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DEC 30 2008

John A. Clarke, Executive Officer/Clerk

BY SHAUNYA WESLEY, Deputy

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF LOS ANGELES

BY FAX

11 Coordination Proceeding
12 Special Title (Rule 1550(b))

Judicial Council Coordination Proceeding No.
4408

13 ANTELOPE VALLEY GROUND WATER
14 CASES

For Filing Purposes Only:
Santa Clara County Case No.: 1-05-CV-049053

15 Included actions:

Assigned to the
Honorable Jack Komar, Department 17

16 Los Angeles County Waterworks District No.
40 v. Diamond Farming Co., et al.,
17 Los Angeles County Superior Court, Case No.
18 BC 325201

**PHELAN PIÑON HILLS COMMUNITY
SERVICES DISTRICT'S CROSS-
COMPLAINT FOR DECLARATORY,
INJUNCTIVE AND OTHER EQUITABLE
RELIEF INCLUDING A PHYSICAL
SOLUTION AGAINST ALL PARTIES**

19 Los Angeles County Waterworks District No.
40 v. Diamond Farming Co., et al.,
20 Kern County Superior Court, Case No. S-
21 1500-CV-254-348

22 Wm. Bolthouse Farms, Inc. v. City of
Lancaster

23 Diamond Farming Co. v. City of Lancaster
24 Diamond Farming Co. v. Palmdale Water
District

25 Riverside County Superior Court,
Consolidated Action, Case Nos. RIC 353840,
26 RIC 344436 and RIC 344668

27 AND RELATED CROSS-ACTIONS
28

1 PHELAN PIÑON HILLS COMMUNITY
2 SERVICES DISTRICT,

3 Cross-Complainant,

4 vs.

5 CALIFORNIA WATER SERVICE
6 COMPANY; CITY OF LANCASTER; CITY
7 OF PALMDALE; LITTLEROCK CREEK
8 IRRIGATION DISTRICT; ROSAMOND
9 COMMUNITY SERVICES DISTRICT;
10 QUARTZ HILL WATER DISTRICT; LOS
11 ANGELES COUNTY WATERWORKS
12 DISTRICT NO. 40; PALMDALE WATER
13 DISTRICT; CITY OF LOS ANGELES;
14 COUNTY SANITATION DISTRICT NO. 14;
15 COUNTY SANITATION DISTRICT NO. 20;
16 DESERT LAKES COMMUNITY
17 SERVICES DISTRICT; BORON
18 COMMUNITY SERVICES DISTRICT;
19 PALM RANCH IRRIGATION DISTRICT;
20 ANTELOPE VALLEY EAST-KERN
21 WATER AGENCY; REBECCA LEE
22 WILLIS AS REPRESENTATIVE OF THE
23 CERTIFIED WILLIS CLASS; MR.
24 RICHARD A. WOOD AS
25 REPRESENTATIVE OF THE CERTIFIED
26 WOODS CLASS; DIAMOND FARMING
27 COMPANY; BOLTHOUSE PROPERTIES,
28 INC.; WILLIAM BOLTHOUSE FARMS,
INC.; CRYSTAL ORGANIC FARMS LLC;
A.V. UNITED MUTUAL GROUP;
BRITTON ASSOCIATES, LLP; BUJULIAN
BROTHERS, INC.; BUSHNELL
ENTERPRISES, LLC; CAMERON
PROPERTIES, INC.; COPA DE ORO LAND
COMPANY, A CALIFORNIA GENERAL
PARTNERSHIP; DEL SUR RANCH, LLC;
GATEWAY TRIANGLE PROPERTIES;
HEALY ENTERPRISES, INC.; HIGH
DESERT INVESTMENTS, LLC; LANDINV,
INC.; MIDDLE BUTTE MINE, INC.;
MOUNTAIN BROOK RANCH, LLC;
NORTHROP GRUMAN CORPORATION;
PALMDALE HILLS PROPERTY LLC; SPC
DEL SUR RANCH, LLC;

1 SERVICE ROCK PRODUCTS
2 CORPORATION; SORRENTO WEST
3 PROPERTIES, INC.; TEJON RANCHORP;
4 THE THREE ARKLIN LIMITED
5 LIABILITY COMPANY; TRIPLE M
6 PROPERTY F.K.A. 3M PROPERTY
7 INVESTMENT CO; U.S. BORAX, INC.;
8 WAGAS LAND COMPANY LLC;
9 ANTELOPE VALLEY GROUND WATER
10 AGREEMENT ASSOCIATION; ENXCO
11 DEVELOPMENT CORPORATION; B.J.
12 CALANDRI; JOHN CALANDRI; JOHN
13 CALANDRI AS TRUSTEE OF THE JOHN
14 AND B.J. CALANDRI 2001 TRUST;
15 FORREST G. GODDE; FORREST G.
16 GODDE AS TRUSTEE OF THE FORREST
17 G. GODDE TRUST; LAWRENCE A.
18 GODDE; LAWRENCE A. GODDE AND
19 GODDE TRUST; KOOTENAI
20 PROPERTIES, INC.; GAILEN KYLE;
21 GAILEN KYLE AS TRUSTEE OF THE
22 KYLE TRUST; JAMES W. KYLE; JAMES
23 W. KYLE AS TRUSTEE OF THE KYLE
24 FAMILY TRUST; JULIA KYLE; WANTA
25 E. KYLE; EUGENE B. NEBEKER; R AND
26 M RANCH, INC.; EDGAR C. RITTER;
27 PAULA E. RITTER; PAULA E. RITTER AS
28 TRUSTEE OF THE RITTER FAMILY
TRUST; HINES FAMILY TRUST;
MALLOY FAMILY PARTNERS;
CONSOLIDATED ROCK PRODUCTS;
CALMAT LAND COMPANY;
MARYGRACE H. SANTORO AS
TRUSTEE FOR THE MARYGRACE H.
SANTORO REV. TRUST; MARYGRACE
H. SANTORO; HELEN STATHATOS;
SAVAS STATHATOS; SAVAS
STATHATOS AS TRUSTEE FOR THE
STATHATOS FAMILY TRUST; DENNIS L.
AND MARJORIE E. GROVEN TRUST;
SCOTT S. AND KAY B. HARTER; HABOD
JAVADI; EUGENE V., BEVERLY A. AND
PAUL S. KINDIG; PAUL S. AND SHARON
R. KINDIG; JOSE MARITORENA LIVING
TRUST; RICHARD H. MINER; JEFFERY L.
AND NANCEE J. SIEBERT; BARRY S.
MUNZ; TERRY A. MUNZ AND
KATHLEEN M. MUNZ; BEVERLY

1 TOBIAS; LEO L. SIMI; WHITE FENCE
2 FARMS MUTUAL WATER CO. NO. 3;
3 WILLIAM R. BARNES AND ELDORA M.
4 BARNES FAMILY TRUST OF 1989; DEL
5 SUR RANCH LLC; HEALY
6 ENTERPRISES, INC.; JOHN AND
7 ADRIENNE RECA; SAHARA NURSERY;
8 SAL AND CONNIE L. CARDILE; GENE T.
9 BAHLMAN; THE UNITED STATES OF
10 AMERICA; AND AGAINST EACH AND
11 EVERY PARTY WHO SUBSEQUENTLY
12 FILES A CROSS-COMPLAINT; AND
13 DOES 100,001 THROUGH 200,000,
14 INCLUSIVE,

15 Cross-Defendants.

16
17 Phelan Piñon Hills Community Services District ("Phelan") complains against all parties to
18 this action as follows:

19 INTRODUCTION

20 1. This cross-complaint seeks to expand the scope of the pending judicial determination of
21 groundwater rights within the Antelope Valley Groundwater Basin ("Basin"). As a public water
22 supplier pumping water from the Basin, cross-complainant Phelan seeks to align itself with the public
23 water suppliers who are already parties to this litigation in obtaining a comprehensive adjudication of
24 the Basin with a physical solution. In addition, Phelan seeks to add the following to the issues to be
25 adjudicated: (a) the right of Phelan to export water pumped from the Basin out of the Basin for
26 beneficial use; and (b) the right of Phelan to capture return flows, including but not limited to water
27 discharged by Phelan and its customers outside the Basin that then flows into the Basin.

28 JURISDICTION AND VENUE

29 2. Pursuant to Code of Civil Procedure sections 526 and 1060, this Court has jurisdiction
30 over this action.

31 3. Pursuant to the Coordination Order issued by the Judicial Council, venue before this Court
32 is proper.

1 **PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT**

2 4. Phelan is a community services district located in western San Bernardino County.
3 Phelan is organized under the Community Services District Law (Government Code section 61000, *et*
4 *seq.*). The San Bernardino County Local Agency Formation Commission confirmed the order of
5 reorganization and issued the certificate of completion for Phelan in March of 2008. Phelan's official
6 date of inception is on or about March 18, 2008.

7 5. Phelan is the successor to all water and capacity rights and interests of County Service
8 Area 70 Improvement Zone L ("CSA 70 IZ L") and the successor to the priorities of use and rights of
9 use of water and capacity rights in any public improvements and facilities and any other property,
10 whether real or personal, to which CAS 70 IZ L was entitled as of the date of reorganization.

11 6. Phelan is authorized to exercise the following functions and services within its service
12 area: (a) water -- supplying water for any beneficial use pursuant to the Municipal Water District
13 Law of 1911; (b) streetlighting and landscaping -- acquiring, constructing, improving, maintaining
14 and operating streetlighting and landscaping on public property, public right-of-way, and public
15 easements; and (c) recreation and parks -- acquiring, constructing, improving, maintaining and
16 operating recreation facilities in the same manner as a recreation and park district formed pursuant to
17 the Recreation and Park District Law.

18 7. Phelan serves approximately 21,000 residents of the unincorporated communities of
19 Phelan and Piñon Hills in a 128-square-mile area of western San Bernardino County bordering Los
20 Angeles County and furnishes water to parks, recreational areas and landscaped public spaces within
21 its service area. Phelan is informed and believes, and thereupon alleges, that some portion of the
22 water it uses and provides is not consumptively used and percolates to the aquifer beneath Phelan's
23 service area.

24 8. The communities of Phelan and Piñon Hills and the unincorporated areas within Phelan
25 lack central sewer collection and treatment systems, and therefore rely entirely on septic systems and
26 leach fields for wastewater treatment. Phelan is informed and believes, and based thereon alleges,
27 that inflows to leach fields percolate into the aquifer beneath Phelan's service area.

28 ///

9. Phelan is informed and believes, and thereupon alleges, that some portion of the water discharged to the aquifer beneath Phelan after use, including but not limited to irrigation water, septic discharge, fire flows and other non-consumptive uses (collectively "return flows") migrate into the Basin.

WELL 14

10. One of Phelan's principal groundwater production wells ("Well 14") is located on that parcel of real property identified as Lot 32 as shown on the licensed surveyors map filed in Book 74, Page 43, Record of Surveys, in the office of the County Recorder of Los Angeles County ("the Well 14 property").

11. Phelan produces water from Well 14, and beneficially uses the water within the County of San Bernardino, outside of the Basin.

12. Phelan is informed and believes, and based thereon alleges, that prior to the formation of Phelan the County of San Bernardino pumped water from Well 14, exported the water from the Basin and put the pumped water to beneficial use within San Bernardino County.

13. Phelan is informed and believes, and based thereon alleges, that, as set forth in the "Revised Order After Hearing on Jurisdictional Boundaries" issued by the Court on March 12, 2007, Well 14 is within the boundaries of the Basin that is subject to adjudication in this action.

14. Phelan is informed and believes, and based thereon alleges, that it holds prescriptive, appropriative and/or other rights to extract water from Well 14, export the water from the Basin, and to put that water to reasonable and beneficial use outside the basin.

15. Phelan is informed and believes, and based thereon alleges, that its rights to draw water from Well 14 are superior to, or at least coequal with, the rights of others claiming an interest in and/or right to use Basin water both within and outside of the Basin.

16. Phelan is informed and believes, and based thereon alleges, that the Basin from which Well 14 draws is currently in overdraft and, thus, the withdrawal of water from the aquifer exceeds the annual safe yield of the Basin.

17. Phelan is informed and believes, and based thereon alleges, that the claims of the parties to this action amount to more than the Basin's safe yield, and that, if the Court grants some or all of

1 the Prayers for Relief of these parties, Phelan's right and interest in and to water historically and
2 presently drawn from Well 14 could be curtailed.

3 **THE MOJAVE GROUND WATER ADJUDICATION**

4 18. With the exception of Well 14, all of Phelan's production wells are located in San
5 Bernardino County. Some of its wells are subject to the provisions of the Judgment entered in *City of*
6 *Barstow, et al., v. City of Adelanto, et al.*, Riverside County Superior Court Case No. 208568
7 regarding rights in and to the Mojave Ground Water Basin ("the Mojave Adjudication").

8 19. Phelan is informed and believes, and based thereon alleges, that the Mojave and Antelope
9 Valley Ground Water Basins are non-distinct hydrologically, and that drawing from one is, for all
10 practical and theoretical purposes, drawing from the other.

11 20. Phelan is informed and believes, and based thereon alleges, that groundwater flows across
12 the boundary between the Mojave and Antelope Valley Ground Water Basins are not well
13 understood, and that groundwater pumping by parties to this adjudication has the potential to
14 adversely affect the ability of Phelan and other parties to the Mojave Adjudication to exercise their
15 rights to pump groundwater from the Mojave Basin pursuant to the Mojave Adjudication.

16 21. Phelan is informed and believes, and based thereon alleges, that some portion of the return
17 flow of the Mojave Adjudication water reasonably and beneficially used by Phelan as a matter of
18 right under the Mojave Adjudication is subsequently reclaimed by means of pumping from Well 14.

19 **CROSS-DEFENDANTS**

20 22. Phelan is informed and believes, and based thereon alleges, that the following persons
21 and/or entities claim some right to the groundwater in the Basin:

22 23. Phelan is informed and believes, and based thereon alleges, that California Water Service
23 Company is a California corporation that extracts groundwater from the Basin to serve customers
24 within the Basin.

25 24. Phelan is informed and believes, and based thereon alleges, that City of Lancaster is a
26 municipal corporation located in the County of Los Angeles that produces and receives water for a
27 variety of uses. Phelan is further informed and believes that the City of Lancaster also provides
28 ministerial services to mutual water companies that extract groundwater from the Basin.

1 25. Phelan is informed and believes, and based thereon alleges, that City of Palmdale is a
2 municipal corporation in the County of Los Angeles that receives water extracted from the Basin.

3 26. Phelan is informed and believes, and based thereon alleges, that Littlerock Creek
4 Irrigation District is a special district that extracts groundwater from the Basin for provision to
5 customers within the Basin.

6 27. Phelan is informed and believes, and based thereon alleges, that Rosamond Community
7 Services District provides water to residents of Kern County.

8 28. Phelan is informed and believes, and based thereon alleges, that Quartz Hill Water District
9 is a county water district organized and operating under Division 12 of the California Water Code.
10 Phelan is informed and believes, and based thereon alleges, that Quartz Hill extracts groundwater
11 from the Antelope Valley Ground Water Basin for delivery to customers.

12 29. Phelan is informed and believes, and based thereon alleges, that Los Angeles County
13 Waterworks District No. 40 is a public agency governed by the Los Angeles County Board of
14 Supervisors organized to, among other things, provide water to customers within part of the Basin.

15 30. Phelan is informed and believes, and based thereon alleges, that Palmdale Water District
16 is an irrigation district organized and operating under Division 11 of the California Water Code.
17 Palmdale Water District extracts groundwater from the Basin for delivery to customers.

18 31. Phelan is informed and believes, and based thereon alleges, that City of Los Angeles is a
19 municipal corporation that extracts water from the Basin.

20 32. Phelan is informed and believes, and based thereon alleges, that County Sanitation District
21 No. 14 operates wastewater treatment facilities within the Basin and claims a right to extract water,
22 and reclaim water, from the Basin.

23 33. Phelan is informed and believes, and based thereon alleges, that County Sanitation District
24 No. 20 operates wastewater treatment facilities within the Basin and claims a right to extract water,
25 and reclaim water, from the Basin.

26 34. Phelan is informed and believes, and based thereon alleges, that Desert Lakes Community
27 Services District is a Community Services District that claims a right to extract and/or presently
28 extracts Basin water.

1 35. Phelan is informed and believes, and based thereon alleges, that Boron Community
2 Services District is a Community Services District within the County of San Bernardino that claims a
3 right to extract and/or presently extracts Basin water.

4 36. Phelan is informed and believes, and based thereon alleges, that Palm Ranch Irrigation
5 District is a special district that extracts groundwater from the Basin to serve customers within the
6 Basin.

7 37. Phelan is informed and believes that Antelope Valley East-Kern Water Agency is a
8 special district that provides water to users within the Counties of Kern and Los Angeles.

9 38. Phelan is informed and believes, and based thereon alleges, that, with certain exclusions
10 and limitations enumerated in the Court's Orders dated September 11, 2007, May 22, 2008 and
11 September 2, 2008, Ms. Rebecca Lee Willis is the representative of members of the certified Willis
12 Class, which consists of private (i.e., non-governmental) persons and entities that own real property
13 within the Antelope Valley Ground Water Basin but are presently pumping water on their property.

14 39. Phelan is informed and believes, and based thereon alleges, that, with certain exclusions
15 and exceptions enumerated in the Court's Order dated September 2, 2008, Mr. Richard A. Wood is
16 the representative of the certified Woods Class, which consists of private (i.e., non-governmental)
17 persons and entities that own real property within the Antelope Valley Ground Water Basin, and that
18 have been pumping less than 25 acre-feet per year on their property during any year since 1946.

19 40. Phelan is informed and believes, and based thereon alleges, that Diamond Farming
20 Company is a California corporation conducting agricultural operations within the Basin. Phelan is
21 further informed and believes, and based thereon alleges, that Diamond Farming Company extracts
22 water from the Basin.

23 41. Phelan is informed and believes, and based thereon alleges, that Bolthouse Properties, Inc.
24 is a California corporation that conducts agricultural operations within the Basin. Phelan is further
25 informed and believes, and based thereon alleges, that Bolthouse Properties, Inc. extracts water from
26 the Basin.

27 42. Phelan is informed and believes, and based thereon alleges, that William Bolthouse
28 Properties Farms, Inc. is a corporation that conducts agricultural operations within the Basin. Phelan

1 is further informed and believes, and based thereon alleges, that William Bolthouse Farms, Inc.
2 extracts water from the Basin.

3 43. Phelan is informed and believes, and based thereon alleges, that Crystal Organic Farms
4 LLC is a corporation that conducts agricultural operations within the Basin. Phelan is further
5 informed and believes, and based thereon alleges, that Crystal Organic Farms LLC extracts water
6 from the Basin.

7 44. Phelan is informed and believes, and based thereon alleges, that A.V. United Mutual
8 Group claims a right to extract and/or presently extracts water from the Basin.

9 45. Phelan is informed and believes, and based thereon alleges, that Britton Associates, LLP
10 is a limited liability partnership that claims a right to extract and/or presently extracts water from the
11 Basin.

12 46. Phelan is informed and believes, and based thereon alleges, that Bujulian Brothers, Inc. is
13 a corporation that claims a right to extract and/or presently extracts water from the Basin.

14 47. Phelan is informed and believes, and based thereon alleges, that Bushnell Enterprises,
15 LLC is a limited liability company that claims a right to extract and/or presently extracts water from
16 the Basin.

17 48. Phelan is informed and believes, and based thereon alleges, that Cameron Properties, Inc.
18 is a company that claims a right to extract and/or presently extracts water from the Basin.

19 49. Phelan is informed and believes, and based thereon alleges, that Copa De Oro Land
20 Company, a California general partnership claims a right to extract and/or presently extracts water
21 from the Basin.

22 50. Phelan is informed and believes, and based thereon alleges, that Del Sur Ranch, LLC is a
23 limited liability company that claims a right to extract and/or presently extracts water from the Basin.

24 51. Phelan is informed and believes, and based thereon alleges, that Gateway Triangle
25 Properties claims a right to extract and/or presently extracts water from the Basin.

26 52. Phelan is informed and believes, and based thereon alleges, that Healy Enterprises, Inc. is
27 a corporation that claims a right to extract and/or presently extracts water from the Basin.

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1 53. Phelan is informed and believes, and based thereon alleges, that High Desert Investments,
2 LLC is a limited liability company that claims a right to extract and/or presently extracts water from
3 the Basin.

4 54. Phelan is informed and believes, and based thereon alleges, that Landinv, Inc. is a
5 corporation that claims a right to extract and/or presently extracts water from the Basin.

6 55. Phelan is informed and believes, and based thereon alleges, that Middle Butte Mine, Inc.
7 is a corporation that claims a right to extract and/or presently extracts water from the Basin.

8 56. Phelan is informed and believes, and based thereon alleges, that Mountain Brook Ranch,
9 LLC is a limited liability company that claims a right to extract and/or presently extracts water from
10 the Basin.

11 57. Phelan is informed and believes, and based thereon alleges, that Northrop Gruman
12 Corporation is a corporation that claims a right to extract and/or presently extracts water from the
13 Basin.

14 58. Phelan is informed and believes, and based thereon alleges, that Palmdale Hills Property
15 LLC is a limited liability company that claims a right to extract and/or presently extracts water from
16 the Basin.

17 59. Phelan is informed and believes, and based thereon alleges, that SPC Del Sur Ranch, LLC
18 is a limited liability company that claims a right to extract and/or presently extracts water from the
19 Basin.

20 60. Phelan is informed and believes, and based thereon alleges, that Service Rock Products
21 Corporation is a corporation that claims a right to extract and/or presently extracts water from the
22 Basin.

23 61. Phelan is informed and believes, and based thereon alleges, that Sorrento West Properties,
24 Inc. is a corporation that claims a right to extract and/or presently extracts water from the Basin.

25 62. Phelan is informed and believes, and based thereon alleges, that Tejon Ranchorp claims a
26 right to extract and/or presently extracts water from the Basin.

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1 63. Phelan is informed and believes, and based thereon alleges, that The Three Arklin Limited
2 Liability Company is a company that claims a right to extract and/or presently extracts water from the
3 Basin.

4 64. Phelan is informed and believes, and based thereon alleges, that Triple M Property F.K.A.
5 3M Property Investment Co. claims a right to extract and/or presently extracts water from the Basin.

6 65. Phelan is informed and believes, and based thereon alleges, that U.S. Borax, Inc. is a
7 corporation that claims a right to extract and/or presently extracts water from the Basin.

8 66. Phelan is informed and believes, and based thereon alleges, that WAGAS Land Company
9 LLC is a limited liability company that claims a right to extract and/or presently extracts water from
10 the Basin.

11 67. Phelan is informed and believes, and based thereon alleges, that enXco Development
12 Corporation is a corporation that claims a right to extract and/or presently extracts water from the
13 Basin.

14 68. Phelan is informed and believes, and based thereon alleges, that the Antelope Valley
15 Ground Water Agreement Association is an aggregate group consisting primarily of large
16 landowners within the Basin that claim a right to extract and/or in fact extract Basin water. Phelan is
17 further informed and believes, and based thereon alleges that at present this group consists of the
18 following individuals and entities: B.J. Calandri; John Calandri; John Calandri as Trustee of the John
19 and B.J. Calandri 2001 Trust; Forrest G. Godde; Forrest G. Godde as Trustee of the Forrest G. Godde
20 Trust; Lawrence A. Godde; Lawrence A. Godde and Godde Trust; Kootenai Properties, Inc.; Gailen
21 Kyle; Gailen Kyle as Trustee of the Kyle Trust; James W. Kyle; James W. Kyle as Trustee of the
22 Kyle Family Trust; Julia Kyle; Wanta E. Kyle; Eugene B. Nebeker; R and M Ranch, Inc.; Edgar C.
23 Ritter; Paula E. Ritter; Paula E. Ritter as Trustee of the Ritter Family Trust; Hines Family Trust;
24 Malloy Family Partners; Consolidated Rock Products, Calmat Land Company; Marygrace H. Santoro
25 as Trustee for the Marygrace H. Santoro Rev Trust; Marygrace H. Santoro; Helen Stathatos; Savas
26 Stathatos; Savas Stathatos as Trustee for the Stathatos Family Trust; Dennis L. and Marjorie E.
27 Groven Trust; Scott S. and Kay B. Harter; Habod Javadi; Eugene V., Beverly A. and Paul S. Kindig;
28 Paul S. and Sharon R. Kindig; Jose Maritorena Living Trust; Richard H. Miner; Jeffery L. and

1 Nancee J. Siebert; Barry S. Munz; Terry A. Munz and Kathleen M. Munz; Beverly Tobias; Leo L.
2 Simi; White Fence Farms Mutual Water Co. No. 3; William R. Barnes and Eldora M. Barnes Family
3 Trust of 1989; Del Sur Ranch LLC; Healy Enterprises, Inc.; John and Adrienne Reca; Sahara
4 Nursery; Sal and Connie L. Cardile; and Gene T. Bahlman.

5 69. Phelan is informed and believes, and thereon alleges, that Cross-Defendant Does 100,001
6 through 200,000, inclusive, are the owners, lessees or other persons or entities holding or claiming to
7 hold ownership or possessory interests in real property within the boundaries of the Basin; extract
8 water from the Basin; claim some right, title or interest to water located within the Basin; or that they
9 have or assert claims adverse to Phelan's rights and claims. Phelan is presently unaware of the true
10 names and capacities of the Doe Cross-Defendants, and therefore sue those Cross-Defendants by
11 fictitious names. Phelan will seek leave to amend this Cross-Complaint to add names and capacities
12 when they are ascertained.

13 **THE UNITED STATES IS A NECESSARY PARTY TO THIS ACTION**

14 70. This action to comprehensively adjudicate the rights of all claimants to the use of a source
15 of water located entirely within California, *i.e.*, the Basin, and for the ongoing administration of all
16 such claimants' rights.

17 71. Phelan is informed and believes, and on that basis alleges, that the United States claims
18 rights to the Basin water subject to adjudication in this action by virtue of owning real property
19 overlying the Basin, including Edwards Air Force Base.

20 72. For the reasons expressed in this Cross-Complaint, the United States is a necessary party
21 to this action pursuant to the McCarran Amendment, 43 U.S.C. §666.

22 73. Under the McCarran Amendment, the United States, as a necessary party to this action, is
23 deemed to have waived any right to plead that the laws of California are not applicable, or that the
24 United States is not subject to such laws by virtue of its sovereignty.

25 74. Under the McCarran Amendment, the United States, as a necessary party to this action, is
26 subject to the judgments, orders and decrees of this Court.

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1 **FIRST CAUSE OF ACTION FOR DECLARATORY RELIEF – PRESCRIPTIVE RIGHTS**

2 **(against all Parties except the United States and Other Public Entities)**

3 75. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges the
4 allegations contained therein as if fully set forth.

5 76. Phelan is informed and believes, and based thereon alleges, that, for at least five years,
6 Phelan and the County of San Bernardino by and through CAS 70 IZ L (the "County"), Phelan's
7 predecessor-in-interest, pumped non-surplus water from the Basin and promptly put that water to
8 reasonable and beneficial uses. Phelan is further informed and believes, and based thereon alleges,
9 that the County and Phelan do and did so under a claim of right in an actual, open, notorious,
10 exclusive, continuous, hostile, and adverse manner. Phelan is also informed and believes, and based
11 thereon alleges, that the parties who would claim an overlying right in the water pumped by Phelan
12 and the County in such a manner had actual and/or constructive notice of the pumping and
13 subsequent use of this water by Phelan and the County sufficient to establish Phelan's prescriptive
14 rights against those parties.

15 77. Phelan is informed and believes, and based thereon alleges, that the rights of any party
16 that claims an interest in the water to which Phelan presently possesses prescriptive rights are
17 subordinate to Phelan's prescriptive rights and the general welfare of the residents and customers
18 served by Phelan.

19 78. An actual controversy exists regarding the existence and priority of Phelan's rights to
20 pump water from within the Basin as well as the priority of the rights of all pumpers. Phelan is
21 informed and believes, and based thereon alleges, that the parties against which Phelan asserts this
22 Cause of Action dispute Phelan's contentions and allegations as set forth herein.

23 79. Phelan seeks a judicial determination as to the correctness of its contentions, as well as a
24 finding of its priority and quantity of how much water it, and each party claiming a right to pump, is
25 in fact entitled to pump from the Antelope Valley Ground Water Basin.

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1 **SECOND CAUSE OF ACTION FOR DECLARATORY RELIEF – APPROPRIATIVE**

2 **RIGHTS**

3 **(against all parties)**

4 80. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges the
5 allegations contained therein as if fully set forth.

6 81. Phelan alleges that in addition to prescriptive and other rights as set forth herein, it has an
7 appropriative right to pump water from the Basin.

8 82. Appropriative rights attach to surplus water from the Basin pumped and put to reasonable
9 and beneficial use. Surplus water exists when the Basin safe yield exceeds the volume pumped.
10 Surplus water is that amount that can be extracted without causing a drop in the water table or
11 subsidence.

12 83. Phelan is informed and believes, and based thereon alleges, that Phelan and the County
13 pumped surplus water from within the Basin and put that water to reasonable and beneficial use.

14 84. There is an actual controversy regarding entitlement to surplus water within the Basin.
15 Phelan is informed and believes, and based thereon alleges, that each of the parties herein seeks to
16 prevent Phelan from pumping its surplus water from the Basin.

17 85. Phelan seeks a judicial determination of the Basin's safe yield, a quantification of any
18 surplus water in the Basin, as well as a judicial determination of the rights of each party to the safe
19 yield, as well as each party's overlying, appropriative, and prescriptive right to pump water from the
20 Basin.

21 **THIRD CAUSE OF ACTION FOR DECLARATORY AND INJUNCTIVE RELIEF -- A**

22 **PHYSICAL SOLUTION**

23 **(against all parties)**

24 86. Phelan incorporates paragraphs 1 through 85 by reference and re-asserts and re-alleges the
25 allegations contained therein as if fully set forth.

26 87. Phelan is informed and believes, and based thereon alleges, that the parties to this action,
27 and each of them, claim an interest and/or right in and/or to Basin water as well as a right to increase
28 their pumping of this water. Phelan is informed and believes, and based thereon alleges, that, in the

1 absence of judicial action, these parties will continue to pump water from the Basin and that this
2 pumping exceeds, and/or will exceed, the Basin's safe yield. Phelan is further informed and believes,
3 and based thereon alleges, that this excessive pumping will result in great and irreparable damage and
4 injury, for which money damages would be insufficient compensation, to the inhabitants of both the
5 Antelope Valley and Mojave Ground Water Basins.

6 88. Phelan is informed and believes, and based thereon alleges, that the amount of water
7 available to Phelan and the residents it serves has been, and will continue to be, reduced because the
8 parties herein have pumped, continue to pump, and will pump significant amounts of water from the
9 Basin. Unless enjoined and restrained by the Court, subsidence and reduction of the groundwater
10 table will worsen, further harming Phelan and those it serves.

11 89. Under California law, the Court may consider fashioning a physical solution to disputes
12 involving water rights. Physical solutions can be fashioned to resolve such disputes in a manner that
13 attempts to satisfy the reasonable and beneficial needs of all parties through practical measures and
14 the augmentation of the native water supply and thereby satisfy the mandate of California
15 Constitution Article X, section 2.

16 90. An actual controversy exists regarding the terms of a physical solution for the Basin.

17 91. Phelan seeks a judicial determination as to the correctness of its contentions and the
18 amount of water the parties may pump from the Basin and seeks a permanent injunction enforcing the
19 terms of the physical solution.

20 **FOURTH CAUSE OF ACTION FOR DECLARATORY RELIEF – MUNICIPAL PRIORITY**

21 **(against all defendants)**

22 92. Phelan incorporates paragraphs 1 through 85 by reference and re-asserts and re-alleges the
23 allegations contained therein as if fully set forth.

24 93. Phelan has rights to pump water from the Basin to meet its municipal water demands, and
25 also to take increased amounts of Basin water as necessary to meet future municipal demands.
26 Phelan's rights to Basin water exist both as a result of the priority and extent of its appropriative and
27 prescriptive rights, and as a matter of law and public policy of the State of California: "It is hereby
28

1 declared to be the established policy of this State that the use of water for domestic purposes is the
2 highest use of water and that the next highest use is for irrigation." (Water Code §106.)

3 94. Water Code section 106.5 provides: "It is hereby declared to be the established policy of
4 this State that the right of a municipality to acquire and hold rights to the use of water should be
5 protected to the fullest extent necessary for existing and future uses. . . ."

6 95. Under Water Code section 106 and 106.5, Phelan has a prior and paramount right to Basin
7 water as against all non-municipal uses.

8 96. An actual controversy has arisen between Phelan and cross-defendants. Phelan alleges, on
9 information and belief, that cross-defendants dispute the contentions of this cross-complaint.

10 97. Phelan seeks a judicial determination as to the correctness of its contentions and to the
11 amount of water the parties may pump from the Basin. Phelan also seeks a declaration of its right to
12 pump water from the Basin to meet its reasonable present and future needs, and that such rights are
13 prior and paramount to the rights, if any, of cross-defendants to use Basin water for irrigation
14 purposes.

15 **FIFTH CAUSE OF ACTION FOR DECLARATORY RELIEF – USE OF STORAGE SPACE**

16 **(against all parties)**

17 98. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges the
18 allegations contained therein as if fully set forth.

19 99. Phelan is informed and believes, and based thereon alleges, that there is unused pore space
20 in the soils of the Basin available for storing imported water and return flows ("storage space").

21 100. An actual controversy exists between the parties herein and Phelan with regard to the
22 amount and use of storage space in the Basin. Phelan is informed and believes, and based thereon
23 alleges, that it has the prior and paramount right to import water into the Basin, to recharge and store
24 imported water in that storage space, to carry over the stored water from one water year to the next,
25 and to pump the stored water at later times. Phelan is informed and believes, and based thereon
26 alleges, that the parties to this action dispute Phelan's allegations and contentions contained herein.

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1 101. Phelan seeks a judicial determination of the amount of storage space in the Basin as
2 well as a judicial determination of the rights of each party to use that storage space and the terms of
3 that use, whether pursuant to a physical solution or otherwise.

4 **SIXTH CAUSE OF ACTION FOR DECLARATORY RELIEF – RECAPTURE OF RETURN**

5 **FLOWS**

6 **(against all parties)**

7 102. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges
8 the allegations contained therein as if fully set forth.

9 103. Phelan draws water from both the Mojave Basin and Antelope Valley Ground Water
10 Basin, blends the water, then uses and serves this water. Some portion of the return flows that migrate
11 into the Antelope Valley Ground Water Basin are recaptured by Phelan's pumping at Well 14.

12 104. Phelan is informed and believes, and based thereon alleges, that there is sufficient
13 storage space in the Antelope Valley Ground Water Basin in which to store these return flows.

14 105. Phelan asserts the sole right to store, carry over from one water year to the next,
15 recapture and export from the Antelope Valley Groundwater Basin its return flows. The rights of the
16 other parties hereto are limited to native water within the Antelope Valley Ground Water Basin and
17 the return flows of any imported water.

18 106. An actual controversy exists between Phelan and the other parties hereto with regard
19 to Phelan's right to recapture its return flows. Phelan is informed and believes, and based thereon
20 alleges, that the other parties hereto dispute Phelan's allegations and contentions as set forth herein.

21 107. Phelan seeks a judicial determination of the amount of its return flows to the Basin as
22 well as a judicial determination of the rights of each party to use and or store those return flows and
23 the terms of that use and storage, whether pursuant to a physical solution or otherwise.

24 **SEVENTH CAUSE OF ACTION FOR DECLARATORY RELIEF – UNREASONABLE USE**

25 **OF WATER**

26 **(against all parties)**

27 108. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges
28 the allegations contained therein as if fully set forth.

1 109. California Constitution Article X, Section 2 provides the cardinal principle of
2 California water law, superior to any water rights priorities, and requires that water use not be
3 unreasonable or wasteful. The reasonable use of water depends on the facts and circumstances of
4 each case; what may be reasonable in areas of abundant water may be unreasonable in an area of
5 scarcity, and what is a beneficial use at one time may become a waste of water at a later time.

6 110. Phelan is informed and believes, and on that basis alleges, that some cross-defendants'
7 use of water is unreasonable in the arid Antelope Valley and therefore constitutes waste,
8 unreasonable use or an unreasonable method of diversion or use within the meaning of California
9 Constitution Article X, Section 2. Such uses are therefore unlawful.

10 111. An actual controversy has arisen between Phelan and cross-defendants. Phelan
11 alleges, on information and belief, that the cross-defendants dispute Phelan's contentions.

12 112. Phelan seeks a judicial declaration that cross-defendants have no right to any
13 unreasonable use, unreasonable methods of use, or waste of water. Cross-defendants' rights, if any,
14 must be determined based on the reasonable use of water in the Antelope Valley rather than upon the
15 amount of water actually used.

16 **EIGHTH CAUSE OF ACTION FOR DECLARATORY RELIEF – BOUNDARIES OF**

17 **BASIN**

18 **(against all parties)**

19 113. Phelan incorporates paragraphs 1 through 74 by reference and re-asserts and re-alleges
20 the allegations contained therein as if fully set forth.

21 114. An actual controversy exists between Phelan and the other parties hereto regarding the
22 actual bounds and physical dimensions of the Antelope Valley Ground Water Basin. Phelan is
23 informed and believes, and based thereon alleges, that the other parties hereto dispute Phelan's
24 allegations and contentions as set forth herein.

25 115. Phelan seeks a judicial determination as to the correctness of its contentions and a
26 finding as to the actual physical dimensions, boundaries, and description of the Antelope Valley
27 Ground Water Basin.

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PRAYER

WHEREFORE, Phelan prays for the following relief against all parties to this action and every related action:

1. Judicial declarations regarding Phelan's contentions and allegations herein.
2. Declaratory relief from the Court confirming Phelan's right to extract groundwater from the Antelope Valley Ground Water Basin and export such water according to proof at trial.
3. Declaratory relief from the Court confirming Phelan's right to use the storage space in the Antelope Valley Ground Water Basin and establishing the terms of that use, including importation, recharge, carryover, and exportation, according to proof at trial.
4. Declaratory relief from the Court confirming Phelan's right to capture its return flows to the Antelope Valley Ground Water Basin, store its return flows in the Antelope Valley Ground Water Basin, obtain credit for the stored water and export those return flows from the Antelope Valley Ground Water Basin, according to proof at trial.
5. A physical solution to the Antelope Valley Ground Water Basin including the following components: (a) appointment of a Watermaster; (b) determination of safe yield of the Basin; (c) the requirement that all parties to this adjudication with wells meter their production from those wells and report production to the Watermaster at least annually; (d) the right of Phelan to export water from the Basin for reasonable and beneficial use; (e) the right of Phelan to capture and/or obtain credit from the return flows to the Basin generated by the use of both Antelope Valley Ground Water Basin and Mohave Basin water by Phelan and its customers; (f) the right of the public agencies to capture and/or obtain credit for the return flows to the Basin generated by the use of Basin water by the agencies and their customers; (g) the right of the public agency producers individually to import water into the Basin, store the imported water, carry over the stored water from one water year to the next, and pump the stored water in future years; (h) the imposition by the Watermaster of fees based on annual groundwater production ("pump taxes"); (i) the use of pump taxes to fund programs to improve the safe yield of the Basin, including but not limited to the purchase of foreign water for importation and storage, the creation of recharge facilities and the use of recycled water; and (j) the imposition of a permanent injunction by the Court and the Court's

1 retention of continuing jurisdiction to enforce the terms of the physical solution and/or other options
2 for ensuring that the rights of all parties, and that the waters of this State are protected.

3 6. A permanent injunction, enforcing the terms of the declaratory relief and physical
4 solution.

5 7. Reasonable attorneys' fees, expert witness fees, and all other reasonable and necessary
6 costs and expenses related to this action.

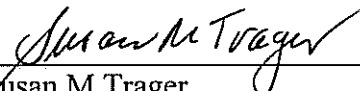
7 8. Any and all such other relief as the Court deems necessary, just and proper.

8 **DEMAND FOR JURY TRIAL**

9 Phelan hereby demands a jury trial pursuant to right.

10
11 DATED: December 30, 2008

SmithTrager LLP

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13 By: 
14 Susan M Trager
15 Attorneys for Cross-Complainant
16 PHELAN PIÑON HILLS COMMUNITY
17 SERVICES DISTRICT
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