

Bond Case Briefs

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Xenia Rural Water District v. City of Johnston

Supreme Court of Iowa - May 7, 2021 - N.W.2d - 2021 WL 1822780

Rural water district, which sought to service areas within two miles of city, brought action against city asserting § 1983 claim based on alleged violation of provision of Consolidated Farm and Rural Development Act prohibiting municipalities from encroaching upon federally-indebted utilities, and seeking, among other forms of relief, an injunction and declaratory judgment.

City counterclaimed, seeking an injunction and declaration as to parties' legal rights to service disputed areas.

The United States District Court granted partial summary judgment to district as to areas beyond two miles of city limits and granted partial summary judgment to city as to areas within two miles of city limits. District filed a motion for reconsideration, and the District Court certified three questions to the Iowa Supreme Court.

The Supreme Court held that:

- Statute setting territorial limits for district's provision of services grants cities primary right to provide service to areas within two miles of city limits;
- District does not obtain right to serve such areas on basis that county board of supervisors' resolution describes or includes areas in district's service territory;
- Act did not preempt two-mile rule;
- District is not excepted from statute's notice-of-intent requirements on basis that county board of supervisors' resolution designates disputed areas as within district's boundaries;
- Areas were not district's "existing service area," and thus district was not excepted from notice-of-intent requirements;
- Nonprofit corporation does not have legal right to provide water service "anywhere" in Iowa; and
- Any broader territorial rights enjoyed by nonprofit are abandoned when corporation dissolves and reincorporates as rural water district.