

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF SACRAMENTO
GORDON D SCHABER COURTHOUSE**

MINUTE ORDER

DATE: 05/05/2017

TIME: 03:32:00 PM

DEPT: 54

JUDICIAL OFFICER PRESIDING: Raymond Cadei

CLERK: Julie Jackson

REPORTER/ERM:

BAILIFF/COURT ATTENDANT:

CASE NO: **34-2016-00204740-CU-MC-GDS** CASE INIT.DATE: 12/13/2016

CASE TITLE: **Tos vs. California High Speed Rail Authority, a public entity**

CASE CATEGORY: Civil - Unlimited

APPEARANCES

Nature of Proceeding: Hearing on Demurrer

TENTATIVE RULING

*** If oral argument is timely requested on this matter, it will take place at 11:00 a.m. ***

Defendants California High-Speed Rail Authority ("CHRSA") and The Board of Directors of CHSRA (collectively "Defendants") demurrer to the first and second causes of action in the First Amended Complaint ("FAC") of Plaintiffs, John Tos, Quentin Kopp, Town of Atherton, a municipal corporation, County of Kings, a subdivision of the State of California, Morris Brown, Patricia Louise Hogan-Giorni, Anthony Wynne, Community Coalition on High-Speed Rail, a California nonprofit corporation, Transportation Solutions Defense and Education Fund, a California nonprofit corporation, and California Rail Foundation, a California nonprofit corporation ("Plaintiffs"). Defendants' demurrer is sustained without leave to amend as set forth below.

Plaintiffs' request for judicial notice is granted as to Exhibits A, B, and D, and denied as to C and E. Plaintiffs' action challenges the constitutionality of AB 1889, a statute enacted in the 2015-2016 Legislative session that added Section 2704.78 to the California Streets & Highways Code ("§2704.78"). In enacting new §2704.78, the Legislature expressly stated its intent was to clarify an existing provision of the Streets & Highways Code §2704.08(d) which had been enacted by the voters in November 2008 as part of the Safe, Reliable High-Speed Passenger Train Bond Act for the Twenty-First Century, designated on the ballot as Proposition 1A ("Prop. 1A"). Prop. 1A was a 9.95 billion dollar California general obligation bond measure intended to assist in funding a portion of the construction of a high-speed rail system in California under the governance of CHSRA. Plaintiffs allege that the enactment of §2704.78 violates the California Constitution because, instead of clarifying the voter enacted statute, new §2704.78 materially changes the terms of the bond measure without seeking or obtaining the voters' prior lawful approval. Plaintiffs' argue that such a material amendment to Prop. 1A is a violation of Article XVI Section 1 of the California Constitution. Thus, Plaintiffs seek the Court's declaration that §2704.78 is facially unconstitutional and therefore void.

The core of Plaintiffs' action is the meaning of the phrase "suitable and ready for high-speed train operation" found only twice in Prop. 1A, and whether the Legislature's subsequent enactment of a definition for that phrase through AB 1889 unconstitutionally conflicts with the original meaning enacted by the voters of California and thus violates Article XVI Section 1 of the California Constitution.

In addition, Plaintiffs allege that CHSRA intends to expend public funds in substantial reliance upon the precept that §2704.78 is constitutionally valid, but if §2704.78 is instead declared unconstitutional, any intervening expenditures premised upon its validity are illegal as directly contrary to the preexisting and controlling provisions of Prop. 1A as enacted by the voters.

DATE: 05/05/2017

MINUTE ORDER

DEPT: 54

Page 1
Calendar No.

Plaintiffs' FAC expressly seeks the following relief: (1) a declaratory judgment that AB 1889 violates Article XVI Section 1 of the California Constitution and is therefore invalid and void; (2) a preliminary injunction, and permanent injunction preventing CHSRA from expending any public funds toward the approval of a Funding Plan that relies on AB 1889 for purported compliance with the requirements of Prop. 1A; (3) a preliminary injunction, and permanent injunction preventing CHSRA from expending any Prop. 1A high-speed rail construction bond funds towards the construction of any and all projects based on a second Funding Plan that relies upon AB 1889 for purported compliance with the requirements of Streets & Highways Code §2704.08(d); and (4) recovery and restoration to the California State Treasury of any funds that CHSRA illegally, improperly, or wastefully spent toward the preparation or approval of any improper/noncompliant Funding Plans, and of any Prop. 1A funds illegally spent to implement or in reliance upon such alleged improper and/or illegal Funding Plans.

Defendants' demurrer alleges that: (1) the Second Cause of Action fails to state facts sufficient to constitute a cause of action under Code of Civil Procedure section 430.10, subdivision (e), because any challenge to the CHSRA's funding plans must be brought only in the form of a petition for writ of mandamus, and not a civil complaint seeking injunctive relief pursuant to Code of Civil Procedure section 526a; (2) the Second Cause of Action also fails to state facts sufficient to constitute a cause of action because the facts alleged establish that the claim is not ripe since the CHSRA had not issued a final administrative decision when the action was commenced and the action may not be amended now to allege facts or conduct that occurred after the action was commenced; and (3) the First Cause of Action fails to state facts sufficient to constitute a cause of action because the facts alleged establish that the claim is also not ripe since no Plaintiff had experienced any harm attendant to the alleged facial unconstitutionality of AB 1889 when the action was commenced.

Plaintiffs oppose Defendants' demurrer to the Second Cause of Action arguing that whether a claim should have been prosecuted in the form and nature of a petition for writ of mandamus is not a viable ground for general demurrer. Plaintiffs cite *Scott v. Indian Wells* (1972) 6 Cal.3d 541, 546 for the proposition that "[a]s against a general demurrer... it is unimportant that plaintiff's pleading was not in form a petition for mandamus or certiorari. All that is required is that plaintiff state facts entitling him to some type of relief, and if a cause of action for mandamus or certiorari has been stated, the general demurrer should have been overruled. [Citations.]" (*Scott v. Indian Wells* (1972) 6 Cal. 3d 541, 546 citing *Boren v. State Personnel Board* (1951) 37 Cal.2d 634, 638.) *Scott* further states that as a result of this rule "an action for declaratory relief to review an administrative order should be regarded as a petition for a writ of mandate for purposes of ruling upon a general demurrer." (*Id.*) In Reply, Defendants attempt to distinguish *Scott* upon the ground that the Supreme Court held that the trial court had erred in dismissing plaintiffs' complaint without leave to amend instead of allowing the plaintiff to cure its defects by amendment or treat it as a writ petition, and that in contrast here the Plaintiffs are not arguing that their complaint should be treated as a writ petition; they are arguing that they may proceed via civil complaint." (Reply, p. 4, fn. 1.) That distinction is not entirely correct or supportive of the demurrer since Plaintiffs state that they should be granted leave to amend if there is any reasonable possibility that the complaint can be amended to state a viable cause of action. (Opp., p. 5:11-13.) Under *Scott*, even if Plaintiffs' claim for injunctive relief against any expenditure of Prop. 1A funds is in fact a veiled challenge to the CHSRA's administrative decisions in the form of the approved plans, and may only be prosecuted in the form of mandamus, the trial court is instructed to construe the claim as one for mandamus as against a general demurrer. Thus, the demurrer upon the limited ground that the Second Cause of Action should have been prosecuted in mandamus is overruled.

Although Plaintiffs rely upon *Scott*, Plaintiffs nevertheless oppose Defendants' demurrer to the Second Cause of Action upon the ground that it is not a veiled action in mandamus. Plaintiffs argue that the claim is not in fact a challenge to Defendants' approval of the Funding Plan. Plaintiffs contend that their second cause of action is instead a viable independent claim for injunctive relief with standing arising under CCP 526a, targeting any present or future illegal expenditure of bond funds premised upon the asserted unconstitutionality of AB 1889. At its core, Plaintiffs' second cause of action is necessarily a challenge to CHSRA's administratively formulated Funding Plans, based upon the contention that those plans are infected with the alleged unconstitutional loosening of statutory plan requirements embodied in

new §2704.78.

§2704.08, the statute that Plaintiffs allege was unconstitutionally amended by AB 1889, has no significance beyond the administrative deliberative process through which CHSRA ultimately has access to use Prop. 1A bond funds appropriated by the Legislature. Specifically, whether the construction project described in a funding plan will result in a usable segment that is "suitable and ready for high-speed train operation" is at base only an educated estimation to be made in and through the administrative process. If at the completion of a Prop. 1A funded construction project, the result is not a usable segment that is "suitable and ready for high-speed train operation," neither §2704.08 nor any other provision of Prop. 1A provide any remedy or penalty. In short, the phrase "suitable and ready for high-speed train operation" is only a metric in the administrative process.

Consequently, the action framed by the FAC is one that must be adjudicated in mandamus, and should be construed as such. Further, the First Cause of Action for declaratory relief based upon the alleged facial unconstitutionality of §2704.78, lacks a justiciable controversy unless it is also tethered to the challenged Funding Plans and the threatened illegal expenditure of public funds under those plans which were the product of the administrative process. In that respect, the declaratory relief action is integral to and dependent upon the challenge to CHSRA's administratively formulated Funding Plans.

As to the issue of whether the Plaintiffs' claims were ripe for adjudication at the commencement of the action, the court finds that the allegations did not establish that the claims were ripe. The challenged Funding Plans were not final when the action was commenced, and those plans provide the required justiciable controversy upon which the declaratory relief action could be based. Defendants contend that the complaint may not be amended or supplemented at this time with facts and events that occurred after the action was commenced that may "ripen" the Plaintiffs' claims, and Plaintiffs argue only that the claims were ripe enough when the action commenced although the Funding Plans were not final.

The Court concludes that the Plaintiffs' claims were not ripe at the commencement of the action, or at the filing of the FAC. This defect may not be cured now by amending the FAC to state facts and events that occurred after the action was commenced. For this reason, the demurrer is sustained without leave to amend.

This minute order is effective immediately. No formal order or other notice is required. (Code Civ. Proc. §1019.5; CRC Rule 3.1312.)

COURT RULING

The matter was argued and submitted.

The matter was taken under submission.

SUBMITTED MATTER RULING

Having heard and considered the parties' oral arguments and taken the matter under submission, the court now affirms its tentative ruling with the following modification.

The demurrer is sustained with leave to amend in accord with the court's ruling on the demurrer with regard to the issue of ripeness and the nature of the claim asserted as being one in mandamus.

Plaintiffs may file and serve an amended complaint as specified in California Rules of Court, rule 3.1320(g).

CERTIFICATE OF SERVICE BY MAILING **(C.C.P. Sec. 1013a(3))**

I, the Clerk of the Superior Court of California, County of Sacramento, certify that I am not a party to this

cause, and on the date shown below I served the foregoing Order by depositing true copies thereof, enclosed in separate, sealed envelopes with the postage fully prepaid, in the United States Mail at Sacramento, California, each of which envelopes was addressed respectively to the persons and addresses shown below:

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*California High-Speed Rail Authority and
Board of Directors of Directors of California High-Speed Rail Authority*

Dated: May 8, 2017

By: J. Jackson,
Courtroom Clerk
Superior Court of California,
County of Sacramento