FACTS FOR STIPULATION

General Background

The Special Districts Department of San Bernardino County (SB County) provides administrative oversight and management to numerous departments and entities, commonly called districts, that are governed by the SB County Board of Supervisors.

Up until the formation of Phelan Piñon Hills Community Services District during 2008, SB County provided such oversight and management to districts including what SB County called "CSA 70 Improvement Zone L" or "CSA 70L." On or about August 31, 1998, SB County received two copies of Real Estate Appraisals for parcels proposed for new well sites located in Los Angeles County. See Exhibit A.

For purposes of this litigation matter, and unless otherwise stated in this Stipulation, reference in this Stipulation to SB County's actions regarding water supply relate to "CSA 70 Improvement Zone L" or "CSA 70L." On or about April 6, 1999, SB County sent a letter to Los Angeles County with five original contracts enclosed for the purchase of parcels (APN 3089-021-901 and 3089-021-902) in the Piñon Hills area near Pearblossom Highway and Palmdale Road. A true and correct copy of said letter is attached hereto as Exhibit C.

On or about June 23, 1999, Los Angeles County sent a letter to SB County stating the Los Angeles County Department of Public Works needs one of these two parcels, so Los Angeles County will only sell one of the parcels to SB County. A true and correct copy of said letter is attached hereto as Exhibit D.

On or about July 9, 1999, SB County received a letter from the California Department of Health Services, a true and correct copy of which is attached hereto as Exhibit E, stating that the available water source capacity was too close to the maximum daily demand and written approval for additional service connections would be required.

On or about July 9, 1999, SB County issued a temporary moratorium on new connections until a new well commonly known as Well 12 was equipped and permitted. See Exhibit E.

On or about August 3, 1999, SB County approved the Purchase and Sale Agreement for the acquisition of one parcel of land (APN 3089-021-902) from Los Angeles County (Well 14 Parcel).

On or about September 13, 1999, Los Angeles County executed a deed transferring the Well 14 Parcel to SB County, a true and correct copy of which is attached hereto as Exhibit F.

On or about October 5, 1999, SB County sent to Los Angeles County the original grant deed for the Well 14 Parcel, with the Certificate of Acceptance attached, a true and correct copy of which is attached hereto as Exhibit G.

Well 14 is located on that single parcel of real property identified as Lot 32 as shown on the licensed surveyor's map filed in Book 74, Page 43, Record of Surveys, in the office of the County Recorder of Los Angeles County, with Los Angeles County Assessor's Identification Number ("AIN") 3089-021-270L, however the number on the deed from Los Angeles County to SB County identifies the AIN for this parcel as 3089-021-902 due to Los Angeles County changing the AIN when it conveys ownership of one of its parcels, such as the Well 14 Parcel.

On or about March 2000, SB County prepared an Initial Study entitled, Initial Study for CSA 70, Zone L, Well #14 Project. Attached hereto as Exhibit H is a true and correct copy of said study.
On or about May 30, 2000, the California State Clearinghouse issued an Acknowledgment of Receipt for the environmental documents prepared in connection with SB County constructing a groundwater production well on the Well 14 Parcel, with the project referred to as the “Well 14 Project.” See Exhibit I.

On or about June 21, 2000, the California State Clearinghouse sent a letter to SB County regarding the Well 14 Project indicating the State Clearinghouse submitted the Negative Declaration to State agencies for review, the review period closed, and no comments were submitted regarding the Well 14 Project. See Exhibit J.

On or about August 29, 2000, a Negative Declaration and Notice of Determination for construction of a well for the Well 14 Project was adopted, a true and copy of which is attached hereto as Exhibit K.

On or about June 3, 2003, the agenda for the San Bernardino County Board of Supervisors’ Board Meeting included an agenda item for soliciting public bids for the drilling of Well 14 in order for the water system to meet State requirements for an adequate water supply. A true and correct copy of the staff “report/recommendation” in support of the Well 14 Project regarding said agenda item is attached hereto as Exhibit L.

On or about March 4, 2004, a well completion report was signed by South West Pump & Drilling, Inc. for Well 14 on the Well 14 Parcel. Well 14’s identification number is 05N08W25J001S. Attached hereto as Exhibit M is a true and correct copy of said well completion report and well permit application.

Phelan Piñon Hills Community Services District’s Background

Phelan Piñon Hills Community Services District (Phelan Piñon Hills) is a public agency organized as a community services district and operating pursuant to California Government Code section 61000 et seq. See Exhibit A, page 2, section 2(e).

Phelan Piñon Hills was formed following an election on February 5, 2008 as part of the reorganization of three SB County districts all governed by the SB County Board of Supervisors. The reorganization included formation of Phelan Piñon Hills, detachment from SB County Service Area 56, and dissolution of (1) San Bernardino County Service Area 9 (CSA 9) (Phelan Parks and Street Lighting); (2) County Service Area No. 70 Improvement Zone “L” (CSA 70L) (Water); and (3) San Bernardino County Service Area 56-F1 (CSA 56-F1) (Piñon Hills Parks). See Exhibit A, page 1.

Phelan Piñon Hills’ formation was finalized on March 18, 2008 by Resolution 2994 of San Bernardino Local Agency Formation Commission (SB LAFCO). Attached hereto as Exhibit N is a true and correct certified copy of SB LAFCO’s Certificate of Completion of Phelan Piñon Hills’ formation.

As part of the reorganization, Phelan Piñon Hills became the successor agency to SB County’s CSA 70L, and Phelan Piñon Hills acquired among other things the rights, duties, equipment, and assets, including the Well 14 Parcel and Well 14. See Exhibit A, pages 2 through 4.

As part of the reorganization, Phelan Piñon Hills succeeded to the rights, obligations, and interests of CSA 70L under the Judgment and Physical Solution in City of Bartow, etc., v. City of Adelanto, etc. et al. and Related Cross Actions, Riverside County Superior Court Case No. 208568 (the Mojave Basin Area Adjudication). See Exhibit A, page 3, section 2(e), Condition No. 8.

The Mojave Basin Area Adjudication does not include Well 14.

All of Phelan Piñon Hills water service facilities, including groundwater production wells like Well 14, that are serving Phelan Piñon Hills’ residents and customers were constructed by or at 01133.0012/209001.3
the direction of SB County, and operated by SB County up until SB LAFCO approved the reorganization and SB County transitioned everything to Phelan Piñon Hills approximately six (6) months following SB LAFCO’s approval.

Well 14 is the only Phelan Piñon Hills well located within the Antelope Valley Adjudication Area as previously defined by the Court in the Antelope Valley Groundwater Cases.

Well 14 is located outside the existing service area of Phelan Piñon Hills.

As of the October 2014, Phelan Piñon Hills provides municipal water service to more than 21,576 residents through approximately 6,778 service connections, with Phelan Piñon Hills’ existing service area shown in Exhibit O attached hereto.

All of Phelan Piñon Hills groundwater production wells pump into a collective distribution system that is interconnected with pipelines, reservoirs, and booster pumps, and the water is distributed to Phelan Piñon Hills customers through its distribution system.

**Well 14 Groundwater Production**


Well 14 water was first delivered to customers on January 2006, and since then, Well 14 water is distributed through Phelan Piñon Hills’ water system for delivery to customers.

Shortly after Well 14 came online, Well 14 was not able to operate at its full capacity due to difficulty with the pump installed by or at the direction of SB County. The pump was replaced toward the end of calendar year 2008, allowing Well 14 to become fully operational part way into calendar year 2009.

A table summarizing monthly production from Well 14 is:

Regular flowmeter readings are the methodology used in determining the amount of groundwater produced by Well 14, with Well 14’s flowmeter regularly maintained and calibrated. Attached hereto as Exhibit P are true and correct copies of flowmeter readings for Well 14 for calendar years 2005 through December 31, 2013.

Exhibit PQ represents Well 14’s records prepared and maintained in accordance with Phelan Piñon Hills’ customs and practices, including recordation of the information based upon the water year from October 1 through September 30.

Also, attached hereto as Exhibit QR are true and correct copies of Certificates of Accuracy for tests performed on Well 14, which speak to the accuracy of Well 14’s flowmeter.

Attached hereto as Exhibit RS are true and correct copies of the Notice of Extraction and Diversion of Water for Well 14 from 2005 through 2013. Well 14 water has and continues to be reasonably and beneficially used.

**Phelan Piñon Hills’ Water Use**

Phelan Piñon Hills provides water for municipal use to which groundwater produced by all of Phelan Piñon Hills’ wells is applied, including groundwater produced by Well 14, with the
groundwater used almost exclusively – approximately 97% – for domestic purposes, with some groundwater used for fire protection including support to or within Los Angeles County as needed.

Part of the domestic use includes outdoor irrigation, and husbandry in some instances.

Very little – approximately 3% – of water produced by Phelan Piñon Hills is used for commercial purposes.

The total water demand by Phelan Piñon Hills is as follows, by calendar year: 2010: 2,456 af; 2011: 2,631 af; 2012: 2,649 af; and 2013: 2,838 af.

The total water supplies available to Phelan Piñon Hills is as follows, by calendar year: 2010: 3,022 af; 2011: 2,876 af; 2012: 3,021 af; 2013: 3,069 af.

During 2012, Phelan Piñon Hills acquired property and water rights from Meadowbrook Dairy Real Estate, LLC, which are located within San Bernardino County and subject to the Mojave Basin Area Adjudication, however, the neither the property nor the water rights acquired by Phelan Piñon Hills are located within or adjacent to Phelan Piñon Hills’ service area nor does the Phelan Piñon Hills water system intertie or otherwise connect to property acquired.

Phelan Piñon Hills does not import water though it pays the Mojave Basin Area Adjudication Watermaster fees or assessments that in part contribute to purchases of imported water.

The use of water for outdoor irrigation is limited given that many water customers within Phelan Piñon Hills’ service area have natural desert landscape for which outdoor irrigation is not used, as illustrated in Exhibits SF, TU, and AND U-V attached hereto.

**Phelan Piñon Hills’ Return Flow**

Phelan Piñon Hills General Manager Bartz has been the General Manager for Phelan Piñon Hills since 2008 and prior to that time he was General Manager for six years at Baldy Mesa Water District, with prior work experience including as an engineering manager and technician.

Phelan Piñon Hills Designated Expert Harder was qualified as an expert during the Phase Three Trial, and Mr. Harder’s curriculum vitae is attached hereto as Exhibit XW.

Phelan Piñon Hills Designated Expert Harder testified during deposition that groundwater will flow perpendicular to groundwater contour lines. *(Harder Depo, p. 7:20-22.)*

Water use in the Phelan Piñon Hills service area is 97% for municipal purposes for homes, mostly single-family homes.

There is no sewer system in the area - it is 100 percent septic disposal through individual septic systems.

Phelan Piñon Hills’ customers’ use of water generates return flows from the groundwater that is pumped by Phelan Piñon Hills, with the return flows returning to some extent to the Antelope Valley Groundwater Basin’s aquifer.

Part of Phelan Piñon Hills’ service area (as depicted in Exhibit P) lies over a portion of the Antelope Valley Groundwater Basin as described and illustrated in Department of Water Resources Bulletin 118 (2003) *(Antelope Valley Hydrogeological Basin).*
Phelan Piñon Hills distributes water to customers in that portion of Phelan Piñon Hills' service area that lies over a portion of the Antelope Valley Hydrogeological Basin.

Documents reviewed, or prepared by or at the direction of Phelan Piñon Hills Designated Expert Harder, include the following:

Phase 5: Exhibit 5-PhelanCSD-22 (Figures and Tables of Thomas E. Harder): Tab 8512 posted 2/3/14.

Phase 5: Exhibit 5-PhelanCSD-23 (Metered Service Consumption): Tab 8512 posted 2/3/14.

Phase 5: Exhibit 5-PhelanCSD-24 (Usage by Meter): Tab 8512 posted 2/3/14.

Phase 5: Exhibit 5-PhelanCSD-25 (Return Flow Summary Table of Thomas E. Harder): Tab 8512 posted 2/3/14.

Phase 5: Exhibit 5-PhelanCSD-27 (Opinions of Thomas E. Harder): Tab 8663 posted 2/18/14.