3 4 5 6 7 8	GENE TANAKA, Bar #101423 MICHELLE OUELLETTE, Bar #145191 BEST BEST & KRIEGER LLP 3750 University Ave. Suite 400 P.O. Box 1028 Riverside, CA 92502-1028 Telephone (909) 686-1450 Attorneys for Defendants Cucamonga County Water District, Western Municipal Water District and Kaiser Ventures, Inc.	EXEMPT FROM FILING FEES PURSUANT TO GOV. CODE \$ 6103 MV/WC SAWECWC AUG 1947 AUG 1947 TS		
10	Additional Parties and Counsel Listed on the Next Page			
12	CONSOLIDATED SUPERIOR/MUNICIPAL COURTS			
13	COUNTY OF SAN BERNARDINO			
14	WEST DISTRICT			
15				
16	CHINO BASIN MUNICIPAL WATER DISTRICT,	Case No. RCV 51010		
17	Plaintiff,	Specially Assigned to the Honorable J. Michael Gunn]		
18	v.	MEMORANDUM OF POINTS AND		
19	CITY OF CHINO, et al.,	AUTHORITIES IN SUPPORT OF MOTION FOR APPOINTMENT OF NINE MEMBER		
20	Defendants.	WATERMASTER BOARD OF CCWD, WMWD, KAISER, FONTANA UNION WATER COMPANY, MONTE VISTA IRRIGATION		
21		WATER COMPANY, SAN ANTONIO WATER COMPANY AND WEST END		
22		CONSOLIDATED WATER COMPANY		
23		Date: October 21, 1997 Time: 10:00 a.m.		
25		Dept: RC-H Action Filed:		
26		Trial Date: Stipulated Judgment		
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28				

THOMAS H. MCPETERS, Bar #034300 MCPETERS MCALEARNEY SHIMOFF & HATT A Professional Corporation 4 West Redlands Boulevard Second Floor Redlands, CA 92373 (909) 792-8919 Attorneys for Defendants Fontana Union Water Company, Monte Vista Irrigation Water Company, San Antonio Water Company and West End Consolidated Water Company

TABLE OF CONTENTS

-	ì			
2			<u>Page</u>	
3	Ę	•		
4	MEMOI	RANDUM OF POINTS AND AUTHORITIES	. 1	
5	1.	INTRODUCTION	. 1	
6	2.	PROCEDURAL HISTORY	. 1	
7	3.	THE NINE-MEMBER WATERMASTER BOARD SHOULD BE APPROVED PURSUANT TO THE JUDGMENT	. 5	
9		A. A Majority of the Advisory Committee voted to Appoint the Nine-Member Watermaster Board	. 5	
10		B. There Are No "Compelling Reasons" Preventing the Court From Approving the Nine-Member Watermaster Board	. 6	
12	4.	THE JUDGMENT REQUIRES THAT THE WATERMASTER AND ADVISORY COMMITTEE REMAIN SEPARATE ENTITIES	. 10	
L4	5.	THE JUDGMENT DOES NOT REQUIRE THE WATERMASTER TO PROVIDE "CHECKS AND BALANCES"	. 11	
15	6.	CONCLUSION	. 14	
16				
L7				
18				
L9				
20				
21				
22				
23				
24				
25	***			
26				
27	Proposition			
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MEMORANDUM OF POINTS AND AUTHORITIES

1. <u>INTRODUCTION</u>

Over a year ago, the Chino Basin Advisory Committee

("Advisory Committee") decided that a new Watermaster should be
appointed, and took all actions necessary to implement this plan
of action. Despite the claims of a very small minority, there are
simply no compelling reasons for the Court to reject the proposed
Watermaster Board. In fact, the new Board will provide greater
representation of all of the parties to this action.

Indeed, it appears that the real purpose of the opposition to the appointment of the nine-member Watermaster Board is to substantially rewrite the Judgment. This is simply not the issue that is being addressed now, and the Court does not have the authority to unilaterally change the Judgement or to ignore the express requirements of the Judgment. Therefore, the nine member Watermaster Board proposed by the Advisory Committee should be approved by the Court.

2. PROCEDURAL HISTORY

In April 1996, the Advisory Committee elected to replace the existing Watermaster and subsequently took the necessary actions required by the Judgment to implement that decision. At the time the Judgment was entered, the Chino Basin Municipal Water District

("CBMWD") was appointed as the initial Watermaster. (Judgment, ¶
16.) Due to dissatisfaction with CBMWD in that position, the
Advisory Committee considered appointing a new Watermaster.

The Judgment specifies that the Watermaster can be changed at any time upon the motion of any party or upon motion of the Court. Additionally, if the motion to appoint a new entity as Watermaster is approved by a majority of the voting power of the Advisory Committee, the Court "shall" act in conformance with this motion unless there are "compelling reasons" to the contrary. (Judgment, ¶ 16.)

On April 24, 1996, exercising the authority granted to it under the Judgment, the Advisory Committee approved by a vote of 96.56% to 3.44% a motion to nominate a new Watermaster composed of a nine-member panel of representatives, for a term ending June 30, 1998. The only party that voted against the proposal was the City of Chino, which controlled all of the 3.44% of the opposition votes. The nine-member panel included a wide range of interests including one member each to be nominated by the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, CBMWD, Three Valleys Municipal Water District ("Three Valleys"), Western Municipal Water District ("WMWD"), and three at-large representatives to be selected by the Advisory Committee. ([First] Notice of Motion and Motion For Appointment of Nine Member Board as Watermaster ("1st Motion for Nine Member Board"), pp. 7, 11.)

The Motion for Nine Member Board was submitted to the Court for approval of this new Watermaster and extensive briefing and oral argument ensued. The Court continued the hearing and ordered the parties to meet and confer to attempt to resolve the issue.

(Order on Motion Pertaining to Watermaster, dated July 26, 1996, p. 3.)

On January 30, 1997, the Advisory Committee by a 67.99% majority voted to name a revised nine-member Watermaster Board. The new Watermaster Board consisted of the following:

- Two members from the Overlying (Agricultural) Pool appointed by the Overlying (Agricultural) Pool;
- One member from the Overlying (Non-Agricultural)
 Pool appointed by the Overlying (Non-Agricultural)
 Pool;
- Three members from the Appropriative Pool appointed by the Appropriative Pool;
- One member from the Board of Three Valleys;
- One member from the Board of WMWD; and
- One member from the Board of CBMUD.

([Second] Notice of Motion and Motion for Appointment of Nine Member Board as Watermaster, etc. ["2nd Motion for Nine Member Board"], pp. 2-3.)

The Board was specifically selected to ensure that all perspectives in the Basin would be adequately represented, consisting of three non-appropriator overlying representatives, three appropriator representatives and three water district representatives without any voting rights on the Advisory Committee. Moreover, any member of the Appropriative Pool that owns or has a controlling interest in another member of the Appropriative Pool would not be allowed to serve concurrently with said other member of the Appropriative Pool on the Watermaster Board. In addition, individuals would be allowed to serve on the Watermaster Board and the Advisory or Pool Committee except for the Overlying (Non-Agricultural Pool.) Finally, voting will be on a one person, one vote basis. (2nd Motion for Nine Member Board, pp. 3-4.)

Opposition to this proposed Watermaster Board was submitted to the Court by the Cities of Chino and Chino Hills, CBMWD, Monte Vista Water District and the Agricultural Pool. The Court appointed a Special Referee, Anne Schneider, to review the evidence submitted on issues relating to a new Watermaster, and the California Department of Water Resources was appointed as Interim Watermaster. (Ruling and Order of Special Reference, dated April 29, 1997, pp. 9-10.) On July 18, 1997, the Special

Referee requested additional briefing on these Watermaster issues.

3. THE NINE-MEMBER WATERMASTER BOARD SHOULD BE APPROVED PURSUANT TO THE JUDGMENT

A. A Majority of the Advisory Committee voted to Appoint the Nine-Member Watermaster Board

As discussed above, in accordance with the Judgment, a majority of the Advisory Committee voted on two separate occasions to appoint a new Watermaster Board. The relevant paragraph in the Judgment that provides for the appointment of a Watermaster states:

Watermaster may be changed at any time by subsequent order of the Court, on its own motion, or on the motion of any party after notice and hearing. Unless there are compelling reasons to the contrary, the Court shall act in conformance with a motion requesting the Watermaster be changed if such motion is supported by a majority of the voting power of the Advisory Committee.

(Judgment, ¶ 16 [emphasis added].)

Since the Advisory Committee complied with this procedure, approving by a 67.99% majority a new nine-member Watermaster

Board, the only way this Court could reject the recommendation of the Advisory Committee is if the Court is presented with "compelling reasons to the contrary."

There Are No "Compelling Reasons" Preventing the В. Court From Approving the Nine-Member Watermaster Board

No evidence has ever been presented to the Court during this phase of the litigation that rises to the level of "compelling reasons to the contrary" prohibiting it from acting in conformance with the Advisory Committee's motion, despite numerous opportunities provided to opponents to brief and orally argue this These opponents will nonetheless reargue that a "compelling" reason for the Court not to act in conformance with the motion is that the Basin has been poorly managed in the past, leading to a decline in groundwater quality and quantity, which is somehow the fault of the Advisory Committee. Since these opponents claim that the new Watermaster Board would be virtually identical to the Advisory Committee, the alleged mismanagement would continue.

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This allegation is specious for several reasons. there is no evidence that Basin water quality or quality has suffered because of the administration of either the Watermaster or the Advisory Committee. The causes of the water quality problems in the Basin are long standing and independent of any

actions by the Advisory Committee or the Watermaster. (See Declaration of Mark J. Wildermuth in Support of Memorandum of Points and Authorities dated August 18, 1997, ("Wildermuth Dec."), ¶¶ 6, 7, 8, 11-12.) In fact, the parties to the Judgment actually have little or no control over water quality degradation, as this responsibility has been delegated to the Regional Water Quality Control Board, Santa Ana Region. (Wildermuth Dec., ¶ 6.)

Moreover, the causes of water quality degradation in the Basin are wide ranging, including the results of irrigated agriculture and dairy waste management practices. (Wildermuth Dec., ¶¶ 7-8, 11.)

These conclusions are supported by a study recently prepared by the California Regional Water Quality Control Board, Santa Ana Region, which indicates that the primary adverse impact to groundwater quality in the Basin is due to the large concentration of dairies in the southern portion of the Basin, not mismanagement. (Declaration of Traci Stewart in Support of Memorandum of Points and Authorizes, dated August 15, 1997, ("Stewart Dec."), Exhibit "A.") According to the Regional Board, groundwater quality becomes progressively worse as it moves south in the basin. (Stewart Dec., Exhibit "A," p. 6.)

While there are a number of contributors to this problem, including irrigated agriculture and municipal wastewater discharge, it is clear that dairy operations in the Chino Basin are of overwhelming importance. The Chino

basin contains the highest concentration of dairies found anywhere in the world . . . the severity of the water quality problem now confronting the Region in the Chino Basin demands reconsideration of the Board's dairy regulatory strategy, both in its design and implementation. (Stewart Dec., Exhibit "A," p. i.)

Thus, it is disingenuous in the extreme for opponents of the nine-member Watermaster Board to claim that the Advisory Committee is responsible for poor water quality in the Basin.

Moreover, contrary to opponents' claims, the proposed make up and voting power of the nine-member Board shows that it would in fact provide a level of decision-making <u>independent</u> from the Advisory Committee. The Board was specifically selected to ensure that all positions in the Basin would be adequately represented: three non-appropriator overlying representatives; three appropriator representatives; and three water district representatives without any voting rights on the Advisory Committee. In contrast, the Advisory Committee is made up of representatives of producers only. Furthermore, no individual will be on both the Nine Member Board and the Advisory Committee. Moreover, voting on the nine-member Board will be one person, one vote. Voting on the Advisory Committee is allocated according to production and payment of assessments.

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Thus, the nine-member Watermaster Board will not be composed of the same interests and members as the Advisory Committee. nine-member Board will be more representative and provide greater protection to minority rights than has existed in the Basin previously. Additionally, in the event a party is unhappy with any decision made by the Watermaster, they always have the ability under the Judgment to seek Court review.

Opponents are also expected to allege that another compelling reason for the Court to reject the nine-member Watermaster Board is that it will ignore water quality issues in the southern portion of the Basin because there may have be a majority of votes located in the northern end. This claim is also without factual or legal support. As explained above, the water quality problems were not caused by the Advisory Committee and the new nine member board will ensure broader representation. Furthermore, Judgment requires the Watermaster to take steps to clean up the entire Basin regardless of its individual interests. The Watermaster must "develop an optimum basin management program for Chino Basin, including both water quality and quantity considerations." (Judgment, ¶ 41) There is no evidence presented to the Court that the nine-member Board would ignore the Judgment.1/

This allegation also ignores the fact that the Advisory Committee, which does have a majority vote from the parties in the northern part of the Basin, voted to commit 12,000 acre-feet a year with a present market value of almost 3 million dollars to a desalter program (continued...)

Finally, as addressed in more detail below, it is not the Watermaster's duty to develop policy or to control the basin. The Judgment gives the Advisory Committee and the producers in the Basin control over the Watermaster, not visa versa. The function of the Watermaster under the Judgment is not to provide oversight or set policy for the pool or committee members. Instead, many of the Watermaster's actions must be approved by the Advisory Committee. In fact, in 1989, this Court found that "under the Judgment, [the Advisory Committee] is the controlling body of the ground water basin." (Order [attached as Exhibit "A"], p. 7.)

Judge Turner also noted that the Advisory Committee is "the policy making group for the Basin." (Order, p. 3.)

Simply put, no compelling reasons exist for the Court to reject the nine-member Watermaster Board approved by the majority of the Advisory Committee.

4. THE JUDGMENT REQUIRES THAT THE WATERMASTER AND ADVISORY COMMITTEE REMAIN SEPARATE ENTITIES

The language of the Judgment shows that it was the intent of the parties and the Court that the Watermaster and the Advisory Committee remain separate entities with separate responsibilities. Each entity has been assigned distinct tasks to manage the Basin

^{(...}continued)
specifically intended for cleanup of the southern
portion of the Basin.

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in an effective manner. For example, Watermaster duties include acquisition of necessary facilities and equipment (Judgment, \P 19), employment of experts and agents, the levy and collection of assessments, and investment of Watermaster funds. (Judgment, ¶¶ 19-20, 22-23.) Advisory Committee duties include recommending, reviewing and acting upon all discretionary actions of the Watermaster, recommending rules and regulations for conduct of Watermaster affairs, and review and submittal of administrative budgets. (Judgment, ¶¶ 18, 30, 38(b).)

Moreover, as previously discussed, since the nine-member Board is selected differently and has a different allocation of voting power than the Advisory Committee, it will have a very different method of decision making and will be independent from the Advisory Committee. Prior to merging these two separate roles, the Judgment would have to be amended to specifically reallocate the duties of each.

5. THE JUDGMENT DOES NOT REQUIRE THE WATERMASTER TO "CHECKS AND BALANCES"

Several opponents of the proposed nine-member Board have raised issues to the Court regarding an alleged lack of "checks and balances" if the Watermaster Board is approved, alleging that Basin producer representatives on the Board would eliminate the neutrality of the Watermaster. This claim is in fact a red herring, ignoring the plain language and purpose of the Judgment,

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which does not charge the Watermaster with the task of preventing abuse by the various parties.

The Judgment provides that the Advisory Committee has control over the Watermaster, not the other way around. As noted above, this Court has already determined that "under the Judgment, [the Advisory Committee] is the controlling body of the ground water basin." The Judgment strongly supports this interpretation. For example, the Advisory Committee must review and approve all major Watermaster discretionary actions:

The Advisory Committee shall have the duty to study, and the power to recommend, review and act upon all discretionary determinations made or to be made hereunder by Watermaster.

(Judgment, ¶ 38(b).)

Specifically, the Advisory Committee can mandate that the Watermaster take certain actions if supported by 80% of the eligible voters. In that event, the Watermaster must obey.

(Judgment, ¶ 38(b)[1].) The Advisory Committee can also recommend or advise the Watermaster. In that event, the Watermaster must obey unless it holds a public hearing and issues written findings and a decision. (Ibid.)

The Advisory Committee also reviews the annual administrative budget and recommendation prepared by the Watermaster. (Judgment,

Instead, it is the Court that has the ultimate authority and is the ultimate source of any "checks and balances" in the Judgment. The Judgment specifies that any party may seek review of any Watermaster decision, giving all parties an equal opportunity to protest an action. (Judgment, ¶ 31.) Since every entity with an interest in Basin is named as a party to this action, they have an equal opportunity to seek judicial review of that decision. The composition of the Watermaster does not affect this right in any way.

The categorization that has previously been made by opponents between "discretionary," "administrative," and "mandatory" actions of the Watermaster is simply a distinction without a difference.

The Advisory Committee controls the Watermaster's actions and those that it does not have to specifically approve can always be challenged before the Court. Therefore, the neutrality of the Watermaster is simply not an issue.

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6. <u>CONCLUSION</u>

approved by the Advisory Committee.

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Dated: August 18, 1997.

For the reasons stated herein, the Court is requested to

enter an order appointing the Nine Member Watermaster Board as

By:

Gene Tanak

BEST BEST & KRIEGER LLP

Michelle Ouellette Attorneys for Defendants

Cucamonga County Water District, Western Municipal Water District and Kaiser

Ventures, Inc.

Dated: August 18, 1997.

McPETERS McALEARNEY SHIMOFF & HATT A PROFESSIONAL CORPORATION

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Thomas H. McPeters

Attorneys for Defendants Fontana Union Water Company, Monte Vista Irrigation Water

Company, San Antonio Water Company and West End

Consolidated Water Company

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FULX MVIWC 1 GENE TANAKA, Bar #101423 SAWECUC EXEMPT FROM FILING FEES PURSUANT TO GOV. CODE § 6103 MICHELLE OUELLETTE, Bar #145191 10/21/97 BEST BEST & KRIEGER LLP 3 3750 University Ave. Suite 400 P.O. Box 1028 1 17 4 Riverside, CA 92502-1028 Telephone (909) 686-1450 5 6 Attorneys for Defendants 7 Cucamonga County Water District, Western Municipal Water District and Kaiser Ventures, Inc. 9 Additional Parties and Counsel 10 Listed on the Next page 11 CONSOLIDATED SUPERIOR/MUNICIPAL COURTS 12 COUNTY OF SAN BERNARDINO 13 WEST DISTRICT 14 15 CHINO BASIN MUNICIPAL WATER Case No. RCV 51010 DISTRICT, 16 [Specially Assigned to the Plaintiff, Honorable J. Michael Gunn] 17 PROOF OF SERVICE BY FAX AND ν. 18 FEDERAL EXPRESS OF MEMORANDUM OF POINTS AND AUTHORITIES IN CITY OF CHINO, et al., 19 SUPPORT OF MOTION FOR Defendants. APPOINTMENT OF NINE MEMBER 20 WATERMASTER BOARD OF CCWD, MWD, KAISER, FONTANA UNION WATER 21 COMPANY, MONTE VISTA IRRIGATION WATER COMPANY, SAN ANTONIO WATER 22 COMPANY AND WEST END CONSOLIDATED WATER COMPANY; 23 DECLARATION MARK JOSEPH WILDERMUTH; AND DECLARATION OF 24 TRACI STEWART 25 26 27 28

WMWD KAISAZ

THOMAS H. MCPETERS, Bar #034300 MCPETERS MCALEARNEY SHIMOFF & HATT A Professional Corporation 4 West Redlands Boulevard Second Floor Redlands, CA 92373 (909) 792-8919 Attorneys for Defendants Fontana Union Water Company, Monte Vista Irrigation Water Company, San Antonio Water Company and West End Consolidated Water Company

PROOF OF SERVICE

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. business address is Best Best & Krieger LLP, 3750 University Avenue, Suite 400, Riverside, California 92501. On August 18, 1997, I served the within documents: MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR APPOINTMENT OF NINE MEMBER WATERMASTER BOARD OF CCWD, MWD, KAISER, FONTANA UNION WATER COMPANY, MONTE VISTA IRRIGATION SAN ANTONIO WATER COMPANY WATER COMPANY, CONSOLIDATED WATER COMPANY;

DECLARATION OF MARK JOSEPH WILDERMUTH IN SUPPORT OF MOTION FOR APPOINTMENT OF NINE MEMBER WATERMASTER BOARD OF CCWD, MWD, KAISER, FONTANA UNION WATER COMPANY, MONTE VISTA IRRIGATION WATER COMPANY, SAN ANTONIO WATER COMPANY AND WEST CONSOLIDATED WATER COMPANY; AND

3. DECLARATION OF TRACI STEWART IN SUPPORT OF MOTION FOR APPOINTMENT OF NINE MEMBER WATERMASTER BOARD OF CCWD, MWD, KAISER, FONTANA UNION WATER COMPANY, MONTE VISTA IRRIGATION SAN ANTONIO WATER COMPANY AND WEST END WATER COMPANY, CONSOLIDATED WATER COMPANY

X	by transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date before 5:00 p.m.
	by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Riverside, California addressed as set forth below.
Х	I caused such envelope to be delivered via overnight delivery (Federal Express) addressed as set forth below for deposit and delivery by Best Best & Krieger LLP following ordinary business practices (C.C.P. §1013(c) and (d)).

by personally delivering the document(s) listed above to the person(s) at the address(es) set forth below.

Anne J. Schneider 24 Ellison & Schneider 2105 H Street 25 Sacramento, CA 95814-3109

> Tel: 916/447-2166 Fax: 916/447-3512

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I am readily familiar with Best Best & Krieger LLP's practice for collecting and processing correspondence for mailing with the United States Postal Service and/or other overnight delivery. Under that practice, all mailings are deposited in an authorized area for pick-up by an authorized express service courier the same day it is collected and processed in the ordinary course of business.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 18, 1997, at Riverside, California.

Lugenia D. Garcia