1 2 3 4 5	JOHN S. TOOTLE, ESQ. (SBN 181822) CALIFORNIA WATER SERVICE COMPANY 2632 West 237 th Street Torrance, CA 90505 Telephone: (310) 257-1488 Facsimile: (310) 325-5658 Attorney for Defendants/Cross-Complaint ANTELOPE VALLEY WATER COMPANY SUPERIOR COURT OF TH	ts E STATE OF CALIFORNIA
7	IN AND FOR THE COUNTY OF LOS ANGELES	
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9	Coordinated Proceeding (Special Title (Rule 1550 (b))	Judicial Council Coordination Proceeding No. 4408
10	ANTELOPE VALLEY GROUNDWATER CASES	Santa Clara Case No. 1-05-CV-049053
11	Included Actions:	[Assigned to the Honorable Jack Komar]
12	Los Angeles County Waterworks District No. 40 v. Diamond Farming Co. Los Angeles County Superior Court	OPPOSITION TO PLAINTIFF'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT
13	Case No. BC 325201;	OF MOTION FOR AN AWARD OF ATTORNEYS' FEES, REIMBURSEMENT OF EXPENSES, AND
14	Los Angeles County Waterworks District No. 40 v. Diamond Farming	CLASS REPRESENTATIVE INCENTIVE AWARD
15	Co., Kern County Superior Court, Case No. S-1500-CV-234348;	DATE: March 22, 2011 TIME: 9:00 a.m.
16	Wm. Bolthouse Farms, Inc. v. City of Lancaster Diamond Farming Co. v. City	Dept: CCW
17	of Lancaster v. Palmdale Water District, Riverside County Superior	Judge. Hom. Juda Romaz
18	Court, Consolidated Actions, Case Nos. RIC 353840, RIC 344436, RIC	
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California Water Service Company (Cal Water) opposes Plaintiff's motion (Motion) for an incentive payment and for Willis Class (Class) attorney fees under Code of Civil Procedure Section 1021.5 ([CCP] 1021.5) and requests the Court either deny Plaintiff's requests entirely or use its "equitable discretion" under [CCP] 1021.5 to significantly reduce Plaintiff's requested award, which would fairly consider all parties' and most importantly the public's interests at large.

Cal Water is a public water supplier, regulated by the California

Public Utilities Commission (Commission), serving approximately 670 customers

within the Antelope Valley Groundwater Adjudication Boundary (AVGAB).

Plaintiff's Motion requests Cal Water, along with the other public water

suppliers, who together serve approximately [50,000] customers with their

water utility service (commonly referred to in this litigation as Public

Water Suppliers (PWS)), to compensate Plaintiff and Class attorneys an

outrageous and unjustifiable award of attorney fees.

Specifically, Cal Water opposes the Motion on the following grounds:

(1) Class' action does not enforce an "important right" affecting the public interest under [CCP] 1021.5; (2) awarding Class fees would unjustly enrich a select and specific class of litigants at the harm of another class of litigants (PWS customers) contrary to the intent of [CCP] 1021.5; (3) awarding Class attorney fees is contrary to the "American Rule," which prohibits an award of attorney fees in the absence of a statute or contract providing otherwise; (4) Class involvement was excessive, certainly to extent billed; and (5) the "financial burden of litigation," as contemplated by [CCP] 1021.5 does not transcend the benefits conferred upon the Class.

If the Court finds under [CCP]1021.5 that the Class attorneys should be awarded attorneys' fees, the Court should apply its "equitable discretion" under [CCP] 1021.5 to award only a reasonable amount. A reasonable amount should take into account: (1) contributions of all parties in the litigation; (2) benefits to all parties in the litigation due to Class involvement; and (3) overall public benefit taking into account the overall costs of this litigation.

BACKGROUND

In 1999, Diamond Farming Co. filed the original complaint in this coordinated proceeding against the City of Lancaster, Palmdale Water District, Antelope Valley Water Company¹, Falm Ranch Irrigation District, Quartz Hill Water District, Rosamond Community Services District, and Mojave Public Utility District in Riverside County Superior Court. In 2001, Wm. Bolthouse Farms filed a similar complaint against the aforementioned defendants and also named defendants Little Rock Irrigation District and Los Angeles Waterworks Districts No. 37 and No. 40. These complaints sought a determination by quiet title actions that Diamond Farming Co. and Wm. Bolthouse Farms rights to pump groundwater were superior to the rights of all the named defendants - the PWS. These cases were consolidated, and a trial was held in Riverside Superior Court. Among other related issues, the Riverside Court sought to define the affected physical groundwater basin. Based on the evidence presented at trial, the Court was unable to make a

¹ California Water Service Company through stock merger and by law is the successor to the Antelope Valley Water Company.

formal determination, and, in so many words, the Riverside Court recognized that the consolidated cases were ultimately more complex than simply quiet title actions between the litigating parties.

In 2007, the PWS filed their first amended cross-complaint in the Los Angeles County Superior Court seeking an adjudication of rights to all groundwater pumping within the Antelope Valley Basin (Basin). The cross-complaint sought to protect the public's water supply and to prevent the undesirable effects of over pumping the groundwater Basin.

In 2007, all cases were coordinated with respect to common claims and issues. In 2007, the Class filed its Second Amended Compliant (SAC) against the PWS. In 2008, the Court determined the AVGAB and, most importantly, identified parties whose rights would be impacted by the litigation.

TRIAL COURT'S EQUITABLE DISCRETION UNDER [CCP] 1021.5

[CCP] 1021.5, commonly referred to as the private attorney general's doctrine, permits that "a court may award attorneys' fees to a successful party ... in any action which has resulted in the enforcement of an important right affecting the public interest if: (a) a significant benefit, whether pecuniary or nonpecuniary, has been conferred on the general public or a large class of persons; (b) the necessity and financial burden of private enforcement ... are such as to make the award appropriate; and (c) such fees should not in the interest of justice be paid out of the recovery, if any." (Emphasis added.)

The key case to evaluating attorneys' fees motions under [CCP] 1021.5 is Woodland Hills Residents Assoc., Inc. v. City Council of Los Angeles, 23 Cal.3d 917 (1979). Here, a local residents' association and its individual members initiated a mandate action to force the City Council to follow its own city planning quidelines in approving a subdivision development. association was successful in its mandate action and sought attorneys' fees under the private attorney general and substantial benefit doctrines. The trial court denied the motion. While the appeal was pending, the California Legislature passed [CCP] 1021.5. The Court of Appeal held that [CCP] 1021.5 was applicable to the action and remanded the case to the trial court to determine whether the statutory requirements were met. In so doing, the Court of Appeal provided specific guidance on how the trial court should evaluate each of the statute's requirements. First, the Court of Appeal noted that the trial court must "exercise judgment" in ruling on whether an "important right" was involved. Id. at 935 (emphasis added). Moreover, "the trial court, utilizing its traditional equitable discretion (now codified in [CCP] 1021.5), must realistically assess the litigation and determine, from a practice perspective, whether or not the action served to vindicate an important right..." Id. at 938 (emphasis added). Likewise, in evaluating the "significance of the benefit, as well as the size of the class receiving the benefit," the court would make a "realistic assessment, in light of all the pertinent circumstances, of the gains which have resulted in a particular case." Id. at 939-940 (emphasis added). Finally, there was a question in this case as to whether the attorneys' fees should and/or could be apportioned. The Court of Appeal held that, "[a]lthough [CCP] 1021.5 does

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not specifically address the question of the propriety of a partial award of attorney fees, we believe that if the trial court concludes that plaintiffs' potential financial gain in this case is such as to warrant placing upon them a portion of the attorney fee burden, the section's broad language and the theory underlying the private attorney general concept would permit the court to shift only an appropriate portion of the fees to the losing party or parties." Id. at 942.

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Subsequently courts have upheld Woodland Hills, supra. In City of Sacramento v. Drew, 207 Cal. App. 3d 1287 (1989), a taxpayer successfully challenged a local resolution that proposed to assess certain costs for the construction of three new elementary schools. The Court of Appeal again reversed trial court's denial of attorney fees, and in so holding, the Court of Appeal noted that the use of the permissive "may" in the statute "suggest[s] that the statute delegates authority to deny attorney fees in special circumstances notwithstanding that the criteria are found to apply." Id. at 1297, fn 3. However, the Court of Appeal continued, "the contrary conclusion is supported on the grounds that [CCP] 1021.5 codifies whatever equitable discretion is delegated to the courts and that California courts have uniformly evaluated fee awards pursuant to the measure whether or not the statutory criteria have been met." Id. Thus, the Court of Appeal held, the "may" in [CCP] 1021.5 "simply signif[ies] that a court has discretion to act within the criteria of [CCP] 1021.5." Id. This holding would seem to be consistent with the California Supreme Court's decision in Woodland Hills, supra, in which the Court discussed the judiciary's discretion in relation to each of the statute's express requirements.

Finally, in City of Santa Monica v. Stewart, 126 Cal. App. 4th 43 (2005): Santa Monica and Pasadena both sought to invalidate a voter-approved ballot initiative that the cities thought to be unconstitutional. The Santa Monica case was found to be non-justiciable, so it does not address the [CCP] 1021.5 issues. Whereas, in Pasadena, the initiative's sponsor intervened and joined in the writ of mandate after Pasadena insisted that it had no duty to comply with a Government Code section requiring it to authenticate, certify and file copies of the initiative with the Secretary of State. Pasadena then filed a cross-complaint for declaratory relief against the sponsor, which the sponsor moved to strike under the anti-SLAPP statute. The trial court granted the writ of mandate and denied the anti-SLAPP motion. Then, on a motion for summary judgment, the trial court declared the initiative unconstitutional and unenforceable in its entirety. The initiative's sponsor then moved for attorneys' fees under [CCP] 1021.5 on the grounds that it had successfully prosecuted the petition for writ of mandate, which resulted in an order requiring Pasadena to comply with the Government Code. The trial court denied the motion, finding, among other things, that the sponsor had not contributed significantly to the action because the court "probably would have granted" the writ petition based solely on the taxpayer's arguments. The Court of Appeal reversed all of the orders in the Pasadena action, including the denial of the attorneys' fees motion, finding that the sponsor had met the statutory requirements of CCP 1021.5. In so holding, the Court of Appeal noted that "[w]e do not hold that a trial court may not consider the relative contributions of multiple private attorneys general when it exercises its discretion to determine the proper amount of an attorneys' fee

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award. On the contrary, to the extent both the original plaintiff and the intervenor seek to recover fees for time spent that was superfluous to the results achieved by the litigation, or duplicative of one another's efforts, those factors may properly be used to reduce, or perhaps deny altogether, a particular fee request." Id. at 88.

WILLIS CLASS REQUESTS DOES NOT MEET STATUTORY REQUIREMENTS UNDER [CCP] 1021.5

1) Willis Class' Action Did Not Enforce an "Important Right" Under [CCP] 1021.5

Even though the coordinated action will serve to protect the Basin, parities initiated the action and have participated in the action to determine their private rights (priority) to use the groundwater from within the AVGAB. The right to use groundwater is a private right even though the groundwater itself belongs to the public.² The Class represents similarly situated property owners within the AVGAB. Cal Water challenges Class' assertion that representing Class members private water rights is an "important right" under [CCP] 1021.5. They did not file their complaint to protect the Basin (the PWS filed their cross-complaint for adjudication), the Class did not file its complaint to vindicate an injustice by a public entity

² "Thus, the current state of the law is that a riparian (or overlying) owner, or an established appropriator, has the right to take and use water from e.g. a flowing stream, but the flowing water is not owned. On the other hand, a water right itself has been considered an interest in real property. (See e.g. Schimmel v. Martin (1923) 190 Cal. 429, 432, 213 P. 33.) It is also sometimes described as a right "appurtenant to" or "part and parcel of" an interest in real property. (See e.g. Lux v. Haggin, supra, 69 Cal. at pp. 390, 391-392, 4 P. 919.) State v. Superior Court of Riverside County 78 Cal. App. 4th 1019,1025 (2000); 93 Cal. Rptr. 2d 276,281

- "guard the guardian," but to protect their private right to pump Basin groundwater in the future. The Willis Class clearly stated their intention was to determine and to preserve a right to pump groundwater in the future. 4

The Willis Class may argue that their participation allowed the litigation to move forward given the federal government raised the lack of state jurisdictional issue, the McCarran Amendment, codified at 43 U.S.C. § 666. Such an argument is hollow and fails to qualify Class' action as an "important right." There have been numerous groundwater adjudication cases in California. Cal Water is not aware that courts in any such cases have ever certified a class or found a class necessary to proceed. As easily as class notices were sent to all Class members, each Class member may have been individually served and model answers and pleadings filed. In such cases, the individual class members would be paying their own legal fees and overall legal costs would be far less than the Class requested. Class Motion's Points and Authorities, page 5, cite several cases. None of these cases, stand for the enforcement of an "important right" simply because it expedited litigation or because class counsel represented a large class, having their own significant economic interest. In Friends of the Trails v. Blasisus, 78 Cal. App. 4th 810, fees were awarded to a plaintiffs because Plaintiffs proved that the public had acquired a public easement. "The trial court did not err in determing that this was a case where Friends of the Trails recovered "other than monetary relief as to NID [Defendants] and in awarding costs against NID. Id at 839. In Graham v. DaimlerChrysler, 34 Cal. 4th 553 (2005), the trial court found pursuit of public safety issues, and in Beasley v. Wells Fargo Bank, 235 Cal. App. 3d 1407 was a public consumer protection action. As Beasley recognizes, section 1021.5 requires both a finding of a significant benefit conferred on a substantial number of people and a determination that the "subject matter of the action implicated the public interest." Id at p. 1418. Here, the subject of the Class action is seeking their own private right to pump groundwater in the future.

2) Awarding Class Attorneys' Fees Would

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³ City of Sacramento at 1299, supra, "....the adequacy of public enforcement... seeks economic equalization of representation in cases where private enforcement is necessary. Note, Cal Water and PWS have 670 and approximately 50,000 customers, respectively. According to Plaintiff's Memorandum of Points and Authorities In Support Of Motion For An Award Of Attorneys' Fees, Reimbursement of Expenses, and Class Representative Incentive Award (Motion's Point and Authorities) page 1, the Willis Class represents 65,000 class

⁴ As pointed out in City of Lancaster and Rosamond Community Services District Opposition to the Motion, Classes SAC seek[s] a judicial determination as to the priority and amount of water that *all parities in interest* are entitled to pump from the Basin

Unjustly Enrich A Specific Class of Litigants.

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The Class requests that PWS pay their legal fees under [CCP] 1021.5. In California Licensed Foresters Assoc. v. State Board of Forestry, 30 Cal.App.4th 562 (1994), the Court of Appeal considered whether Foresters Association was entitled to attorneys' fees pursuant to [CCP] 1021.5 in an action against the State Board of Forestry. The Association challenged an emergency action by the Board that altered the requirements necessary to obtain approval to harvest timber. The Association claimed the new regulation adversely affected the livelihood of its members and sought an injunction barring enforcement of the emergency regulation. The trial court ruled that the Association was entitled to its fees pursuant to [CCP] 1021.5. The Court of Appeal reversed concluding that the "costs of litigation were not out of proportion to [the Association's] stake in the litigation."

Here, Class is requesting attorneys' fees of approximately \$3.4 million. Cal Water does not believe that the attorneys' fees requested is reasonable or justified given at most 51 months of Class attorney involvement in the litigation. 5 Notwithstanding, requested Class attorneys' fees split equally amongst class members (65,000) is approximately \$52.30 (\$3.4 million divided by 65,000) per Class member. Rebecca Willis owns ten acres of land. Having the potential to pump groundwater in the future on such a large parcel within the high desert area of the AVGWAB, unquestionably has enriched Rebecca Willis and each Class member, by more than \$52.30, or in Rebecca Willis case \$5.23 per acre. Clearly, Rebecca Willis and Class members have a

⁵ Motion's Points and Authorities page 1.

pecuniary interest in this litigation. In fact, each Class member has a strong personal economic interest. As stated in Beach Colony II Ltd. v. Cal. Coastal Comm., 166 Cal. App. 3d 106 (1985), the trial court entered an order awarding plaintiff attorneys' fees pursuant to [CCP] 1021.5. In that case, Colony II was a partnership formed to develop real property. It applied to the Commission for a development permit to allow it to build 10 condominiums on its land. The Commission granted the permit but imposed a condition requiring Colony II to transfer a portion of its property to the public. trial court held that the condition imposed by the Commission was improper and awarded Colony II attorneys' fees. The Court of Appeal reversed the attorney fees award. The Court stated that "Section 1021.5's policy of encouraging public interest lawsuits is not promoted by awarding fees to persons having strong personal economic interest in litigating matters." (emphasis added) Id. at 115. The Court further held that "the litigation here was self-serving, and Colony II does not show why its victory does not justify the cost of winning it." Class' Motion's Points and Authority makes no such a showing.

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Within the AVGAB, it is undisputed that Class members' lands would be of less value without water. At this point, Willis Class (dormant landowners i.e., parties who own land, but are not currently pumping water form the groundwater basin or receiving water from a PWS), clearly, had a paramount economic interest to participate in the litigation. As a matter of fact, the Court does not have to infer Class members' interests. Mr. Fife represents a coalition of landowners and indicated in his arguments against the Court's acceptance of the Class settlement with PWS indicated that some of his

clients also signed to join as members of a class. Class members have been economically enriched and some may have been willing to pay costs associated with the litigation.

To some extent Cal Water and the other PWS represent a class of litigants - our customers. Our customers will ultimately pay the costs of litigation through higher water rates, pursuant to Commission rate setting policies and procedures in Cal Water's case. Our customers have the same interests as the Class members - determination to a sustainable right to pump groundwater from the Basin, and, therefore, avoid paying costs of higher priced imported water to meet their water requirements.

Since there are possibly fewer PWS customers than Class members, each PWS customer may be responsible for even higher Class attorneys' fees. PWS customers did not receive any justice or economic benefit greater than Class members.

3) Awarding Class Attorneys' Fees is contrary to the "American Rule"

Since [CCP] 1021.5 is not justified, awarding Class attorney fees is contrary to the "American Rule," where, unless set forth in statute or contract, each party pays its own legal fees. Applying [CCP] 1021.5 to a certified class in a groundwater adjudication in a state where numerous similar adjudications with similar parties' interests have been heard and ruled upon courts, would exceed {CCP} 1021.5 current application and may significantly increase legal costs of California groundwater adjudications in the future.

4) Class Involvement Was Unnecessary, Certainly To Extent Billed

Cal Water leaves arguments regarding whether the Class was a successful party under [CCP] 1021.5; as well as, the appropriate or reasonable amount of Class attorneys' fees to be awarded, if any, to other PWS defendants' briefs. Nevertheless, Cal Water does not believe that the "necessity...of private enforcement" criterion is met here. As previously stated, Class members had a pecuniary interest in the litigation and their legal costs, even if inflated, are justified by the bestowed economic benefit to pump groundwater in the future. Most importantly, the Class can not show that the private attorney general's fees were necessary. Certainly, PWS were acting in the public interest to project the groundwater basin. Simply, there was no injustice here to motivate Class action - just their commonly shared interest to determine their groundwater pumping right. Finally, Graham, supra, concludes that another limitation on the catalyst rule:

We believe this requirement is fully consistent with the basic objectives behind section 1021.5 and with one of its explicit requirements—the "necessity ... of private enforcement" of the public interest. Awarding attorney fees for litigation when those rights could have been vindicated by reasonable efforts short of litigation does not advance that objective and encourages lawsuits that are more opportunistic than authentically for the public good. Lengthy prelitigation negotiations are not required, nor is it necessary that the settlement demand be made by counsel, but a plaintiff must at least notify the defendant of its grievances and proposed remedies and give the defendant the opportunity to meet its demands within a reasonable time. Graham at 577

Class did not in Cal Water's opinion attempt to settle this case prior to litigation consistent with Graham. As other PWS have argued Class attorneys' may have acted more opportunistically. As such, Class attorneys' fees awarded, if any, should be significantly reduced.

5) The "Financial Burden Of Litigation" Does Not Transcend the Benefits
Conferred on Class Members

Cal Water has presented its arguments that the financial burden of 1 litigation does not transcend the benefits conferred on the Willis Class 3 members, with the exception, of a comparison to its own customers. Cal Water 4 has been a defendant in this litigation since 1999. Cal Water customers have certainly had to pay more than \$52.30 per customer (or \$35,041, being %52.30 5 6 times 670 customers) over the period of litigation to ensure their right to 7 groundwater. Cal Water believes that principally water provide water is to customers' primary residences. Whereas, the Class, who are most likely land 8 9 speculators (investors) because water is not being consumed on the property, 10 have large property holding (ten acres verses Cal Water customers with 11 approximately one quarter acre lots) and arguably have less "need" but more profit to "gain." In such case, the Willis Class can not in good faith argue 12 13 that their financial burden of litigation transcends that of Cal Water's customers. 14

CONCLUSION

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Class' participation, actions and purposes do not meet the statutory requirements under [CCP] 1021.5. Class attorney fees should be denied. If the Court, however, finds to award attorney fees under [CCP] 1021.5, attorney fees should be significantly reduced consistent with other court rulings.

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DATED: March 9, 2011 CALIFORNIA WATER SERVICE COMPANY

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JOHN S. TOOTLE, ESQ.

PROOF OF SERVICE (C.C.P. §1013a, 2015.5)

Antelope Valley Groundwater Cases

Judicial Counsel Proceeding No. 4408 Santa Clara County Superior Court Case No. 1-05-CV-049053

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 2632 West 237th Street, Torrance, CA 90505.

On March 9, 2011, I served the foregoing document(s) entitled:

CALIFORNIA WATER SERVICE COMPANY'S OPPOSITION TO PLAINTIFF'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF ATTORNEYS' FEES, REIMBURSEMENT OF EXPENSES, AND CLASS REPRESENTATIVE INCENTIVE AWARD

by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list.

by placing _ the original, _ a true copy thereof, enclosed in a sealed enveloped addressed as follows:

X BY SANTA CLARA SUPERIOR COURT E-FILING IN COMPLEX LITIGATION PURSUANT TO CLARIFICATION ORDER DATED OCTOBER 27, 2005.

Executed on March 9, 2011, at Torrance, California

- (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- (Federal) I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made.

Michael Duque

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