

Bond Case Briefs

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WATER DISTRICTS - CALIFORNIA

Barajas v. Sativa L.A. County Water District

Court of Appeal, Second District, Division 2, California - May 25, 2023 - Cal.Rptr.3d - 2023 WL 3641453

Residents brought putative class action against local water district and fictitiously-named defendant for breach of contract, nuisance, and negligence based on district's alleged failure to provide potable drinking water.

After county's local agency formation commission (LAFCO) dissolved district, residents substituted county in lieu of fictitiously-named defendant, then voluntarily dismissed county.

Trial court certified class, then decertified class as to nuisance claim. The Superior Court, Los Angeles granted district's motion to dismiss, which it construed as motion for judgment on the pleadings, denied residents' motion for leave to amend complaint to name district as defendant "by and through" county, and denied residents' motion to vacate order that had granted their motion for voluntary dismissal of county as defendant. Residents appealed.

The Court of Appeal held that district was no longer valid defendant upon its dissolution because successor agency was appointed to wind up district's affairs.

County local agency formation commission (LAFCO) did not task water district with winding up its own affairs when dissolving district pursuant to Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and, thus, upon district's dissolution, district had no further function to carry out and was no longer valid defendant in residents' action for breach of contract, nuisance, and negligence; Act authorized LAFCO to name successor agency instead of permitting district to wind up its own affairs by default, which LAFCO did by designating county as successor, transferring district's assets to county, and explicitly tasking county with winding up district's affairs, and it would be absurd for district to retain winding-up power when county owned and controlled its assets.

The provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 stating that a local agency's dissolution terminates its powers except those necessary to wind up its affairs, although they might suggest that a district always continues to exist notwithstanding its dissolution for purposes of winding up its affairs, these provisions merely set up default terms and conditions for dissolution; the Act elsewhere provides that a local agency formation commission (LAFCO) has the power to specify the terms and conditions that apply upon dissolution in a specific case, and those specific terms control over the Act's general provisions governing dissolution.

When authorizing dissolution of specific water district and appointment of county as administrator and successor agency, legislature did not intend to preserve pending claims against district arising from its provision of water, and, thus, construing provisions of Cortese-Knox-Hertzberg Local Government Reorganization Act governing dissolution powers to preclude residents' action against district, or against county as successor responsible for winding up district's affairs, for negligence and other claims did not contravene legislature's intent; statute specifically addressing district

explicitly granted immunity to county for claims arising from district's provision of water, so that county had incentive to assume stewardship despite district's water quality violations.