MILLER STARR REGALIA

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Miller Starr Regalia Earns Appellate Win For Merced Irrigation District In Water Sale Dispute With Out-Of-District Growers

Related Lawyers: **Matthew Henderson**
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On Friday, November 18, a three-judge panel of the California Court of Appeal for the Second Appellate District, District Two unanimously affirmed a judgment of the Merced County Superior Court that denied Appellants' petition for a writ of mandate, which would have required Merced Irrigation District (District) to sell them water. The published opinion was authored by Presiding Judge Elwood Lui, with Justices Victoria M. Chavez and Brian M. Hoffstadt concurring.

Miller Star Regalia's Walnut Creek partner Matthew Henderson represented the Merced County Irrigation District in the dispute.

"The 2020 decision denying these petitioners' claim that the District had a legal obligation to sell them water was incredibly thorough and compelling," said Henderson. "However, even though their petition seeking an order to compel the District to do so became moot at the end of the 2019 irrigation season, the District welcomed the appellate court's willingness to consider the merits of this dispute to forestall future disputes of a similar nature. This decision now puts this matter to rest."

"The decision helps emphasize the scope of an agency's discretion in deciding who it will and won't do business with, so long as it reasonably believes it's acting in its own best interest. So while it is somewhat specific to irrigation districts, the potential scope of the decision is much broader. We were gratified that the trial and appellate courts understood and reaffirmed the District's autonomy and authority in this area."

In addition to Miller Starr Regalia's Matthew Henderson, the District was represented in the appeal by co-counsel Tom Berliner and Jolie-Anne Ansley from Duane Morris.

The underlying matter originated when the District authorized the sale of surplus water to out-of-district users in 2019, but denied out-of-district user Bull Field's application to purchase such water. The District based its decision on the ongoing problems and difficulties in repeated dealings with the petitioners. Substantial evidence was presented at trial supporting the District's claim.

After an exhaustive review of the evidence, the trial court found that Appellants did not prove the District was legally required to sell them surplus water. The trial court also found the District's decision to deny the Appellant's purchase of surplus water was neither arbitrary nor capricious, but based on evidence of prior dealing with the petitioners.

In affirming the judgment, the Court of Appeal also ruled that the trial court did not abuse its discretion in its procedural orders, as Bull Field asserted; that the Appellants did not show on appeal that a writ of mandate should be issued; that the District did not abuse its discretion in declining to sell surplus water to Appellants; and that the District had exercised permissible discretion in deciding not to do business with the Appellants.

The Court of Appeal also rejected the Appellants' estoppel theory that the two out-of-district users did not have an adequate opportunity to brief the issue, noting that such an argument provided no basis for reversing the trial court's decision. The justices also ruled the Appellants are responsible for the District's legal costs for the appeal, making its victory in the matter complete.

The Court of Appeal certified the opinion for publication, recognizing the importance of the decision in the realm of public agency contracts and irrigation district water deliveries.

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Serving as a trusted business adviser and advocate, Miller Starr Regalia's responsive legal counsel helps clients to confidently navigate California's complex real estate laws with a high level of accessibility and personal attention.

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