; Antelope Valley  
Aggregate, Inc.; and A. C. Warnack as Trustee of  
the A. C. Warnack Trust

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF LOS ANGELES**

Coordination Proceeding  
Special Title (Rule 1550(b))

) Judicial Council Coordination  
) Proceeding No. 4408

**ANTELOPE VALLEY GROUNDWATER  
CASES**

) Santa Clara Case No. 1-05-CV-049053  
) Assigned to the Honorable Jack Komar  
) Department 17

Including Actions:

Los Angeles County Waterworks District No.  
40 v. Diamond Farming Co.  
Superior Court of California, County of Los  
Angeles, Case No. BC 325 201

) **CASE MANAGEMENT CONFERENCE  
STATEMENT BY SERVICE ROCK  
PRODUCTS CORPORATION, as  
successor-in-interest to Owl Properties,  
Inc., SHEEP CREEK WATER  
COMPANY, INC., ANTELOPE VALLEY  
AGGREGATE, INC., and A. C.  
WARNACK as Trustee of the A. C.  
Warnack Trust**

Los Angeles County Waterworks District No.  
40 v. Diamond Farming Co.  
Superior Court of California, County of Kern,  
Case No. S-1500-CV-254-348

Wm. Bolthouse Farms, Inc. v. City of  
Lancaster  
Diamond Farming Co. v. City of Lancaster  
Diamond Farming Co. v. Palmdale Water Dist.  
Superior Court of California, County of  
Riverside, consolidated actions, Case Nos. RIC  
353 840, RIC 344 436, RIC 344 668

) Date: May 22, 2008  
) Time: 9:00 AM  
) Dept.: 1

**AND RELATED ACTIONS.**

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1        **SERVICE ROCK PRODUCTS CORPORATION**, as successor-in-interest to Owl  
2 Properties, Inc. ("Service Rock"), **SHEEP CREEK WATER COMPANY, INC.** ("Sheep  
3 Creek"), **ANTELOPE VALLEY AGGREGATE, INC.** ("A.V. Aggregate"), and **A. C.**  
4 **WARNACK AS TRUSTEE OF THE A. C. WARNACK TRUST** ("Warnack"), submit the  
5 following statement in advance of the May 22, 2008 Case Management Conference.

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7                                    **GENERAL STATEMENTS OF POSITION**

8        Preliminarily, Service Rock, Sheep Creek, A.V. Aggregate and Warnack believe that the  
9 underlying premise is that trial should be planned and conducted so as to facilitate the  
10 development of the most workable long-term physical solution for the greater Antelope Valley  
11 Groundwater Basin ("Basin") and each of the individual aquifers or sub-basins ("Sub-Basins"),  
12 whether hydrologically interconnected or separate and distinct aquifer units.

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14                                    **PHASING AND SEQUENCING**

15        With that underlying premise in mind, Service Rock, Sheep Creek, A.V. Aggregate and  
16 Warnack are generally in agreement with the United States Department of Justice, A.V. United  
17 Mutual Group, the Public Water Suppliers, and the Antelope Valley Groundwater Agreement  
18 Association, that the trial should be phased and that the issues should be sequenced so as to  
19 maximize the logical consideration of the major issues before the Court, while minimizing  
20 duplication and the expenditure of unnecessary costs.

21        Service Rock, Sheep Creek, A.V. Aggregate and Warnack are also in agreement that the  
22 commencement of each phase of the trial should be scheduled to occur when the parties and the  
23 experts are prepared to present the Court with the most accurate and usable information available  
24 concerning:

25        1.     Physical Characteristics: the physical characteristics and nature of the Basin as a  
26 whole, including appropriate adjustments to the external boundaries tentatively set in Phase I,  
27 and the existence, physical characteristics, nature and interrelationships of the Sub-Basins.

2. Hydrology: whether the Basin and each of the Sub-Basins is in “overdraft”; and the long-term sustainable yield of the Basin and each of the Sub-Basins, including that from the average annual natural recharge, conservation, importation, recycling and other sources.

3. Water Rights and Usage: the existence, quantity and relative priority of all categorical and individual water rights, including the issue of prescription and the prescription period; and whether any categorical or individual use has failed to meet the reasonable and beneficial use requirements of Article X Section 2 of the *California Constitution*.

Service Rock, Sheep Creek, A.V. Aggregate and Warnack, however, disagree that the certification of the small producers class should proceed concurrently with the next phase of trial. One of the principal reasons that this Court required the “dormant overlyers” or “unexercised producers” and “small producers” classes was jurisdictional. Not requiring the “small producers” class to be certified before the commencement of the next phase of trial, would place that jurisdictional element at material risk.

## GENERAL EXPERTICE

Service Rock, Sheep Creek, A.V. Aggregate and Warnack have had high hopes that the Technical Committee would be committed and able to arrive at specific, justifiable and unbiased determinations concerning the Physical Characteristics and Hydrology of the Basin and Sub-Basins. It is becoming increasingly apparent, however, that that may not occur; and that, even if it does, many of the parties will have lost confidence in that committee. Service Rock, Sheep Creek, A.V. Aggregate and Warnack suggests that, just as the Public Water Suppliers advocate, each party's expert witness be designated pursuant to *Code of Civil Procedure* Section 2034.260, the Technical Committee be **STRONGLY ENCOURAGED** to present a "position paper" or a summary of the Technical Committee's determinations to the parties as soon as reasonably practical, so that each of the parties can make fair, educated determinations of whether they need to engage their own experts and on what issues, thereby avoiding the unnecessary incurrence of expense.

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