Exhibit 25

		W
1	BEST BEST & KRIEGER LLP	EXEMPT FROM FILING FEES
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	Attorneys for Plaintiff LOS ANGELES COUNTY WATERWORK	⁻ S
1	DISTRICT NO. 40	
2	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
3	COUNTY OF LOS ANGLES – CENTRAL DISTRICT	
.4		
5	LOS ANGELES COUNTY	BC 325201 Case No.
16	WATERWORKS DISTRICT NO. 40,	COMPLAINT FOR DECLARATORY AN
7	Plaintiff,	INJUNCTIVE RELIEF AND
18	VS.	ADJUDICATION OF WATER RIGHTS
	DIAMOND FARMING COMPANY, a	
19	corporation;	
.0	WM. BOLTHOUSE FARMS, INC., a corporation;	
21	CALIFORNIA WATER SERVICE COMPANY;	
22	CITY OF LANCASTER; CITY OF PALMDALE;	
23	LITTLEROCK CREEK IRRIGATION	
24	DISTRICT; PALMDALE WATER DISTRICT;	
1	PALM RANCH IRRIGATION DISTRICT,	
25	OUARTZ HILL WATER DISTRICT;	
-	and DOES 1 through 25 DOU inclusive	
.6	and DOES 1 through 25,000 inclusive;	
25 26 27	and DOES 1 through 25,000 inclusive; Defendants.	

* * +f

. (______)

Plaintiff Los Angeles County Waterworks District No. 40 alleges:

INTRODUCTION

1. This action seeks a judicial determination of all rights to ground water within the Antelope Valley Groundwater Basin. The adjudication is necessary to protect and conserve the vital water groundwater supply of the Antelope Valley that is vital to the health, safety and welfare of tens of thousands of persons and entities in communities who depend upon water deliveries from Los Angeles County Waterworks District No. 40, Antelope Valley (the "District"). For these reasons, the District files this complaint to promote and protect the general public welfare in the Antelope Valley; to protect the District's rights to pump and deliver water to the public; to protect the Antelope Valley from a loss of the public groundwater supply, to prevent degradation of the quality of the public groundwater supply; and to prevent land subsidence and higher costs to the public for water.

The District is a public agency governed by the Los Angeles County Board of 2. 16 Supervisors and lawfully organized to, among other things, provide water to the public in a large 17 portion of the Antelope Valley. District customers must have a reliable and safe groundwater 18 supply for domestic and business needs. To provide water to the public, the District has drilled 19 and equipped wells to pump groundwater. The District has also constructed, maintained and 20 operated a waterworks delivery system to supply the groundwater to the public. Without an 21 adequate and safe groundwater supply, Antelope Valley residents and businesses in the Antelope 22 Valley would likely not have enough water. 23

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The District has appropriative and prescriptive rights to Basin groundwater as the
 District has pumped water from the Basin since at least 1919. Since that time, the District has
 pumped water from the Antelope Valley Basin and/or stored water in the Antelope Valley Basin
 by reasonable extraction means and has used the Antelope Valley Basin and/or its water for

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

reasonable and beneficial purposes, and has done so under a claim of right in an actual, open, notorious, exclusive, continuous, uninterrupted, hostile, adverse, use and/or manner for a period of time of at least five and before filing this complaint.

Due to the shortage of water in the Basin, the District has purchased State Water 5 4. Project water from the Antelope Valley-East Kern Water Agency in addition to pumping 6 groundwater. The State Water Project water originates in northern California and would not 7 reach the Basin but for the District's purchases. District customers pay millions of dollars each 8 year for State Water Project water. The District purchases approximately 30,000 acre feet of 9 Project water each year and delivers the purchased Project water to the public through the 10 District's waterworks systems.

The District depends on the Basin for pumping of approximately 20,000 acre feet 5. 13 of water each year. District customers use Project water for a variety of uses and thus a portion of 14 the Project water percolates into the Basin and commingles with the Basin's water from natural 15 sources. The District's purchase and delivery of Project water augments the natural supply of 16 groundwater in the Basin. Without the substantial investment of the District in purchasing the 17 State Water Project water, the District would need to pump 50,000 acre feet of groundwater each 18 19 year.

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By storing Project water or other imported water in the Basin, the District could 6. 21 recover the stored water during times of drought, water supply emergencies, or other water 22 shortages to ensure a safe and reliable supply of water to the public. The District is pursuing 23 approvals to allow for the construction and operation of injection wells or other means by which 24 State Water Project water or other water imported from outside the Basin may be injected or 25 placed for storage in the Basin. 26

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7.

To provide water to the public, the District has and claims the following rights,

each of which is paramount and superior to any overlying rights or other water rights, if any, claimed by any defendant:

A. The right to pump groundwater from the Antelope Valley Groundwater Basin in an annual amount equal to the highest volume of groundwater extracted by the District in any year preceding entry of judgment in this action according to proof, but not less than 18,944 acre feet;

B. The right to pump or authorize others to extract from the Antelope Valley
Groundwater Basin a volume of water equal in quantity to that volume of water previously
purchased by the District from the Antelope Valley-East Kern Water Agency and which has
augmented the supply of water in the Basin in any year preceding entry of judgment in this action
according to proof, but not less than 18,944 acre feet;

C. The right to pump or authorize others to extract from the Antelope Valley Groundwater Basin a volume of water equal in quantity to that volume of water purchased in the future by the District from the Antelope Valley-East Kern Water Agency which augments the supply of water in the Basin; and

D. The right to pump or authorize others to extract from the Antelope Valley
Basin a volume of water equal in quantity to that volume of water injected into the Basin or
placed within the Basin by the District or on its behalf.

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

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THE ANTELOPE VALLEY GROUNDWATER BASIN IS AND HAS BEEN IN A STATE OF OVERDRAFT

8. The Antelope Valley Groundwater Basin is located in Los Angeles and Kern
 counties. The Basin is located in an arid valley in the Mojave Desert, about 50 miles northeast of
 Los Angeles. The Basin encompasses about 940 square miles and generally includes the
 communities of Lancaster, Palmdale and Rosamond. The Basin is bounded on the south by the
 San Gabriel Mountains and on the northwest by the Tehachapi Mountains.

9. For over a century courts in California have used the groundwater basin concept to resolve groundwater disputes. A groundwater basin is an alluvial aquifer with reasonably well-defined boundaries in a lateral direction and a definable bottom.

14 10. Before there was groundwater pumping, natural water recharge to the Basin was in
15 balance with water discharged from the Basin and water levels generally remained constant and
16 in a state of long-term equilibrium. In or about 1915 there was significant pumping, primarily for
17 agricultural purposes. Over time the rise of agricultural pumping destroyed the ground water
18 level equilibrium and caused a, long-term decline in groundwater levels and groundwater storage
19 in the Basin.

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11. There has never been a limit on groundwater pumping in the Basin. As a result of
this lack of groundwater control and management over the past eighty years, the Basin has lost an
estimated eight million acre feet of water. This loss of groundwater caused chronic declines in
groundwater levels and land subsidence.

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26 12. Land subsidence is the sinking of the Earth's surface due to subsurface movement 27 of earth materials and is primarily caused by groundwater pumping. The District is informed and 28 believes and upon that basis alleges that as much as six feet of subsidence has occurred in

portions of the Basin. The negative effects of land subsidence observed in the Basin include loss of groundwater storage space, cracks and fissures at the land surface and damage to real property.

Land subsidence, loss of groundwater storage, and declining groundwater levels
injure the public welfare and threaten the communities that depend upon the Basin water. Land
subsidence and chronic declines in groundwater levels continue because of unlimited
groundwater pumping in the Basin.

9 14. Although agricultural pumping decreased for a limited time when groundwater 10 levels became too low for agriculture to pump water from the Basin, agricultural pumping has 11 increased in the past decade. During the same time, continued urbanization in and around the 12 cities of Palmdale and Lancaster has increased the public's need for water. Existing pumping 13 causes damage and injury to the Basin including land subsidence. Land subsidence exists and 14 will increase unless the court establishes a safe yield for the Basin and limits pumping to the 15 Basin's safe yield.

The District is informed and believes and upon that basis alleges the Basin is and 15. 17 has been in an overdraft condition for more than five (5) consecutive years and before the filing 18 of the complaint in Riverside County Superior Court Case No. 34436 entitled Diamond Farming 19 Company vs. City of Lancaster, and before the filing of this complaint. During said time periods, 20 total annual demands upon the Basin have exceeded and continue to exceed the supply of water 21 from natural sources. Consequently, there is and has been a progressive and chronic decline in 22 Basin water levels and the available natural supply is being and has been chronically depleted. 23 Unless limited by order and judgment of the court, potable Basin water will be exhausted and 24 land subsidence will continue. 25

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Each defendant has, and is now, pumping, appropriating and diverting water from
the natural supply of the Basin, and/or claims some interest in the Basin water. The District is

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

informed and believes and upon that basis alleges that the combined extraction of water by defendants exceeds the annual production of water from the Antelope Valley Basin, and that each 2 defendant claims a right to take water and threatens to increase its taking of water without regard 3 to the rights of the District. Defendants' pumping reduces Basin water tables and contributes to 4 the deficiency of the Basin water supply as a whole. The deficiency results in a shortage of water 5 to the public who depend upon the District to supply water from the Basin. Defendants continued 6 and increasing extraction of Basin water has resulted in, and will result in, a diminution, reduction 7 and impairment of the Basin water supply; causes land subsidence; and has and will deprive the 8 District of its rights to provide water for the public's health, welfare and benefit. 9

The District is informed and believes and thereon alleges there are conflicting 17. claims of rights to the Basin and/or its water.

The District is informed and believes and thereon alleges that defendants who own 14 18. real property in the Basin claim an overlying right to pump Basin water. The overlying right is 15 limited to the native safe yield of the Basin. The District alleges that because subsidence is an 16 undesirable result and is occurring in the Basin, defendants are and have been pumping more than 17 the Basin's safe yield. 18

PARTIES

The District is informed and believes that Diamond Farming Company is a 19. California corporation doing business in Los Angeles County.

The District is informed and believes that Wm. Bolthouse Farms, Inc. is a 20.Michigan corporation doing business in Los Angeles County.

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

1	21. The District is informed and believes that the California Water Service Company		
2	is a California corporation that provides water to consumers within Los Angeles County.		
3			
4	22. The District is informed and believes that the City of Lancaster is a municipal		
5	corporation situated within Los Angeles County.		
6			
7	23. The District is informed and believes that the City of Palmdale is a municipal		
8	corporation situated within Los Angeles County.		
9			
10	24. The District is informed and believes that the Littlerock Creek Irrigation District is		
11	a public agency that provides water to consumers within Los Angeles County.		
12			
13	25. The District is informed and believes that the Palmdale Water District is a public		
14	agency that provides water to consumers within Los Angeles County.		
15			
16	26. The District is informed and believes that the Palm Ranch Irrigation District is a		
17	public agency that provides water to consumers within Los Angeles County.		
18			
19	27. The District is informed and believes that the Quartz Hill Water District is a public		
20	agency that provides water to consumers within Los Angeles County.		
21	on the big is in the second on the linear and on that have allogoe that defendant		
22	28. The District is informed and believes, and on that basis alleges, that defendant		
23	Does 1 through 25,000, inclusive, own and/or lease real property within the Antelope Valley		
24	Groundwater Basin, extract water from the Basin, claim some right, title or interest to Basin		
25	water, and/or that their claims are adverse to the District's rights and claims. The District is		
26	unaware of their true names and capacities and therefore sues those defendants by fictitious		
27	names. The District will seek leave to amend this complaint to add such names and capacities		
28	when ascertained. 8		

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

1	FIRST CAUSE OF ACTION		
2	(For Declaratory Relief – Prescriptive Rights – Against all Defendants Except Public		
3	Entity Defendants)		
4	Entry Derendand)		
5	29. The District alleges and incorporates by reference herein allegations in paragraphs		
6	1 through 28, inclusive.		
7			
8	30. Prescriptive rights have been recognized by the California Supreme Court for		
9	public entities for over fifty years. The District alleges that it has continuously and for more than		
10	five years and before the date of this action pumped water from the Basin for reasonable and		
11	beneficial purposes and has done so under a claim of right in an actual, open, notorious,		
12	exclusive, continuous, hostile and adverse manner. The District further alleges that defendants		
13	have had actual and/or constructive notice of District's pumping either of which is sufficient to		
14	establish District's prescriptive right.		
15			
16	31. The District contends that defendants' rights to pump Basin water are subordinate		
17	to the prescriptive right of the District and to the general welfare of the citizens, inhabitants and		
18	customers serviced by Los Angeles County Waterworks District No. 40, Antelope Valley.		
19			
20	32. An actual controversy has arisen between the District and defendants. The District		
21	alleges, on information and belief, that defendants' dispute the contentions of the District as		
22	described in the immediately preceding paragraph.		
23			
24	33. The District seeks a judicial determination as to the correctness of its contentions		
25	and an inter se finding as to the priority and amount of Basin water to which the District and each		
26	defendant are entitled to pump from the Basin.		
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	9 COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS		
	COMPLAINT FOR DECLARATORT AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS		

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1	SECOND CAUSE OF ACTION		
2			
3	(For Declaratory Relief – Appropriative Rights – Against all Defendants)		
4	Ţ		
5	34. The District alleges and incorporates by reference herein allegations in paragraphs		
6	1 through 33, inclusive.		
7			
8	35. The District alleges that in addition to, or alternatively to, its prescriptive rights, it		
9	has appropriative rights to pump water from the Basin. Appropriative rights attach to surplus		
10	water from the Basin. There is surplus water in the Basin when the amount of water being		
11	extracted from it is less then the maximum that can be withdrawn without adverse effects on the		
12	Basin's long-term supply.		
13			
14	36. Surplus water exists when the pumping from the Basin is less than the safe yield.		
15	Safe yield is the maximum quantity of water which can be withdrawn annually from a		
16	groundwater Basin under a given set of conditions without causing an undesirable result.		
17	Undesirable result generally refers to a gradual lowering of the groundwater levels in the Basin,		
18	but also includes subsidence.		
19			
20	37. Overlying pumpers are only entitled to make reasonable and beneficial use of the		
21	native safe yield.		
22			
23	38. An actual controversy has arisen between the District and defendants. The District		
24	alleges, on information and belief, that defendants seek to prevent District from pumping surplus		
25	water.		
26			
27	39. The District seeks judicial determination as to the quantity of safe yield, the		
28	quantity of surplus water available, the correlative overlying rights of defendants to the safe yield 10		
	COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS		

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None of Content

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and an *inter se* determination of the rights of overlying, appropriative and prescriptive pumpers.

THIRD CAUSE OF ACTION

(For Declaratory Relief - Physical Solution - Against all Defendants)

40. The District alleges and incorporates by reference herein allegations in paragraphs1 through 39, inclusive.

41. Upon information and belief, the District alleges that defendants claim an interest or rights to Basin water and further claim they can increase their pumping without regard to the rights of the District. Unless restrained by order of the court, defendants will continue to take increasing amounts of Basin water to the great and irreparable damage and injury to the District and to the Basin. The damage and injury to the Basin cannot be compensated for in money damages.

16. 42. By reason of the large and increasing amounts of Basin water extracted by
17 defendants as alleged above, the amount of Basin water available to the District has been reduced.
18 Unless defendants and each of them are enjoined and restrained, the aforementioned conditions
19 will continue and will become more severe; and there will be further depletion of the Basin
20 groundwater supply which will further permanently damage the Basin's ability to supply water to
21 the public.

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43. Pursuant to California law it is the duty of the trial court to consider a "physical
solution" to water rights disputes. A physical solution is a common sense approach to resolving
water rights litigation that seeks to satisfy the reasonable and beneficial needs of all parties
through augmenting the water supply or other practical measures. The physical solution is a
practical way of fulfilling the mandate of Article X, section 2 of the California Constitution that
the water resources of the State be put to use to the fullest extent of which they are capable.

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

1 44. To prevent irreparable injury to the Basin, it is necessary that the court determine, 2 impose and retain continuing jurisdiction to enforce a physical solution upon the parties who 3 pump water from the Basin. The solution to the Basin problems may include, but is not limited 4 to, a monetary assessment, and metering and assessments upon Basin water extraction to pay for 5 the purchase, delivery of supplemental supply of water to the Basin, and the court appointment of 6 a watermaster.

FOURTH CAUSE OF ACTION

(For Declaratory Relief - Municipal Priority - Against all Defendants)

45. The District alleges and incorporates by reference herein allegations in paragraphs 1 through 44, inclusive.

14 46. The District has the right to pump water from the Basin not only to meet existing 15 public needs for water, but also to take increased amounts of Basin water as necessary to meet 16 future public needs. The District's rights to Basin water exist not only as a result of the priority 17 and extent of the District's appropriative and prescriptive rights, but exist as a matter of law and 18 public policy of the State of California: "It is hereby declared to be the established policy of this 19 Sate that the use of water for domestic purposes is the highest use of water and that the next 16 highest use is for irrigation." (*Water Code* §106.)

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

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48. Under *Water Code* sections 106 and 106.5, the District has a prior and paramount
right to Basin water as against all non-municipal uses.

1 49. An actual controversy has arisen between the District and defendants. The District alleges, on information and belief, that defendants dispute the District's contentions as described 2 3 in the paragraphs 46 through 48, inclusive. The District is informed and believes and on that 4 basis alleges that the groundwater pumped by a majority of the defendants is used for irrigation 5 purposes.

The District seeks a judicial determination as to the correctness of its contentions 50. 7 8 and to the amount of Basin water to which the parties are entitled to pump from the Basin. The 9 District also seeks a declaration that it has the right to pump water from the Basin to meet its 10 reasonable present and future needs, and that such rights are prior and paramount to the rights, if any, of defendants to the use of Basin water for irrigation purposes.

FIFTH CAUSE OF ACTION

(Declaratory Relief - Storage of Imported Water in The Basin - Against all Defendants)

The District alleges and incorporates by reference herein allegations in paragraphs 51. 1 through 50, inclusive.

The District purchases and uses water from the State Water Project. The Project 19 52. 20 water is not native to the Basin and the imported Project water decreases the District's pumping 21from the Basin. This imported water would not otherwise have been brought to the Basin but for 22 the District purchase and delivery. The District pays a substantial cost for this imported water 23 supply which cost is an annual amount subject to cost increases over time.

2553. The District alleges that there is available space in the Basin in which to store 26 imported water.

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As an importer of Project water, the District has the right to store imported Project 54. 13

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

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water in the Basin and the District has the sole right to pump or otherwise use its stored imported
 Project water. The rights, if any, of defendants are limited to the native supply of the Basin and
 to their own imported water, and defendants' rights, if any, do not extend to groundwater derived
 from any water imported into the Basin by the District.

6 55. An actual controversy has arisen between the District and defendants. The District 7 alleges, on information and belief, that defendants' dispute the District's contentions described in 8 paragraphs 52 through 54, inclusive.

56. The District seeks a judicial determination as to the correctness of its contentions, that the District can store and recapture its imported Project water in the Basin, and that the District has the sole right to pump or otherwise use such stored Project water.

SIXTH CAUSE OF ACTION

(Declaratory Relief - Recapture of Return Flows 16 From Imported Water Stored in The Basin – Against all Defendants) 17 18 The District alleges and incorporates by reference herein allegations in paragraphs 57. 19 1 through 56, inclusive. 20 21 A portion of the water that the District imports and uses and continues to import 22 58. and use from outside the Basin returns or enters and will continue to return or enter the Basin and 23 are commonly known as "return flows." These return flows augment the Basin's water supply. 24 25 The District alleges that there is available space in the Basin to store return flows 59. 26 from us of the water imported by District. 2728 14

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1 60. The District has the sole right to recapture return flows attributable to the water it 2 imports or is imported on the District's behalf. The rights, if any, of defendants are limited to the 3 Basin's native supply and/or to their imported water, and do not extend to groundwater 4 attributable to the District's return flows.

6 61. An actual controversy has arisen between the District and defendants. The
7 District alleges, on information and belief, that defendants' dispute the contentions of the District
8 as described in paragraphs 58 through 60, inclusive.

62. The District seeks a judicial determination as to the correctness of its contentions and that the District has the sole right to recapture its imported return flows in the Basin at the present and into the future.

SEVENTH CAUSE OF ACTION

(Unreasonable Use of Water - Against all Defendants Except Public Entity Defendants)

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18 63. The District alleges and incorporates by reference herein allegations in paragraphs
19 1 through 62, inclusive.

64. Article X, Section 2 of the California Constitution is the cardinal principle of
California water law, superior to any water rights priorities and requires that water use not be
unreasonable or wasteful. The reasonable use of water depends on the facts and circumstances of
each case. What may be reasonable in areas of abundant water may be unreasonable in an area of
scarcity, and what is a beneficial use at one time may become a waste of water at a later time.
65. The District is informed and believes and on that basis alleges that the use of water

28 by some defendants for irrigation purposes is unreasonable in the arid Antelope Valley and

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

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constitutes waste, unreasonable use or an unreasonable method of diversion or use within the meaning of Article X, Section 2 of the California Constitution, and is thereby unlawful.

66. An actual controversy has arisen between the District and defendants. The District alleges, on information and belief, the defendants' dispute the District's contentions in paragraphs 64 through 65, inclusive.

67. The District seeks a judicial declaration that defendants have no rights to unreasonable use, unreasonable methods of use, or waste of water, and their rights, if any, should be determined *inter se* on the reasonable use of water in the arid Antelope Valley rather than upon the amount of water actually used.

EIGHTH CAUSE OF ACTION

(Unreasonable Use of Water - Against Defendants Diamond Farming and Wm. Bolthouse Farms)

18 68. The District alleges and incorporates by reference herein allegations in paragraphs19 1 through 67, inclusive.

69. Article X, Section 2 of the California Constitution is the cardinal principle of
California water law, superior to any priorities and requires that water use not be unreasonable or
wasteful. Reasonable use of water depends on the facts and circumstances of each case.

70. The District is informed and believes and on that basis alleges that there were and
are overdraft conditions in the Basin before defendants Diamond Farming and Wm. Bolthouse
Farms began pumping Basin water in the 1990's. For their own private profit and in harm to the
public's need for a secure supply of Basin water, Defendants Diamond Farming and Wm.

Bolthouse Farms have increased their pumping so that they collectively take more Basin water
 than any other single user of Basin water - despite existing Basin overdraft conditions including
 land subsidence.

4

Defendants Diamond Farming and Wm. Bolthouse Farms recently commenced 5 71. additional, excessive pumping of Basin water for their private profit that causes harm to existing 6 agricultural users of Basin water and to the entities supplying water to the public all of whom 7 depend upon a safe and secure Basin water supply. Given the water overdraft conditions in the 8 Basin, the excessive uses of Basin water by defendants Diamond Farming and Wm. Bolthouse 9 Farms require an unreasonable amount of Basin water in the arid Antelope Valley and threaten 10 established communities and agricultural users that were and are already dependent upon Basin 11 12 water.

The District is informed and believes and on that basis alleges that the recently
commenced use of Basin water by defendants Diamond Farming and Wm Bolthouse Farms is
unreasonable in the arid Antelope Valley and constitutes waste, unreasonable use or an
unreasonable method of diversion or use within the meaning of Article X, Section 2 of the
California Constitution, and is injurious to the public and thereby unlawful.

20 73. An actual controversy has arisen between the District and defendants Diamond
21 Farming and Wm. Bolthouse Farms. The District alleges, on information and belief, the
22 defendants' dispute the District's contentions in paragraphs 69 through 72, inclusive.

The District seeks a judicial declaration that defendants Diamond Farming and
Wm. Bolthouse Farms have no right to take Basin water in any way that harms the public, creates
a risk of overdraft conditions in the Basin, constitutes unreasonable methods of use, or waste of
water; and their rights, if any, should be determined *inter se* on the previously-existing public and
agricultural needs and uses of Basin water in the arid Antelope Valley.

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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS

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1	PRAYER FOR RELIEF		
2			
3	WHEREFORE, Los Angeles County Waterworks District No. 40, Antelope Valley prays		
4	for judgment as follows:		
5			
6	1. Judicial declarations consistent with the District's contentions in paragraphs 31,		
7	35-39, 40-44, 46-50, 52-56, 58-62, 64-67, and 69-74, above;		
8			
9	2. For preliminary and permanent injunctions which prohibit defendants, and each of		
10	them, from taking, wasting or failing to conserve water from the Antelope Valley Groundwater		
11	Basin in any manner which interferes with the rights of the Los Angeles Waterworks District No.		
12	40, Antelope Valley to take water from or store water in the Basin to meet its reasonable present		
13	and future needs;		
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15	3. For prejudgment interest as permitted law;		
16			
17	4. For attorney, appraisal and expert witness fees and costs incurred in this action;		
18	and		
19			
20	5. Such other relief as the court deems just and proper.		
21	Dated: November 29, 2004 BEST BEST & KRIEGER LLP		
22			
23	By: John V. Willin		
24	ERIC I. CARNER JEFFREN V. DUNN		
25	Attoineys/for Plaintiff LOS ANGELES COUNTY		
26	WATERWORKS DISTRICT NO. 40		
27			
28	18		
	COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND ADJUDICATION OF WATER RIGHTS		

AW OFFICES OF E EST & KRIEGER LLP 5 F. J. PLAZA, SUTTE 1500 IRVINE, CALIFORNIA 92614

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Exhibit 26

VATSON GERSHON	VAL CORPORATION
WATSON	V – A PROFESSION
RICHARDS W	ATTORNEYS AT LAV
NNN I	

1 2 3 4 5 6 7 8 9	RICHARDS, WATSON & GERSHON A Professional Corporation STEVEN R. ORR (136615) BRUCE G. McCARTHY (224804) 355 South Grand Avenue, 40th Floor Los Angeles, California 90071-3101 Telephone: (213) 626-8484 Facsimile: (213) 626-0078 RICHARDS, WATSON & GERSHON A Professional Corporation JAMES L. MARKMAN (43536) One Civic Center Post Office Box 1059 Brea, California 92822-1059 Telephone: (714) 990-0901 Facsimile: (714) 990-6230		
10	Attorneys for Defendant and Cross-Complai CITY OF PALMDALE	nant	
11			
12	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
13	COUNTY OF LOS ANGELES		
14			
15	ANTELOPE VALLEY GROUNDWATER CASES	Judicial Council Coordination Proceeding No. 4408	
16	Included Actions:	Santa Clara Case No. 1-05-CV-049053	
17		(Hon. Jack Komar)	
18	Los Angeles County Waterworks District No. 40 v. Diamond Farming Co. Superior Court of California	CROSS-COMPLAINT IN LOS	
19 20	County of Los Angeles, Case No. BC 325201	ANGELES COUNTY SUPERIOR COURT CASE NO. BC325201	
21	Los Angeles County Waterworks District No. 40 v. Diamond Farming Co.	[Exempt from Filing Fees Pursuant to Govt. Code §6103]	
22	Superior Court of California, County of Kern,		
23	Case No. S-1500-CV-254-348		
24	Wm. Bolthouse Farms, Inc. v. City of Lancaster		
25	Diamond Farming Co. v. City of Lancaster		
26 27	Diamond Farming Co. v. Palmdale Water District		
28			
20	Cross-Com	plaint	
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	i 2 3 4	Superior Court of California, County of Riverside, consolidated actions, Case Nos. RIC 353840, RIC 344436, RIC 344668 City of Palmdale,
	5	
	6	Cross-Complainant,
	7	VS.
	8	Los Angeles County Waterworks District No. 40; Palmdale Water District;
	9	Diamond Farming Company; Bolthouse Properties, Inc.; Wm. Bolthouse Farms,
	10	Inc.; City of Lancaster; Littlecreek Irrigation District; Palm Ranch Irrigation District; Quartz Hill Water District;
ON ATION	11	California Water Service; City of Los Angeles; Rosamond Community
ERSH	12	Services District; B.J. Calandri; John Calandri; John Calandri, as Trustee of
N GI	13	the John and B.J. Calandri 2001 Trust; Forrest G. Godde; Forrest G. Godde, as
ATSO profes	14	Trustee of the Forrest G. Godde Trust; Lawrence A. Godde; Lawrence A.
RICHARDS WATSON GERSHON attorneys at law - a professional corporation	15	Godde and Godde Trust; Kootenai Properties, Inc.; Gailen Kyle; Gailen
HARD eneys at	16	Kyle, as Trustee of the Kyle Trust; James W. Kyle; James W. Kyle, as Trustee of
	17	the Kyle Family Trust; Julia Kyle; Wanda E. Kyle; Eugene B. Nebeker; R
NISI Selection	18	and M Ranch; Édgar C. Ritter; Paula E. Ritter; Paula E. Ritter, as Trustee of the
	19	Ritter Family Trust; and DOES 100,000 through 125,000 inclusive,
	20	Cross-Defendants.
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Cross-complainant City of Palmdale hereby cross-complains as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this action pursuant to Code of Civil Procedure Sections 526 and 1060. Venue is proper before this Court pursuant to the coordination order issued by the Judicial Council.

PARTIES

2. The City of Palmdale ("Palmdale") is a municipal corporation located in the County of Los Angeles.

3. Palmdale is informed and believes and thereon alleges that the Los Angeles County Waterworks District No. 40 is a public agency which extracts water from and provides water to customers located within the geographic boundaries of the Antelope Valley Groundwater Basin ("the Basin").

4. Palmdale is informed and believes and thereon alleges that Palmdale Water District is a public agency which extracts water from and provides water to customers located within the geographic boundaries of the Basin.

20 5. Palmdale is informed and believes and thereon alleges that Diamond Farming Company is a California corporation which conducts agricultural operations within the geographic boundaries of the Basin, and which extracts water from the Basin. 22

6. Palmdale is informed and believes and thereon alleges that Bolthouse 23 Properties, Inc. is a California corporation which conducts agricultural operations within the geographic boundaries of the Basin, and which extracts water from the Basin.

26 7. Palmdale is informed and believes and thereon alleges that William Bolthouse 27 Farms, Inc. is a California corporation which conducts agricultural operations within the geographic boundaries of the Basin, and which extracts water from the Basin. 28

8. Palmdale is informed and believes and thereon alleges that the City of Lancaster is a municipal corporation located within the County of Los Angeles, and within the geographic boundaries of the Basin.

Palmdale is informed and believes and thereon alleges that Littlerock Creek
 Irrigation District is a public agency which provides water to customers located within
 the geographic boundaries of the Basin and which extracts water from the Basin.

10. Palmdale is informed and believes and thereon alleges that Palm RanchIrrigation District is a public agency which provides water to customers located withinthe geographic boundaries of the Basin and which extracts water from the Basin.

11. Palmdale is informed and believes and thereon alleges that Quartz Hill Water District is a public agency which provides water to customers located within the geographic boundaries of the Basin and which extracts water from the Basin.

12. Palmdale is informed and believes and thereon alleges that California Water Service Company is a California corporation which provides water to customers located within the geographic boundaries of the Basin and which extracts water from the Basin.

13. Palmdale is informed and believes and thereon alleges that the City of Los Angeles is a municipal corporation that owns land overlying the Basin, including the Palmdale Regional Airport, and that the City of Los Angeles extracts water from the Basin.

14. Palmdale is informed and believes and thereon alleges that Rosamond
Community Services District is a public agency which provides water to customers
located within the geographic boundaries of the Basin and which extracts water from the
Basin.

15. Palmdale is informed and believes and thereon alleges that B.J. Calandri, John
Calandri, John Calandri, as Trustee of the John and B.J. Calandri 2001 Trust, Forrest G.
Godde, Forrest G. Godde, as Trustee of the Forrest G. Godde Trust, Lawrence A. Godde,
Lawrence A. Godde and Godde Trust, Kootenai Properties, Inc., Gailen Kyle, Gailen
Kyle, as Trustee of the Kyle Trust, James W. Kyle, James W. Kyle, as Trustee of the

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Kyle Family Trust, Julia Kyle, Wanda E. Kyle, Eugene B. Nebeker, R and M Ranch, Edgar C. Ritter, Paula E. Ritter, and Paula E. Ritter, as Trustee of the Ritter Family Trust are the owners of or beneficial interest holders in real property located within the geographical boundaries of the Basin, and who claim an overlying right to extract water from the basin, whether or not that overlying right has heretofore been exercised.

16. Palmdale is informed and believes and thereon alleges that cross-defendant Does 100,000 through 125,000 are the owners, lessees or other persons or entities holding or claiming to hold ownership or possessory interests in real property located within the boundaries of the Basin, or extract water from the Basin, or claim some right, title or interest to water located within the Basin, or that have or assert claims that are adverse to Palmdale's rights and claims. Palmdale is presently unaware of the true names and capacities of such Doe cross-defendants, and therefore sues those cross-defendants by fictitious names. Palmdale will seek leave to amend this cross-complaint to add such names and capacities when the same are ascertained.

FACTUAL ALLEGATIONS

18 17. Through these coordinated proceedings, Palmdale and other responsible public 19 entities seek a judicial determination of the rights to produce groundwater within the 20 geographic boundaries of the Basin, which is located in Los Angeles and Kern counties. 21 The Basin is located in the arid Antelope Valley in the Mojave Desert, approximately 50 22 miles northeast of the City of Los Angeles. The Basin encompasses approximately 940 23 square miles, and generally includes Palmdale, Lancaster, Rosamond and the Edwards 24 Air Force Base. The Basin is bounded on the south by the San Gabriel Mountains and on 25 the northwest by the Tehachapi Mountains.

18. This groundwater adjudication has become necessary to protect, to conserve
and to supplement the groundwater supply of the Basin, which is increasingly at risk due
to overpumping and a long-term state of overdraft. The Basin's groundwater supply is

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vital to the health, safety and welfare of the many people residing and working in the many growing communities of the Antelope Valley, including Palmdale. The Basin's supply has been put under stress due to increased production by agricultural operations, such as that of defendants Diamond Farming Company, Bolthouse Properties, Inc. and Wm. Bolthouse Farms, among others, and due to increasing urbanization as the cities of Palmdale and Lancaster build out.

19. Palmdale brings this cross-complaint to promote and to protect the welfare of its residents and businesses, to protect its rights as a landowner to provide water to its public facilities, to protect its residents and businesses against the harmful effects of long-term overdraft, including land subsidence and water quality degradation, and to assure a long-term, safe, reliable, economic and certain supply of water for itself and its residents and businesses.

20. Palmdale is a growing community, both in terms of residential development and new and existing businesses. Palmdale's City Council is responsible for making informed land use decisions that include consideration of whether a safe and reliable supply of water is and will be available to the land owners, development entities, persons and businesses involved and affected by those land use decisions. Palmdale further has an interest in the responsible development of the entire Antelope Valley and the reliability of water supplies necessary to sustain and service that development.

20 21. When reviewing applications for land use approvals, Palmdale is required to 21 comply with the provisions of the California Environmental Quality Act ("CEQA") 22 (Public Resources Code §§ 21000, et seq.). In so doing, Palmdale must consider the 23 availability of water for any proposed project. Thus, if, for example, a proposed project 24 would require an increase in pumping from a given location to serve groundwater to the 25 proposed project which could potentially result in land subsidence or other forms of 26 property damage, Palmdale would be required to disapprove the project or impose certain 27 conditions thereon to mitigate the forecast impact, such as a condition to apply 28 supplemental water to the project, assuming that supplemental water would be available.

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1 22. For future residential subdivisions of 500 units or more, as the local legislative 2 bodies, Palmdale's Planning Commission and City Council are required by Government 3 Code section 66473.7 to "include as a condition in any tentative map that includes a 4 subdivision a requirement that a sufficient water supply shall be available." A sufficient 5 water supply under the statute means: "... the total water supplies available during normal, single-dry, and multiple-dry years within a 20-year projection that will meet the projected 6 demand associated with the proposed subdivision, in addition to existing 7 and planned future uses, including, but not limited to, agricultural and 8 industrial uses. In determining 'sufficient water supply,' all of the following factors shall be considered: 9

(A) The availability of water supplies over a historical record of at least 20 years.

(B) The applicability of an urban water shortage contingency analysis prepared pursuant to Section 10632 of the Water Code that includes actions to be undertaken by the public water system in response to water supply shortages.

(C) The reduction in water supply allocated to a specific water use sector pursuant to a resolution or ordinance adopted, or a contract entered into, by the public water system, as long as that resolution, ordinance, or contract does not conflict with Section 354 of the Water Code."

Further, Palmdale is precluded from approving a project subject to Government

18 Code section 66463.7 unless a reliable water supply for the project over a twenty-year

19 period is certified to be available by the proposed water supplier.

23. Palmdale owns land within the geographic boundaries of the Basin, including

21 its Civic Center, an extensive park system and other public properties. As a landowner,

22 Palmdale desires that its overlying right to produce groundwater from the Basin to be

23 applied to its properties be recognized and established and that its priority to do so be

24 adjudicated herein. To the extent that Palmdale does not presently extract groundwater

25 itself for use on its property, Palmdale purchases water from other purveyors, and thus

26 has a responsibility to its taxpayers and residents to assure that there will be stability in

27 cost and certainty in the supply and quality of the water used by people utilizing

28 Palmdale's facilities.

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24. In order to assure a similarly reliable, efficient and certain supply of electricity, Palmdale is presently studying the feasibility of developing an electric power generation facility that would use locally supplied water in the generation of electricity. Palmdale may, as well, consider other public utility projects in the future that would require water, and may seek to expand its system of parks and other public properties for the use and enjoyment of its citizens. The certainty of water supply is an integral factor in Palmdale's ability to implement those public projects.

25. Palmdale is interested in preventing further land subsidence in the Basin which could damage public facilities owned and operated by Palmdale and/or privately owned property which constitute investments made by its residents and businesses.

26. Through the physical solution sought to be imposed through this crosscomplaint, Palmdale seeks to prevent its citizens and businesses from suffering physical harm to their homes and places of work, and to avoid depressed property values and impediments to growth associated with a chronic water shortage and land subsidence. Such uncertainty as to long-term supply and harm from land subsidence could have negative impacts on Palmdale's property tax base and could result in reductions in the sales tax revenues upon which Palmdale bases its budgeting process.

27. Palmdale brings this cross-complaint generally to promote and protect the welfare of its citizens and businesses and to serve the numerous public purposes identified hereinabove.

FIRST CAUSE OF ACTION (DECLARATORY RELIEF AS TO WATER RIGHTS) (AGAINST ALL CROSS-DEFENDANTS)

25 28. Palmdale incorporates the allegations of paragraphs 1 through 27 as though set
26 forth in full herein.

27 29. Palmdale is informed and believes, and based upon that information and
28 belief, alleges that the Basin has been overdrafted for more than five consecutive years

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immediately prior to the commencement of the first filed of these coordinated proceedings, that, during that period of time, total annual demands upon and water consumed from the Basin have exceeded, and do now exceed, the average annual supply of water to the Basin, that, concomitantly, there has been a progressive and general lowering of Basin water levels, the available supply of water contained in the Basin has been and is being gradually and increasingly depleted, and if demands upon the water supplies contained in the Basin are not limited, the Basin will suffer adverse effects including, but not limited to, increased pump lifts, interference with well production, land subsidence, decreased water quality and, eventually, exhaustion of the water supply.

30. Each cross-defendant has pumped, and is now pumping, water from the Basin or purports to represent parties who do so. Palmdale is informed and believes, and based upon that information and belief, alleges that said combined extraction and consumption of water from the Basin by cross-defendants constitutes a substantial portion of the annual production and consumption of water from the Basin, and that each crossdefendant claims a prior and paramount right to continue to produce Basin water and threatens to increase its taking of Basin water without regard to the rights and interests of Palmdale in and to Basin water. Cross-defendants' extractions have contributed and continue to contribute to the lowering of Basin water tables and land subsidence and that extraction of water will continue to contribute to the adverse effects to the Basin alleged herein. Cross-defendants continued and/or increased extraction of Basin water will result in a diminution, reduction and impairment of the Basin water supply and will deprive Palmdale of Basin water to which it is entitled.

31. Palmdale is informed and believes and on that basis alleges that there are
conflicting claims of overlying, appropriative and prescriptive water rights to the Basin
and/or its water among Palmdale and cross-defendants.

26 32. Palmdale asserts and contends that the right of any cross-defendant to continue
27 to produce water from the Basin and/or to increase its production of water from the Basin

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is subordinate to the rights of Palmdale to do so pursuant to Palmdale's overlying water rights, and its statutory priorities protecting municipal water use.

33. Palmdale is informed and believes, and based upon that information and belief, alleges that an actual controversy has arisen between Palmdale and crossdefendants, and each of them, in that cross-defendants, and each of them, dispute the assertions and contentions of Palmdale set forth herein.

34. Palmdale desires a judicial determination and declaration as to the validity of its assertions and contentions set forth herein, the amount of Basin water to which each cross-defendant is entitled to produce from the Basin and the priority and character of each party's respective rights.

SECOND CAUSE OF ACTION (FOR DECLARATORY AND INJUNCTIVE RELIEF - PHYSICAL SOLUTION) (AGAINST ALL CROSS-DEFENDANTS)

35. Palmdale incorporates the allegations of paragraphs 1 through 34 as though set forth in full herein.

36. Palmdale is informed and believes, and on based upon that information and 17 18 belief, alleges that cross-defendants claim the right to take Basin water in increased amounts without regard to the water rights of Palmdale and the long term health of the Basin, and that unless restrained by order of the Court, cross-defendants will continue to 20 take increasing amounts of Basin water thereby causing irreparable damage and injury to the Basin as a water bearing resource and, concomitantly, to Palmdale and the persons 22 and businesses in Palmdale, which damages and injuries cannot be redressed adequately by the award of money damages.

37. Palmdale is informed and believes and on that basis alleges that due to the 25 large and increasing amounts of Basin water extracted by cross-defendants, the amount of 26 Basin water available has been reduced, and that unless and until cross-defendants and 27 each of them are enjoined and restrained from continuing or increasing such water 28

Cross-Complaint

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will become more severe and there will occur further depletion of water contained in the
Basin as well as increased incidents of land subsidence, thereby endangering public and
private property located in Palmdale and elsewhere in the Basin.
38. In order to prevent irreparable injury to the Basin and to Palmdale and the
persons to whom water is served therein, it is necessary that the Court, acting pursuant to

persons to whom water is served therein, it is necessary that the Court, acting pursuant to its equitable prerogatives, determine, impose and retain continuing jurisdiction to enforce a physical solution upon the parties who produce and/or use water produced from the Basin and who import and/or use water imported to the Basin, taking into consideration in doing so any and all water rights of the parties established during trial, the relative legal priorities thereof, priorities established by and through legislative provisions, and all other relevant physical, climatic and equitable factors. The physical solution may include, but not be limited to, injunctive limitations on water produced from, stored in and/or imported into or exported from the Basin, the appointment of a Watermaster to aid the Court in administering the physical solution, administrative monetary assessments to facilitate the implementation of the physical solution and, if indicated, metering of and assessments upon Basin water extractions to pay for the purchase, and delivery of supplemental water to relieve the demand for production of Basin water and curtail the condition of overdraft and provisions administering water sought to be stored in the Basin.

production from the Basin, the aforementioned conditions of overdraft will continue and

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WHEREFORE, Palmdale prays for judgment as against cross-defendants, and each of them, on this cross-complaint as follows:

1. For an *inter se* determination as to the priority and amount of Basin water to which each party is entitled to pump.

26 2. For a determination of the quantity of the safe yield, the quantity of surplus
 27 water available, the correlative overlying rights of the parties to the safe yield, and the
 28 rights *inter se* among overlying, appropriative and prescriptive pumpers from the Basin.

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1	3. For the imposition of a physical solution, including declarations, orders and	
2	injunctions necessary to manage water production from the Basin in order to preserve the	
3	Basin as a resource and to supplement Basin supplies in order to maximize the beneficial	
4	use of water used in the Basin.	
5	4. For a declaration of municipal priority.	
6	5. For a determination of rights to store and recapture imported water, including	
7	return flows.	
8	6. For a determination <i>inter se</i> as to reasonable uses of water in the Antelope	
9	Valley.	
10	7. For its costs, including attorney's fees.	
11		
12	8. For such other and further relief as the court deems just and proper.	
13		
14	DATED: December 1, 2005 RICHARDS, WATSON & GERSHON A Professional Corporation	
15	JAMES L. MARKMAN STEVEN R. ORR	
16	BRUCE G. MCCARTHY	
17	Stehn	
18	By:	
19	STEVEN R. ORR Attorney for Defendant and Cross-Complainant	
20	CITY OF PALMDALE	
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RW RICHARDS | WATSON | GERSHON

1	PROOF OF SERVICE		
2	I, Kelley Herrington, declare:		
3 4	I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is Richards, Watson & Gershon, 355 South Grand Avenue, 40 th Floor, Los Angeles, California 90071. On December 1, 2005, I served the within documents:		
5 6	CROSS-COMPLAINT IN LOS ANGELES COUNTY SUPERIOR COURT CASE NO. BC325201		
7 8	by causing facsimile transmission of the document(s) listed above from (213) 626- 0078 to the person(s) and facsimile number(s) set forth below on this date before 5:00 P.M. This transmission was reported as complete and without error. A copy		
9	of the transmission report(s), which was properly issued by the transmitting facsimile machine, is attached. Service by facsimile has been made pursuant to a prior written agreement between the parties.		
10 11	by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as set forth below. I am readily familiar with the firm's practice for collection and		
12 13	processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I		
14	am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing contained in this affidavit.		
15 16 17	by placing the document(s) listed above in a sealed envelope and affixing a pre- paid air bill, and causing the envelope to be delivered to an agent for delivery, or deposited in a box or other facility regularly maintained by, in an envelope or package designated by the express service carrier, with delivery fees paid or provided for, addressed to the person(s) at the address(es) set forth below.		
18 19	by personally delivering the document(s) listed above to the person(s) at the address(es) set forth below.		
20 21	by causing personal delivery by First Legal Support Services, 1511 West Beverly Boulevard, Los Angeles, California 90026 of the document(s) listed above to the person(s) at the address(es) set forth below.		
22	See Attached Service List		
23 24	I declare under penalty of perjury under the laws of the State of California that the above is true and correct.		
25 26	Executed on December 1, 2005.		
27	Kelley Herrington		
28 P6399\1	4\809191.1		

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Attorneys for Littlerock Creek Irrigation District and Palm Ranch Irrigation District

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11	Jones, Forrest G. Godde and Steven F. Godde, Gailen W. Kyle and John A. Calandri	
12	collectively known as the Antelope Valley Ground Water Agreement Association	Attorneys for County Sanitation Districts Nos. 14 and 20 of Los Angeles County
13	("AGWA")	
14	Janet K. Goldsmith	B. Richard Marsh
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