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City of Hesperia v. Lake Arrowhead Community Services District

Court of Appeal, Fourth District, Division 1, California - July 12, 2023 - Cal.Rptr.3d - 2023 WL 4485099

City brought action against water and wastewater district and district's board of directors seeking a writ of mandate prohibiting further pursuit of solar photovoltaic project to offset energy costs associated with district's operations and facilities under state renewable energy self-generation bill credit transfer program, alleging that proposed property site was not within district's water or wastewater service area, and challenging sufficiency of evidence supporting no-feasible-alternative determination so as to qualify for exemption from city's zoning regulations, among other claims.

The Superior Court denied petition. City appealed.

The Court of Appeal held that:

- Substantial evidence supported trial court's finding that city had unreasonably delayed issue relating to eligibility for program, as would support application of laches to bar city's claim;
- Substantial evidence supported trial court's finding that city's unreasonably delay prejudiced district, as would support application of laches;
- Evidence supported finding that proposed property site was within district's geographical boundary, and therefore was eligible for use under program; and
- Sufficient evidence supported district's determination of no feasible alternative, so as to avoid application of city's zoning regulations.

Substantial evidence supported trial court's finding, on review of denial of city's petition for writ of mandate, that city had unreasonably delayed raising issue that water and wastewater service district's solar energy project site did not qualify for state renewable energy self-generation bill credit transfer program, as would support application of laches to bar city's assertion that project was ineligible for program; evidence indicated that city failed to raise eligibility issue during prior lawsuit seeking writ of mandate against district, had been aware of district's plan to utilize program for at least five years, including size, location, and reason for project, offered no explanation for delay, and was on notice of facts from which it should have been aware of district's agreement with investor-owned utility company to participate in program.

Substantial evidence supported trial court's finding, on review of denial of city's petition for writ of mandate, that city's unreasonable delay in raising issue whether water and wastewater service district's solar energy project qualified for state renewable energy self-generation bill credit transfer program prejudiced district, as would support application of laches to bar city's claim of ineligibility; district had expended money, time, and effort to demonstrate that there were no feasible alternatives project so as to be exempt from city's zoning regulations, and city induced district to pursue project through lengthy and costly litigation and technical analysis, and by placing at risk district's ability to benefit from agreement with investor-owned utility company.

The “geographical boundary of a local government,” for purposes of state renewable energy self-generation bill credit transfer program, refers to an area that is subject to the governing authority of the local government at issue; interpretation is consistent with the legislature’s expressed purpose and concerns regarding program, to increase the number and type of entities that can benefit from program while at the same time avoiding complications that could arise if a governmental entity attempts to obtain energy credits from one electrical corporation but apply those credits to an account serviced by a different electrical corporation.

On review of denial of city’s petition for writ of mandate, evidence supported trial court’s finding that proposed property site for water and wastewater service district’s solar energy project was within district’s geographical boundary, and therefore was eligible for use under state renewable energy self-generation bill credit transfer program to offset energy costs associated with district’s operations and facilities, even though property was not located within district’s service area boundaries; evidence indicated that district governed property in relation to wastewater service function by conveying treated effluent directly from district’s wastewater treatment plant into percolation ponds at facility on property, district could not complete wastewater management function without having authority over property, and property was served by electrical corporation with which district entered into agreement that was necessary for participation in program.

City failed to demonstrate that there was insufficient evidence to support trial court’s denial of city’s petition for writ of mandate as to city’s challenge to sufficiency of evidence to support water and wastewater service district’s determination of no feasible alternative to proposed property site for district’s solar energy project seeking to offset energy costs associated with district’s operations and facilities pursuant to state renewable energy self-generation bill credit transfer program so as to qualify for exemption from application of city’s zoning regulations.

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