

Bond Case Briefs

Municipal Finance Law Since 1971

EMINENT DOMAIN - NEVADA

Buzz Stew, LLC v. City of North Las Vegas

Supreme Court of Nevada - October 10, 2014 - Slip Copy - 2014 WL 5144768

Buzz Stew, LLC, purchased a 20-acre parcel of land located in North Las Vegas in 2002. Around this same time, the City of North Las Vegas was preparing to construct a flood waters drainage system that would traverse Buzz Stew's property. The City offered to purchase an easement across Buzz Stew's land, but Buzz Stew refused the offer. In 2003, the City publicly announced its intent to condemn the portion of the land needed for the project. A condemnation action was not filed, however, because the City was unable to secure construction funding.

Notwithstanding its inability to proceed with the project, the City failed to publicly retract its prior public announcement of its intent to condemn the parcel. Buzz Stew subsequently sold the land in 2004 to a third party. In the seller's disclosures clause in the sale contract, Buzz Stew informed the purchaser of the City's demand for a drainage easement, and Buzz Stew retained the right to any proceeds resulting from a condemnation of the area proposed in the easement. That purchaser eventually resold the property to a party who thereafter granted the City an easement to accommodate the water drainage project.

Buzz Stew subsequently filed a complaint against the City for inverse condemnation and precondemnation damages. Buzz Stew argued that it had a property interest in the parcel because it reserved an easement over the project site in its land sale contract.

The Supreme Court of Nevada held that Buzz Stew did not retain a property interest following the sale of the parcel, and was therefore not entitled to bring an inverse condemnation action.

The plain language of the sales contract merely notified the purchaser that its title may be subject to a future drainage easement and reserved to Buzz Stew only the right to proceeds arising from a future condemnation action. It did not reserve a property interest to Buzz Stew.