

STAFF REPORT

City of Lancaster

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Date: April 27, 2010

To: Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: **Agreement with Gordon Thomas Honeywell, LLP to Provide Mediation Services for the Antelope Valley Adjudication Principal's Group**

Recommendation:

Approve an agreement with Gordon Thomas Honeywell, LLP (GTH), 600 University, Suite 2100, Seattle, Washington 98101, to provide mediation services for the Antelope Valley Adjudication Principal's Group for an amount not to exceed \$225,000.00, of which the City's portion is approximately \$18,000.00, and authorize the City Manager, or his designee, to sign all documents once a Memorandum of Understanding has been signed by the participants.

Increase appropriations to expenditure account 101-4400-303 in the amount of \$18,000.00 from fund balance.

Fiscal Impact:

\$225,000.00; Source of funding: Principals of the Antelope Valley Adjudication process that have verbally agreed to participate in the funding for GTH to mediate a settlement for the adjudication include the City of Lancaster, Palmdale Water District, Quartz Hill Water District, Rosamond Community Services District, Antelope Valley United Water Purveyors, Tejon Ranch, Antelope Valley East Kern Water Agency, Rio Tinto, Antelope Valley Water Storage, Phelan Pinon Hills Community Services District, Antelope Valley Water Association, Bolthouse Farms and Grimmway Farms. The City will administer the contract, collection of funds, and payments to GTH. The City's portion of the cost will be approximately \$18,000.00 and the other participants will pay approximately \$207,000.00. A Memorandum of Understanding (MOU) regarding financial participation is expected to be signed by each of the above Principals prior to the agreement being signed by the City Manager.

Background:

Since the late 1990's, Antelope Valley water interests have been embroiled in litigation pertaining to groundwater pumping rights. Eventually, the various cases were combined in 2004 to be heard as a single case. The original filing began as a dispute between certain agricultural interests and public water purveyors regarding perceived excessive pumping. Eventually, the cases involved all users and potential users of groundwater and became structured to determine the availability and allocation of groundwater supplies in the Antelope Valley that would not detrimentally affect the underlying aquifer.

Generally speaking, after the cases were combined, the various parties engaged the services of primarily water law attorneys to represent their interests as principals before the court. Similarly, the various parties engaged multiple expert witnesses to determine hydrological baselines. Many, if not most, of the principals chose to relegate the handling and ultimate settlement of the cases to their respective attorneys and expert witnesses.

Most, if not all, principals have come to realize the importance of personally evaluating the associated issues and crafting their positions regarding those issues. Most are unaware of the specifics and/or reasons of/for positions previously taken by other parties and now agree that understanding all points of view is necessary to craft a settlement agreement that is best for the Antelope Valley.

Earlier attempts to discuss settlement were complicated by the presence of the attorneys and reached impasse as the principals stopped talking/discussing the issues and deferred all comments/communication to the attorneys. Eventually, the principals, in large part, stopped attending the scheduled settlement meetings.

Clearly, each party is interested in a judgment that awards the best deal for that party but most have come to realize that no one party will achieve its “best deal” scenario. The principals understand and appreciate the interdependence and connectivity between the various parties and want to arrive at a settlement that preserves the diversity of the Antelope Valley and fairly protects the future for all parties to the cases.

The principals have therefore decided to meet without their attorneys to determine acceptable terms of settlement that can be crafted by legal experts into a suitable proposed stipulated judgment. Where such judgment may not be acceptable to all, the participating principals understand that other cases have been settled by stipulated judgment where such judgment was accepted not by all, but by a majority of the involved parties.

GTH was contacted and interviewed by the Principal’s Group and the City was asked to prepare an agreement and contract with GTH on behalf of the Principal’s Group. The attached agreement was prepared and is now ready to be executed. Many of the Principals have verbally agreed to participate financially in the cost of using GTH as mediators for the Group. An MOU has been drafted and will be provided to the participants for signature; a sample of which is attached.

To keep the momentum of the Group moving forward, the City contracted with GTH for a two month period while this more formal agreement was being prepared.

SD:lcs

Attachment:

Agreement

Draft Memo of Understanding