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5	SPECIAL REFEREE		
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8	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
9	COUNTY OF SAN BERNARDINO, RANCHO CUCAMONGA DIVISION		
10		DAG GG GAMAGA (GAT BAY IBAGA)	
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12	CHINO BASIN MUNICIPAL WATER DISTRICT,	CASE NO. RCV 51010	
13	DISTRICT,	Judge: Honorable J. Michael Gunn	
14	Plaintiff,	SPECIAL REFEREE'S COMMENTS AND RECOMMENDATIONS	
15	v.	CONCERNING MOTION FOR	
16		APPROVAL OF WATERMASTER'S LONG TERM PLAN FOR	
17	THE CITY OF CHINO, et al.	MANAGEMENT OF SUBSIDENCE	
18	Defendants.	Date: November 15, 20 0 7 Time: 1:30 p.m.	
19		Dept: 8	
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21	I.		
22	INTRODUCTION		
23			
24	This is an adjudication of groundwater rights in the Chino Basin. A stipulated judgment		
25	was entered on January 30, 1978 ("Judgment"). Pursuant to the mandate in Article X Section 2		
26	of the California Constitution, that all water be put to reasonable and beneficial use, the Court		
27	adopted, and ordered the parties to comply with, a Physical Solution. (Judgment, ¶ 39, p. 23.)		
28	Continuing jurisdiction was reserved to the Court "to make such further or supplemental orders		

Special Referee's Comments and Recommendations Concerning Motion for Approval of Watermaster's Long Term Plan for Management of Subsidence.

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or directions as may be necessary or appropriate for interpretation, enforcement or carrying out of this Judgment, and to modify, amend or amplify any of the provisions of this Judgment." (Judgment, ¶ 15, p. 12.) The Judgment also provides that all actions, decisions or rules of Watermaster are subject to review by the Court on its own motion, or upon motion by any party, Watermaster, the Advisory Committee, or any Pool Committee. (Judgment, ¶ 31, p. 16.)

The Judgment appointed a Watermaster "to administer and enforce the provisions of this Judgment and any subsequent instructions or orders of the Court hereunder." (Judgment, paragraph 16, p. 12.) "The Watermaster operates on the one hand as an administrator and on the other hand as an extension of the court. When functioning as an extension of the court the Watermaster acts as a steward of the groundwater resources in the Chino Basin." (Ruling, dated February 19, 1998, p. 2-3.) Watermaster has filed a motion, under paragraph 31 of the Judgment, requesting the Court to review and approve its recent action adopting a long-term management plan for controlling subsidence in Management Zone 1 of Chino Basin ("MZ-1"). The issue of subsidence in MZ-1 was first raised in connection with Watermaster's development of an optimum basin management program for Chino Basin under paragraph 41 of the Judgment.

II.

CHRONOLOGY OF SUBSIDENCE ISSUE

A. Adoption of OBMP

In February 1998, the Court ordered Watermaster to develop an optimum basin management program for Chino Basin, and to submit it first to the Advisory Committee and then to the Court. (Ruling, dated February 19, 1998, p. 10.) The Court approved the optimum basin management program for Chino Basin ("OBMP") on July 13, 2000. The Court found "the OBMP consists of the OBMP Phase I Report and the OBMP Implementation Plan." The Court directed Watermaster to "adopt the goals and plans of the Phase I Report and implement them through the Implementation Plan..." The Court further directed Watermaster to "proceed in a manner consistent with the Peace Agreement and the OBMP Implementation Plan." (Order Concerning Adoption of OBMP, dated July 13, 2000, p. 5.)

OBMP Implementation Plan Program Element 4 is to develop a long-term management plan to reduce or abate the subsidence and fissuring problems in MZ-1:

The occurrence of subsidence and fissuring in Management Zone 1 is not acceptable and should be reduced to tolerable levels or abated. The OBMP calls for a management plan to reduce or abate the subsidence and fissuring problems to the extent that it may be caused by production in MZ-1. There is some uncertainty as to the causes of subsidence and fissuring and more information is necessary to distinguish among potential causes. Therefore an interim management plan will be developed to minimize subsidence and fissuring while new information is collected to assess the causes and to develop an effective long-term management plan.

(Peace Agreement, Exhibit B, [OBMP Implementation Plan] p. 26.)

B. 2001 Court Orders

In response to a petition for writ of mandate filed by City of Chino Hills against City of Chino and a request that the matter be assigned to Honorable J. Michael Gunn, on December 19, 2001, the court issued two orders. The first order, signed by Honorable Joseph E. Johnston, Supervising Civil Judge, construed the writ petition as encompassing two separate matters: a mandamus proceeding brought under Public Utility Code sections 10101 through 10107 and a motion brought under Paragraph 15 of the Judgment herein. The mandamus proceeding was given case number RCV 59670 and was not assigned to Judge Gunn. The second matter, the motion under Paragraph 15 of the Judgment, was deemed to be part of the ongoing proceedings in this case (RCV 51010).

The second order, signed by Honorable J. Michael Gunn, required all parties to the Judgment to appear on February 28, 2002, "to report on the status of the technical work performed to date by Watermaster and others concerning subsidence and related issues." In response to that order, Watermaster filed a Report of Activities Regarding Subsidence and a Request for Finding and Further Order, dated January 29, 2002, and a Declaration of Mark Wildermuth, dated January 30, 2002. City of Chino filed a Response of the City of Chino to the Court's Order for Information, and Motion Pursuant to Paragraph 15 of the Judgment, dated January 31, 2002, which included several exhibits, and the City of Chino Subsidence Study. 1

¹ This on-going matter has been continued annually by City of Chino. The most recent continuance was for six months, to February 15, 2008.

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Monte Vista Water District filed a Motion to Strike Portions of City of Chino's [Purported] Motion Pursuant to Paragraph 15 of the Judgment, dated February 14, 2002. On February 15, 2002, Watermaster filed a Motion for Continuance and Related Order on City of Chino Motion and Subsequent Oppositions; Suggested Future Scheduling. City of Chino Hills filed an Objection to the City of Chino Motion Pursuant to Paragraph 15 of the Judgment, Joinder, etc., dated February 18, 2002. City of Chino filed a Response to Monte Vista's Motion to Strike, dated February 22, 2002. Watermaster filed a Report of Joinders to Watermaster's February 15, 2002 Motion for Continuance. On February 25, 2002, the Special Referee filed a Special Referee's Report and Recommendation Concerning Motions Filed Related to Subsidence, acknowledging the need for additional data related to subsidence.

C. 2002 Court Orders

On February 28, 2002, the court continued the hearing on the technical reports and motions concerning subsidence stating "Watermaster shall convene the regularly scheduled stakeholder process that has been agreed upon by the majority of the parties and report back to the court by May 1, 2002, on any consensus that has been achieved on how best to further implement OBMP Program Element 4." (Order Receiving Supplemental Desalter Report, Supplemental OBMP Report, 24th Annual Report, and Initial State of Basin Report; Order Continuing Hearing on Subsidence, dated February 28, 2002, p. 5.)

On June 17, 2002, Watermaster filed an Ex Parte Application for an Order Shortening Time for the Transmittal of Subsidence Interim Plan and Motion to Schedule Workshop. Also on June 17, 2002, Watermaster filed a Transmittal of Subsidence Interim Plan and Motion to Schedule Workshop; Transmittal of ISOB. Exhibit "1" to the Transmittal is the Proposed Watermaster Interim Plan for Management of Subsidence, which includes exhibits "A" through "F."

Pursuant to the Court's June 19, 2002 Order, a workshop was held on August 29, 2002, "for Watermaster to present to the Court, through the Special Referee, the details of the Interim Plan [Proposed Watermaster Interim Plan for Management of Subsidence]." (Id., at p. 2.) The Special Referee's Report on Interim Plan Workshop and Recommendation Concerning

1	Subsidence Issues, dated September 17, 2002, was filed with the Court. Thereafter, Watermaster		
2	Comments to Referee Report on Interim Plan and Motion for an Order to Proceed in Accordance		
3	with the Interim Plan was filed with the Court. Attached to Watermaster's Comments and		
4	Motion were two exhibits: Exhibit "A" is the Revised Interim Plan for the Management of		
5	Subsidence. Exhibit "B" is the MZ-1 Interim Plan Monitoring Program Draft Work Plan. In		
6	October 2002, the Court directed Watermaster to, among other things,		
7 8	1) Implement the Interim Plan Monitoring Program for subsidence, including all work related to the installation and monitoring of piezometers and extensometers, ground level monitoring, aquifer		
9	testing, and all such other actions required to study, analyze, and interpret subsidence and fissuring phenomena in MZ-1, and to		
10	determine causes in sufficient detail that they can be managed through a long-term plan.		
11	2) Continue to work with the MZ-1 Technical Committee to obtain comments and recommendations on the scope, area of investigation,		
12	and approach to the monitoring program, in furtherance of the objective of having the Technical Committee serve in an advisory capacity to		
13	assist Watermaster in the development of a long-term management plan for subsidence in MZ-1.		
14	Schedule a follow-up workshop for July 17, 2003, to present to the Court through the Special Referee the progress made on implementation of the Interim Plan.		
15	implementation of the interim I fair.		
16	(Order Concerning Watermaster's Interim Plan for Management of Subsidence, dated October		
17	17, 20 0 2, p. 10.)		
18	D. 2005 Workshop		
19	At the request of Watermaster, the Court allowed the workshop that was to be scheduled		
2•	for July 17, 2003, to be scheduled at a later date to permit more time for monitoring. (Order		
21	Granting Motion to Continue July 17, 2003 Workshop Re MZ-1 Interim Subsidence Plan, dated		
22	July 16, 2003; Order Receiving Watermaster's Status Reports Nos. 7 & 8; Order Continuing		
23	Workshop on Interim Plan for Management of Subsidence, dated October 30, 20●3.)		
24	The Special Referee held the workshop on May 25, 2005. "The scope of the workshop		
25	was limited to presentation of technical data and analysis completed to date related to [the		
26	Interim Plan] The presentation was made by Mr. Malone of Wildermuth Environmental, Inc.,		

the Watermaster Interim Plan for Management of Subsidence, dated June 16, 2005, p. 1.) The

Watermaster Engineering Consultant." (Sp. Ref. Report on Progress Made on Implementation of

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long-term plan." (Id. at p. 9.) ² 5

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Special Referee concluded: "The workshop was very productive. Mr. Malone's presentation was excellent. The Watermaster does not require court approval to direct the preparation of a summary report on the MZ-1 technical work or to issue guidance criteria. The Watermaster, however, should file with the court a motion for an order to set a schedule for the completion of a

In February 2007, the Court ordered Watermaster to file a report on the status of Watermaster's long-term plan for MZ-1 and the publication of guidance criteria. (Order Re: Receiving OBMP Status Reports and Annual Reports and Further Action, dated February 16, 2007, p. 4.) Subsequently, the Court ordered Watermaster to submit a motion for court approval of a long-term plan for MZ-1. (Order Concerning OBMP Status Report 20\,\(\textit{0}6-02\), Future Desalting Plans, and MZ-1 Long-Term Plan, dated May 24, 2007, p. 3.)

III.

WATERMASTER'S MOTION FOR APPROVAL OF LONG -TERM PLAN FOR MANAGEMENT OF SUBSIDENCE

A. Watermaster's Motion

On August 2, 2007, Watermaster filed a Notice of Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence; Points and Authorities in Support of Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence; Exhibits and Declaration Thereof. Attached to Watermaster's Points and Authorities are Exhibits "A" through "K": Exhibit "A," consisting of the Long Term Plan, April 2006 Watermaster Staff Report, February 2006 Wildermuth Environmental, Inc. Management Zone 1 Interim Monitoring Program/MZ-1 Summary Report (prepared for MZ-1 Technical Committee), and Special Referee's Report on Progress Made On Implementation of the Watermaster Interim Plan for Management of Subsidence; Exhibit "B," consisting of Minutes for Joint Appropriative and Non-Agricultural Pool meeting on March 9, 2006; Exhibit "C," consisting of Minutes for Joint

² Watermaster filed the summary report and guidance criteria with the Court as part of its Motion for Approval of Long-Term Plan for Management of Subsidence. (See Appendix "A" to Exhibit "A" of the motion.)

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Appropriative and Non-Agricultural Pool meeting on April 13, 2006; Exhibit "D," consisting of		
Minutes for Chino Basin Advisory Committee Meeting on April 27, 2006; Exhibit "E,"		
consisting of Minutes for Chino Basin Watermaster Board Meeting on April 27, 2006; Exhibit		
"F," consisting of Minutes for Chino Basin Watermaster Board Meeting on May 25, 2006;		
Exhibit "G," consisting of a letter from Hatch and Parent to Mark Hensley of Jenkins & Hogin,		
dated July 28, 2006, and proof of delivery of said letter; Exhibit "H," consisting of a June 28,		
2007 Watermaster Staff Report; Exhibit "I," consisting of Minutes for Chino Basin Watermaster		
Board Meeting on June 28, 2007; Exhibit "J," consisting of a memorandum from Wildermuth		
Environmental, Inc. to Watermaster, dated April 4, 2007; Exhibit "K," consisting of a		
Declaration by Sheri Rojo, CPA, summarizing Watermaster expenditures since July 2000,		
related to subsidence management		

Watermaster's motion is brought under paragraph 31 of the Judgment, which provides for de novo review by the Court of all actions, decisions, or rules of Watermaster. "Watermaster's finding or decision, if any, may be received in evidence at said hearing, but shall not constitute presumptive or prima facie proof of any fact in issue." (Judgment, paragraph 31(d), p. 17.)

Because this is a motion under paragraph 31 of the Judgment, production of evidence is required.³

Watermaster requests that the Court make the following findings:

- 1. The OBMP requires Watermaster to address subsidence in the Chino Basin, but it does not specify particular actions to be taken.
- 2. The Interim Plan has successfully addressed subsidence on a short-term basis.
- 3. The Long Term Plan proposes a reasonable approach to the issue of subsidence on a long-term basis.
- 4. The Long Term Plan is consistent with the Judgment, the OBMP and the Peace Agreement.
- 5. The Long Term Plan does not trigger the reimbursement provision of section 5.4 (e) of the Peace Agreement.

(Watermaster Points and Authorities, p. 16-17.)

³ Evidence Code section 1401 requires authentication of a writing before it is received in evidence. No authentication was provided initially for Exhibits "A" through "J." Watermaster's subsequent filing includes a Declaration by Sherri Lynne Molino.

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B. Subsequent filings and Orders on Ex Parte Motions

On August 24, 2007, City of Chino Hills filed an Ex Parte Application to Continue the Hearing on Watermaster's Motion for Approval of Long Term Plan. Also on August 24, 2007, Watermaster filed a Response to Chino Hills' Ex Parte Motion. On August 27, 2007, the Court ordered a continuance of the hearing on Watermaster's Motion for Approval of Long Term Plan to November 15, 2007. The Court also requested Watermaster to schedule a Special Referee workshop on October 3, 2007, "to receive evidence on the issue whether or not Watermaster's proposed long-term plan for the management of subsidence, is a reasonable long-term approach to the issue of subsidence in MZ-1." (Order on Ex Parte Application for Continuance of Hearing on Motion for Approval of Long Term Plan for Subsidence in MZ-1, dated August 27, 2007, p.1-2.)

On September 18, 2007, City of Chino Hills filed Evidentiary Objections to Watermaster's Motion and attached Exhibits "A" through "J." On September 25, 2007, City of Chino Hills filed a Transmittal of Dennis Williams' Comments on Watermaster's Long Term On October 2, 2007, Watermaster filed a Request to Cancel October 3, 2007 Special Plan. Referee Workshop. Attached to the pleading, as Exhibit "A", is a Stipulation Re Long Term Plan for Management Zone Number One (MZ-1) between Watermaster and City of Chino Hills. The stipulation provides in part that "City of Chino Hills will withdraw its opposition to Watermaster's request for approval of the Long Term Plan ...and Watermaster will amend its motion...to delete a request for any findings regarding the appropriateness of available credits arising under Watermaster Rules and Regulations Section 4.5 or 5.4 of the Peace Agreement." By order dated October 2, 2007, the workshop was cancelled. Because the Special Referee and Technical Expert had questions concerning the long-term plan and to expedite the evaluation of the plan, an informal technical meeting took place at Watermaster's office on October 3, 2007, instead of the formal workshop. The meeting was attended by Special Referee Anne Schneider, Technical Expert Joe Scalmanini and experts from City of Chino Hills, City of Chino, the State of California, and Watermaster.

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C. Supplemental Filings

On October 11, 2007, Watermaster filed a Supplemental Filing Re Subsidence Long-Term Plan. Attached to the Supplemental Filing, as Exhibit "B", is a Declaration by Sherri Lynne Molino and a revised long term plan for management of subsidence [Chino Basin Optimum Basin Management Program Management Zone 1 Subsidence Management Plan dated October 2007] ("Long Term Plan"). Also attached to the Supplemental Filing, as Exhibit "A," is the Stipulation Re Long Term Plan for Management Zone Number One (MZ-1) between Watermaster and City of Chino Hills ("Stipulation"), which was first filed with the Court on October 2, 2007. As noted earlier, the stipulation provides in part that "City of Chino Hills will withdraw its opposition to Watermaster's request for approval of the Long Term Plan ... and Watermaster will amend its motion...to delete a request for any findings regarding the appropriateness of available credits arising under Watermaster Rules and Regulations Section 4.5 or 5.4 of the Peace Agreement." The Supplemental Filing states that Watermaster is withdrawing its request for Finding No. 5. City of Chino Hills has not filed any supplemental pleadings. Watermaster contends the Stipulation itself is sufficient to withdraw City of Chino Hills' opposition to its motion.

IV.

COMMENTS ON WATERMASTER'S LONG-TERM PLAN FOR MZ-1 AND THE PUBLICATION OF GUIDANCE CRITERIA

A. Revised Watermaster Long Term Plan

As noted, above, Watermaster transmitted a revised Long Term Plan to the Court as Exhibit "B" to its October 11, 2007 Supplemental Filing, which revised the Long Term Plan submitted as Exhibit "A" to its August 2, 2007 motion. The Long Term Plan was revised to incorporate elements of the Stipulation. The revisions also clarified the status of groundwater flow and subsidence modeling, and added that further investigation of the potential effects of pumping in the central and northern portions of MZ-1 may include additional monitoring, construction of additional extensometers and peizometers, and groundwater flow and subsidence modeling. (Long Term Plan, p.2-6)

The Long Term Plan is an extension of Watermaster's Interim Plan. Watermaster formulated and implemented the Interim Monitoring Program to focus on cause-and-effect relationships with regard to subsidence in southwestern MZ-1. The results of that Program were documented in February 2006, in the "Management Zone 1 Interim Monitoring Program MZ-1 Summary Report" which, among other details, included a Guidance Level (groundwater level in a specific peizometer at Watermaster's Ayala Park peizometer and extensometer monitoring location) for recommended maintenance of groundwater levels to minimize the risk of permanent subsidence and ground fissuring while the long term plan was being developed. Watermaster also initiated the collection of pertinent groundwater level and ground surface elevation data in other areas in and adjacent to MZ-1.

The Long Term Plan seeks to continue the approach of the Interim Monitoring Program of voluntary management of pumping in southwest MZ-1 (the Subsidence Management Area) in order to implement groundwater level management above the Guidance Level determined via the Interim Monitoring Program efforts. Except for purposeful lowering of groundwater levels as part of the Interim Monitoring Program to ultimately derive input to the Guidance Level, the achievement of elastic aquifer-system deformation appears to derive from the reduction of pumping as part of the Interim Program, and associated maintenance of groundwater levels sufficiently high to be above the Guidance Level.

The Long Term Plan also commits to continued monitoring and interpretation of data in and around the southwest MZ-1 area in order to adaptively adjust the Guidance Level and/or expand the Subsidence Management Area as appropriate into Central and Northern MZ-1, or other areas of subsidence concern. The Long Term Plan commits to consider an injection feasibility study to help determine if aquifer injection is a viable tool to manage subsidence, to design an investigation in northern and central MZ-1 to address whether pumping in those areas has a material impact on subsidence, to provide Watermaster assistance in designing pumping plans to further refine the Guidance Level, and to cooperate with Chino Hills to evaluate the best available options for Chino Hills (presumably in coordination with other well owners) to produce a reasonable quantity of groundwater from MZ-1, with ultimate recognition of the physical

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limitations within MZ-1. Pumping plans will be designed to purposefully maintain groundwater levels above the Guidance Level. Finally, the Long Term Plan commits to ongoing monitoring, interpretation, evaluation, and annual reporting to verify the protective nature of the plan as related to permanent land subsidence and ground fissuring.

The Long Term Plan is stated to be an "adaptive" plan:

A key element of the MZ-1 [Long Term] Plan is its *adaptive* nature. As new data are collected and periodically analyzed to ensure the on-going effectiveness of the plan, the plan will be revised accordingly and approved through the Watermaster process.

(Long Term Plan, p.1-2). The Long Term Plan describes itself as both an "initial" and "current" version of the plan (*Ibid.*), presumably reflecting the "adaptive nature" of the plan.

The Long Term Plan stresses the importance of the exchange of data between Watermaster and the parties, and describes the monitoring that Watermaster will continue in the "Managed Area" (Southern MZ-1) in cooperation with the parties. (Long Term Plan, p. 2-2, 2-3). In addition to the continued monitoring of piezometric levels, aquifer-system deformation, vertical ground-surface deformation, and horizontal ground-surface deformation in the "Managed Areas", Watermaster will continue its monitoring efforts in Central MZ-1, the "Southern Area", and the "Northern Area". (Id., p. 2-3 to 2-5). Watermaster commits in the Long Term Plan to further evaluation of Central MZ-1 and Northern MZ-1 pumping and subsidence issues, and to "specifically design an investigation to address whether production in the Northern and Central areas have a material impact on subsidence" in consultation with the MZ-1 Technical Committee. (Id., p. 2-6).

Section 3 describes how Watermaster's Long Term Plan will be "adaptive":

A key element of the MZ-1 Plan is the verification of the protective nature of the plan as related to permanent land subsidence and ground fissuring. This verification is accomplished through continued monitoring and reporting by Watermaster and revision of the MZ-1 Plan when appropriate. In this sense, the MZ-1 Plan is adaptive....

At the end of March of each year, the MZ-1 Technical Committee will convene to review all available data collected and analyses performed over the past year, and to formally recommend revisions or additions to the MZ-1 Plan. These recommendations will be run through the Watermaster process during May and, if approved, will be budgeted for and implemented during the following fiscal year.

"Managed Area", the list of "managed wells", and the defined "guidance level" (possibly including additional guidance levels in other areas of MZ-1), as well as to change ongoing monitoring efforts.

B. Comments on the Long Term Plan

OBMP Implementation Plan Program Element 4 required the Interim Plan to "[f]ormulate a long-term management plan. The long-term management plan will include goals, activities to achieve those goals, and a means to evaluate the success of the Plan." (OBMP Implementation Plan, p. 26-27.) The Long Term Plan states that its goal is "to develop a pumping and recharge plan to reduce to tolerable levels or abate future land subsidence and ground fissuring." It appears that the Long Term Plan will include the development of a pumping plan (see for example, the last three bullets on p. 2-6.) There is, however, fundamentally nothing in the plan itself related to a recharge plan; recharge planning appears to have been left to other processes. There is no definition of "tolerable levels" and "abatement" when it comes to the ultimate objective. This latter point would seem to ultimately present a challenge in that the continued monitoring is said to be necessary in order to "evaluate the effectiveness of the plan to reduce to tolerable levels or abate future land subsidence and ground fissuring". (Long Term Plan, p. 2-2). It is not clear how Watermaster will make this evaluation if the target ("tolerable levels" vs. "abatement") is not specified.

Finally, Watermaster will produce an MZ-1 Annual Report at the conclusion of each fiscal

year (June 30). The Annual Report will include specified technical information and the "Revised"

MZ-1 Plan". The Long Term Plan could be revised annually to include changes to the

Throughout the discussion of continued monitoring within the managed area, there are references to monitoring of various wells, some on Table 2-2 and others generically described as being in Central MZ-1 and in the Southeast Area. The location and distribution of all monitoring wells should be shown on maps, as should all existing wells that are "subject to being classified as Managed Wells." Finally, there remain some minor issues with Table 2-1. Chino Hills Well 14 is illustrated on Figure 2-1 as a "managed well," but is not included in the listing of managed

wells in Table 2-1. Also, based on examination of well construction details in Table 2-2, it would appear that CIM Well 1A should be included as a managed well in Table 2-1.

There is a commitment that "by the end of Fall 20•7, Watermaster will analyze and compare the survey and InSAR data sets, and recommend a new scope and frequency of data collection ... ". (Long Term Plan, p. 2-3) The timing is very short, and it is unclear, in light of other timing (which is limited but mainly focuses on spring 2008), how such a recommendation will be received and processed in the next few weeks.

There is some internal inconsistency in the Central MZ-1 discussion. The second bullet concludes that current ground surface monitoring "has revealed a zone of potential future ground fissuring". The next bullet says that data from monitoring of horizontal ground-surface displacement can be used to design a program for *detailed* monitoring of horizontal strain across this zone of potential ground fissuring, if deemed necessary by Watermaster. (Long Term Plan, p. 2-3, 2-4) The section concludes that Watermaster will revise the Long Term Plan pursuant to the process in Section 3 "if future data from existing monitoring ... indicate the potential for adverse impacts due to subsidence". If monitoring has already "revealed a zone of potential ground fissuring", it would appear that the "potential for adverse impacts due to subsidence" has already been indicated.

Certain provisions of the Long Term Plan, while based on the Stipulation, appear to focus on Chino Hills. Presumably, Watermaster will consult with all well owners in the Managed Area to "evaluate the best available options for the City", as well as for the other well owners, "to produce a reasonable quantity of groundwater from MZ-1". (Long Term Plan, p. 2-6) Since all deep pumping has an interrelated effect on groundwater levels at the target PA-7 piezometer, it would seem that any pumping plan will need to take into account the respective pumping by other deep well owners.

C. Reasonableness of Plan

The Long Term Plan stops short of specifically defining its target, as described in the stated goal of the plan, to reduce to tolerable levels or abate future land subsidence and ground fissuring. However, the Long Term Plan establishes a Guidance Level to avoid new inelastic

(permanent) subsidence in southwest MZ-1, which is based on detailed investigation and interpretation. The Guidance Level represents the best available target to avoid new inelastic (permanent) subsidence in that area. It is reasonable to expect that implementation of the plan with continued voluntary compliance by the parties will succeed in identifying whether new inelastic subsidence is avoided, whether the Guidance Level needs to be revised and/or applied to a larger area, and whether the same or some other numeric value(s) should be adopted to avoid new inelastic subsidence.

Watermaster's Long Term Plan rests on two principles. The first principle is that management of subsidence should be "adaptive in nature": "This means that while the Plan sets out a set of actions to be taken by Watermaster, this plan of activities may change through time as additional information is obtained and analyzed." (Watermaster Points and Authorities, p.13).

The second principle is that the parties will voluntarily cooperate in Watermaster's monitoring efforts and will follow Watermaster's recommendations in the form of its Guidance Criteria in operating deep wells within MZ-1. Watermaster believes the parties will voluntarily cooperate: "Staff sees no evidence to suggest that the voluntary participation by the parties is unsuccessful." (Watermaster Points and Authorities, p. 9). "At this point in time Watermaster has no reason to believe that the parties will not make prudent management decisions based on the information provided to them by Watermaster." (Id., p. 12) "Watermaster believes that the affected parties in MZ-1 are sufficiently concerned with the potential to cause subsidence that the continuation of a voluntary program consistent with the approach utilized by the Interim Plan is the most effective and efficient means to manage subsidence in MZ-1 on a long-term basis." (Id., p. 13). "Watermaster will not presume that any of the producers operating within MZ-1 will disregard the guidance criteria for extended periods or in a manner that will cause unmitigated harm." (Id., p. 13-14).

Notwithstanding its reliance on the principles of "adaptive" management and voluntary cooperation, Watermaster has "reserved whatever discretion it may have under the Judgment to make constructive improvements." (Watermaster Points and Authorities, p. 14). The Stipulation also provides:

"Watermaster's [sic] reserves its authority to take further actions consistent with the Judgment and the Peace Agreement to avoid or address an existing or threatened emergency to prevent Material Physical Injury as may be authorized by the Judgment or the Peace Agreement."

(Stipulation \P 5). The scope of Watermaster's discretion and authority is not at issue here.

V.

ARGUMENTS AND EVIDENCE FOR WATERMASTER'S REQUESTED FINDINGS

Requested Finding No. 1: The OBMP requires Watermaster to address subsidence in the Chino Basin, but it does not specify particular actions to be taken.

Evidence: OBMP Implementation Plan Program Element 4 states that "an interim management plan will be developed to minimize subsidence and fissuring while new information is collected to assess the causes and to develop an effective long-term management plan." (OBMP Implementation Plan, p. 26.) The OBMP Implementation Plan contains a list of activities to be included in the interim management plan. One of the activities is to "[f]ormulate a long-term management plan. The long-term management plan will include goals, activities to achieve those goals, and a means to evaluate the success of the plan." (Id., p. 26-27.)

Requested Finding No. 2. The Interim Plan has successfully addressed subsidence on a short-term basis.

Evidence: The MZ-1 Summary Report states: "The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Little, if any, inelastic (permanent) compaction is now occurring in the area, which is in contrast to the past...." (MZ-1 Summary Report, p. ES-1.) An April 4, 2007 technical memorandum from Wildermuth Environmental Inc. states: "...during the spring 2005 to spring 2006 period, [two of the benchmarks in MZ-1] recorded a light rebound of the land surface." (See Watermaster Points and Authorities, p. 10; Exhibit "J" to Watermaster's Motion.)

Requested Finding No. 3. The Long Term Plan proposes a reasonable approach to the issue of subsidence on a long-term basis.

Argument: Watermaster argues the Long Term Plan "follows the spirit of the Interim Plan" (Watermaster Points and Authorities, p. 8, lns. 3-4.) Watermaster also argues:

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...the Interim Plan turns out to have charted exactly the right course to accomplish the goals of the plan: to bring subsidence under control, to come to understand the mechanisms of subsidence in the Chino Basin, and to determine what needs to happen on a long term basis. Accordingly, the challenge presented for the plan is to maintain the effectiveness of the solution that has been established by the parties through voluntary cooperation rather than trying to remediate an existing problem.

(*Id.*, p. 10, lns. 21-26.)

Requested Finding No. 4. The Long Term Plan is consistent with the Judgment, the OBMP and Peace Agreement.

Argument: Watermaster's Points and Authorities include argument showing that the Long Term Plan is consistent with the OBMP. No argument is made with respect to the Judgment or Peace Agreement. (See Watermaster Points and Authorities, p. 10.)

VI.

RECOMMENDATION

According to the stipulation filed by Watermaster, City of Chino Hills will withdraw its opposition to Watermaster's motion and requested findings. As noted earlier, Watermaster contends the stipulation itself is sufficient. There is support for Findings Nos. 1, 2, and 3. Insufficient argument has been presented with respect to Finding No. 4. The request for Finding No. 5 has been withdrawn.

The Court should direct Watermaster to proceed with the Long Term Plan as presented, and to report to the Court regarding implementation of and revisions to the plan as part of its regular OBMP implementation status reporting. The Long Term Plan provides for the intended (albeit voluntary) maintenance of groundwater levels above a Guidance Level that derives from intensive investigation of the southwest MZ-1 area; the intensive investigation suggests that increased subsidence can be avoided with this approach. The Long Term Plan also provides for expanded monitoring and investigation of subsidence in other areas within and adjacent to southwest MZ-1 to better understand cause-and-effect relationships between groundwater pumping and subsidence, which may result in expanding the Subsidence Managed Area as appropriate. The "adaptive" nature of the Long Term Plan, based on continued monitoring and

⁴ Watermaster's OBMP Status Report 2007-01 has not yet been filed. It was due September 1, 2007.

interpretation of pumping, groundwater levels, and ground level data, is intended to result in confirmation, revision, and/or expansion of the Guidance Level, again as appropriate. The Long Term Plan provides that Watermaster will produce an MZ-1 annual report at the conclusion of each fiscal year, and that the Long Term Plan can be revised based on that report. Watermaster should be ordered to file the MZ-1 annual reports with the Court.

The reasonableness of the Long Term Plan rests on the "adaptive" nature of the plan itself, and on Watermaster's belief that it is in the parties' interest to continue voluntarily to operate within the guidance criteria and to cooperate in Watermaster's monitoring efforts. It appears, overall, that the Long Term Plan is a reasonable plan to address subsidence and fissuring in MZ-1. Risks of fissuring and subsidence are such that the Court can rest assured that the parties would bring the issue back to the Court if the Long Term Plan were not adapted to future circumstances.

Dated: October 15, 2007

Schneider, Special Referee

CHINO BASIN WATERMASTER Case No. RCV 51010 Chino Basin Municipal Water District v. The City of Chino

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

1) SPECIAL REFEREE'S COMMENTS AND RECOMMENDATIONS CONCERNING MOTION FOR APPROVAL OF WATERMASTER'S LONG TERM PLAN FOR MANAGEMENT OF

On October 16, 2007, I served the following:

SUBSIDENCE

/_x_/	BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows: See attached service list: Mailing List 1
//	BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.
//	BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.
/_x_/	BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

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

Executed on October 16, 2007 in Rancho Cucamonga, California.

Janine Wilson

Chino Basin Watermaster

Dilson.

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