FILED.

FNDORSED 2017 KAR 15 AM 11: 06 XAVIER BECERRA 1 Attorney General of California SUPERICA COURT OF CALIFORNIA 2 TAMAR PACHTER COUNTY OF SACRAMENTO Supervising Deputy Attorney General 3 SHARON L. O'GRADY Deputy Attorney General State Bar No. 102356 4 455 Golden Gate Avenue, Suite 11000 San Francisco, CA 94102-7004 5 Telephone: (415) 703-5899 Fax: (415) 703-1234 6 E-mail: Sharon.OGrady@doj.ca.gov 7 Attorneys for Respondents California High-Speed Rail Authority 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 COUNTY OF SACRAMENTO 10 11 JOHN TOS, QUENTIN KOPP, TOWN OF 12 Case No. 34-2016-00204740 ATHERTON, a municipal corporation, COUNTY OF KINGS, a subdivision of the DEFENDANTS' NOTICE OF HEARING 13 State of California, MORRIS BROWN, AND MOTION TO STRIKE 14 PATRICIA LOUISE HOGAN-GIORNI. ALLEGATIONS FILED ANTHONY WYNNE, COMMUNITY CONCURRENTLY WITH A COALITION ON HIGH-SPEED RAIL, a 15 DEMURRER TO VERIFIED AMENDED California nonprofit corporation, COMPLAINT FOR DECLARATORY TRANSPORTATION SOLUTIONS AND INJUNCTIVE RELIEF: 16 DEFENSE AND EDUCATION FUND, a MEMORANDUM OF POINTS AND 17 California nonprofit corporation, and AUTHORITIES IN SUPPORT THEREOF CALIFORNIA RAIL FOUNDATION, a California nonprofit corporation, 18 Date: April 18, 2017 9:00 a.m. Time: Petitioners, 19 Dept: 54 Judge: Raymond M. Cadei 20 Trial Date: Not set v. Action Filed: December 13, 2017 21 CALIFORNIA HIGH SPEED RAIL AUTHORITY, a public entity, BOARD OF 22 DIRECTORS OF THE CALIFORNIA 23 HIGH-SPEED RAIL AUTHORITY, and DOES 1-20 inclusive. 24 Respondents. 25 26 27 28

E

D

В

1		TABLE OF CONTENTS					
2			Page				
3	Notice of Hea	aring and Motion	6				
4	Memorandum of Points and Authorities						
	1						
5	Background.		9				
6	I.	The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.	9				
7	II.	Allegations of the Complaint.	10				
8	Argument :		11				
9	l.	Applicable legal standard					
10	II.	II. Plaintiffs' requests for injunctive relief should be stricken because they are based on a challenge to the Authority's funding plans, which must be brought in a writ proceeding.					
11	III.	The FAC's allegations are insufficient to support permanent prospective injunctive relief.					
12 13	IV.						
14	V.	The requests for injunctive relief should be stricken, without leave to amend.					
15	Conclusion						
16		•					
17							
18							
19							
20							
21							
22							
23							
24							
25							
26			-				
27							
28							
20		. 2					

TABLE OF AUTHORITIES

	(ADDE OF AUTHORITES
2.	Page
3	CASES
4 5	Animal Defense Fund v. California Exposition and State Fairs (2015) 239 Cal.App.4th 128613
6	Caliber Bodyworks, Inc. v. Superior Court of Los Angeles (2005) 134 Cal.App.4th 365
7	California High-Speed Rail Authority v. Superior Court (2014) 228 Cal.App.4th 67612
9 10	Center for Biological Diversity v. California Department of Forestry and Fire Protection (2014) 232 Cal.App.4th 93112
11	
12	City of Pasadena v. Cohen (2014) 228 Cal App.4th 1461
13	Connerly v. Schwarzenegger (2007) 146 Cal. App.4th 739
14 15	Daily Journal Corp. v. City of Los Angeles (2009) 172 Cal.App.4th 155013, 16
16 17	Duskin v. San Francisco Redevelopment Agency (1973) 31 Cal.App.3d 76916
18	Excelsior College v. Cal. Bd. of Registered Nursing (2006) 136 Cal.App.4th 121812
19 20	Fox v. City of Pasadena (9th Cir. 1935) 78 F.2d 94815, 16
21	Grieves v. Superior Court (1984) 157 Cal.App.3d 15912
23	In re Sheena (2007) 40 Cal.4th 875
24 25	Loder v. City of Glendale (1989) 216 Cal.App.3d 77713
26	Nathan H. Schur, Inc. v. City of Santa Monica
27	(1956) 47 Cal.2d 1113
28	3

TABLE OF AUTHORITIES

-	(continued)				
2	Page				
3	(1928) 204 Cal. 1				
5	People ex rel. Lynch v. Superior Court (1970) 1 Cal.3d 910				
6 7	PH II, Inc. v. Superior Court (1995) 33 Cal.App.4th 1680				
8	San Bernardino County v. Superior Court (2015) 239 Cal.App.4th 67916				
9 10	Sandler v. Sanchez (2012) 206 Cal.App.4th 1431				
11 12	Silver v. City of Los Angeles (1966) 245 Cal.App.2d 67316				
13 14	State v. Superior Court (1974) 12 Cal.3d 23712				
15	Taxpayers for Accountable School Bond Spending v. San Diego Unified School Dist. (2013) 215 Cal.App.4th 1013				
16 17	White v. Davis (2003) 30 Cal.4th 528				
18 19	STATUTES				
20 21 22	Code of Civil Procedure § 431.10, subd. (b)(3) § 435. § 435, subds. (a), (b). § 436.				
23	§ 526a				
24 25	§ 185020, subds. (a), (b)(1)				
26					
27					
28	4				
	Notice of Hearing and Motion to Strike and Supporting Memorandum (Case No. 34-2016-00204740)				

TABLE OF AUTHORITIES

		(continued)			
					Page
Streets and Highways					10
	(a), (b)				
	(b)(1)(B)				
	(d)				
§ 2704.08, subd.	(d)(1)		***************************************		10
§ 2704.08, subd.	(d)(b)	• • • • • • • • • • • • • • • • • • • •	*******************		15
COURT RULES					
Sacramento County S Local Rule 1.06 (Superior Court (A)				7
OTHER AUTHORITIE					
Assembly Bill No. 1					
High-Speed Rail Act		******			6
	Safe, Reliable High-S		er Train Bond A	act for the	
Proposition 1A, the S	Safe, Reliable High-S	Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim
Proposition 1A, the S		Speed Passenge			passim

TO THE COURT AND TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

. 12

PLEASE TAKE NOTICE that on April 18, 2017, at 9:00 a.m. or as soon thereafter as the matter may be heard, in Department 54 of the Sacramento County Superior Courthouse, located at 800 9th Street, Sacramento, California, Defendant the California High-Speed Rail Authority (the Authority) will and hereby does move the Court pursuant to section 435 of the Code of Civil Procedure to strike the portions of Plaintiffs' Verified First Amended Complaint for Declaratory

1. The entire Paragraph 2 of the Prayer for Relief: Page 15, lines 8 through 10, which requests:

and Injunctive Relief that pray for injunctive relief, specifically:

For this Court's temporary restraining order, preliminary injunction, and permanent injunction preventing CHSRA [the Authority] from expending any public funds toward the approval of a Funding Plan that relies on AB 1889 to find compliance with the requirements of Prop. 1A.

2. The entire Paragraph 3 of the Prayer for Relief: Page 15, lines 11 through 14, which requests:

For this Court's temporary restraining order, 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 on AB 1889 to find compliance with the requirements of Streets & Highways Code §2704.08(d).

3. The entire Paragraph 4 of the Prayer for Relief: Page 15, lines 15 through 18, which requests:

For the recovery and restoration to the California State Treasury of any funds that CHSRA has illegally, improperly or wastefully spent toward the preparation or approval of improper/non-compliant Funding Plans, and of any Prop. 1A funds illegally spent to implement or in reliance upon such improper and/or illegal Funding Plans.

I Plaintiffs have named as defendants the Authority and the "Board of Directors of the High-Speed Rail Authority." They are one and the same. The High-Speed Rail Act provides that the Authority "is composed of nine members. (Pub. Util. Code § 185020, subds. (a), (b)(1).) The nine members of the authority are commonly referred to as members of board.

In addition, the Authority will and hereby does move to strike the underlying allegations that purport to support plaintiffs' Prayer for injunctive relief:

4. The second sentence of Paragraph 3: Page 3, lines 3-6, which states:

PLAINTIFFS also seek injunctive relief under Code of Civil Procedure § 526a to halt CHSRA's illegal, improper, wasteful, and unconstitutional use of public funds and to require CHSRA to restore to the State Treasury all funds involved in these illegal, improper, and/or wasteful expenditures.

5. The entire Paragraph 14: Page 6, lines 1-7, which states:

If CHSRA is not enjoined from moving forward on its illegal, improper, wasteful, and unconstitutional expenditures and from undertaking acts in furtherance thereof, PLAINTIFFS will suffer irreparable harm for which there is no adequate remedy at law in that CHSRA will have violated the express intent of California's voters in approving Prop. 1A and will have expended those public funds inappropriately and illegally on projects that are not qualified for those expenditures under Prop. 1A 's requirements, thereby misusing and wasting those funds in violation of the will of California's voters.

6. The entire Paragraph 69: Page 14, lines 18-23, which states:

Accordingly, plaintiffs seek this court's temporary restraining order, preliminary injunction and permanent injunction to bar CHSRA from expending any public funds towards the completion and approval of funding plans that reply on § 2704.78 for their validity, or from expending any Prop. 1A bonds funds towards their implementation. PLAINTIFFS further seek this Court's order that any Prop. 1A bond funds that have already been illegally spent by CHSRA in reliance on the validity of § 2704.78 be repaid and restored to the California State Treasury so that they may be used properly in accordance with the voters' intent.

This motion is set concurrently with the Authority's demurrer to the same complaint and will be based on this notice of hearing and motion to strike, the attached memorandum of points and authorities, the request for judicial notice filed concurrently herewith, the pleadings, records, and files in this case, and on such further argument as the Court may entertain at the hearing of this motion and the demurrer.

This alternative motion to strike is on the grounds that the pleading is substantively defective and therefore does not conform to the laws of this State.

Pursuant to Local Rule 1.06 (A) the court will make a tentative ruling on the merits of this matter by 2:00 p.m., the court day before the hearing. The complete text of the tentative rulings for the department may be downloaded off the court's website. If the party does not have online access, they may call the dedicated phone number for the department as referenced in the local

1	telephone directory between the hours of 2:00 p.m. and 4:00 p.m. on the court day before the					
2	hearing and receive the tentative ruling. If you do not call the court and the opposing party by					
3	4:00 p.m. the court day before the hearing, no hearing will be held.					
4						
5	Dated: March 15, 2017	Respectfully Submitted, XAVIER BECERRA				
6		Attorney General of California TAMAR PACHTER				
7		Supervising Deputy Attorney General				
8		SI MI				
9		May I good				
10		SHARON L. O'GRADY Deputy Attorney General				
11		Attorneys for Respondents California High-Speed Rail Authority				
12		Canyorna Ingn-speed Ran Admoray				
13						
14	î.					
15						
16						
17	7					
18						
19		·				
20	•					
21						
22	2					
23	3					
24	l,					
25						
26	5					
27	7					
28	3					

MEMORANDUM OF POINTS AND AUTHORITIES INTRODUCTION

This action challenges administrative decisions of the California High-Speed Rail Authority (the "Authority") to spend the proceeds of state general obligation bonds on construction of segments of a high-speed rail system. More specifically, the Second Cause of Action seeks to enjoin the High-Speed Rail Authority from spending money to implement certain administrative decisions made or to be made in the future by the Authority that plaintiffs allege violate the Bond Act. Plaintiffs allege that the expenditures will be made in reliance on Assembly Bill No. 1889, which clarifies a provision of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, and which plaintiffs allege is unconstitutional. Plaintiffs also seek a mandatory injunction requiring the Authority to "recover[] and restor[e]" to the State Treasury monies that have been spent in reliance on AB 1889.

If the Court does not sustain the Authority's demurrer to the Second Cause of action, the Court should grant this motion to strike the requests for injunctive relief. The sole remedy available to redress plaintiffs' challenge to the Authority's administrative decisions is a writ of mandamus, not an injunction. Further, the request for an injunction against future spending would either be an idle act or would require the Court to choose between violating the vagueness doctrine or violating the prohibition on advisory opinions. The requested order to recover and turn over to the State Treasury monies that have already been spent lacks any support in law. Accordingly, plaintiffs' requests for injunctive relief should be stricken.

BACKGROUND

I. THE SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT FOR THE 21ST CENTURY.

California voters passed Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. (Stats. 2008, ch. 267, § 9 [Proposition 1A (Assem. Bill. No. 3034

24

25

26

27

28

The Second Cause of Action alleges that the Authority released two draft pre-expenditure funding plans, one for a project in California's Central Valley (the "Central Valley Funding Plan") and one for a project on the San Francisco peninsula (the "Peninsula Funding Plan"). (FAC, ¶ 48, 62.) Plaintiffs allege that the Central Valley Funding Plan and the Peninsula Funding Plan can only comply with the Bond Act if AB 1889 is determined to be legally valid. (Id., ¶¶ 51, 52, 62.) Plaintiffs further allege that once the Central Valley Funding Plan and the Peninsula Funding Plan have been approved by the Director of Finance, the Authority will spend money illegally on the projects to be constructed pursuant to those plans, and that spending in connection with those plans and on future funding plans "that must rely on the provisions of

The Bond Act authorized construction of a high-speed rail system in California, and the issuance of \$9 billion in general obligation bonds to partially fund the initial segments of the system. (§ 2704.04, subds. (a), (b) It permits the Authority to use the proceeds of bond sales ("bond funds"). (§ 2704.04, subd. (b)(1)(B).) Generally, before the Authority can spend bond funds on construction costs or to acquire real property, it must approve and submit to the Director of Finance and the Chairperson of the Joint Legislative Budget Committee a detailed funding plan. (§ 2704.08, subd. (d)(1).) If, after receiving any communication from the Joint Legislative Budget Committee, the Director of Finance finds that the project is likely to be successfully implemented as proposed in the funding plan, the Authority may commit bond proceeds for capital costs. (§ 2704.08, subd. (d).) Assembly Bill No. 1889, (2015-2016 Reg. Sess) (hereafter, "AB 1889"), clarifies a Bond Act requirement that, on completion, certain projects approved under section 2704.08, subdivision (d), will be "suitable and ready for high-speed train

² Hereafter, all statutory cites are to the Streets and Highways Code unless otherwise indicated.

AB 1889" will be an illegal expenditure of public funds. (Id., ¶¶ 64, 66). Plaintiffs ask the Court to enjoin future expenditures, specifically:

- 2. For this Court's temporary restraining order, preliminary injunction, and permanent injunction preventing CHSRA from expending any public funds toward the approval of a Funding Plan that relies on AB 1889 to find compliance with the requirements of Prop. 1A.
- 3. For this Court's temporary restraining order, 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 on AB 1889 to find compliance with the requirements of Streets & Highways Code §2704.08(d).

(FAC Prayer.) In addition, the FAC asks:

4. For the recovery and restoration to the California State Treasury of any funds that CHSRA has illegally, improperly or wastefully spent toward the preparation or approval of improper/non-compliant Funding Plans, and of any Prop. 1A funds illegally spent to implement or in reliance upon such improper and/or illegal Funding Plans.

(*Ibid.*)³ The FAC concedes that the Central Valley Funding Plan and Peninsula Funding Plan are not final decisions, and that plaintiffs intend to supplement the Complaint if the plans are approved by the Director of Finance. (FAC, ¶ 86.)

ARGUMENT

I. APPLICABLE LEGAL STANDARD

A defendant may, within the time for filing a responsive pleading, file a motion to strike the complaint in whole or in part. (Code Civ. Proc., § 435, subds. (a), (b).) While a demurer to a portion of a cause of action is procedurally improper, where "a substantive defective is clear from the face of the complaint . . . a defendant may attack that portion of the cause of action by filing a motion to strike." (PH II, Inc. v. Superior Court (1995) 33 Cal. App. 4th 1680, 1682-1683.)

The court may strike out "any irrelevant, false or improper matter," or "[s]trike out all or any part of any pleading not drawn or filed in conformity with the laws of this state." (Code Civ. Proc., § 436.) Irrelevant matter includes a demand for judgment requesting relief not supported by the allegations of the complaint. (Id., § 431.10, subd. (b)(3); Caliber Bodyworks, Inc. v.

³ Underlying allegations are contained in Paragraphs 3, 14 and 69 of the FAC.

Superior Court of Los Angeles (2005) 134 Cal.App.4th 365, 384-385 ["The appropriate procedural device for challenging a portion of a cause of action seeking an improper remedy is a motion to strike"]; accord Grieves v. Superior Court (1984) 157 Cal.App.3d 159, 164, 167-168 [holding that adequacy of punitive damages allegations could be tested by motion to strike].)

II. PLAINTIFFS' REQUESTS FOR INJUNCTIVE RELIEF SHOULD BE STRICKEN BECAUSE THEY ARE BASED ON A CHALLENGE TO THE AUTHORITY'S FUNDING PLANS, WHICH MUST BE BROUGHT IN A WRIT PROCEEDING.

The Second Cause of Action challenges the Central Valley Funding Plan, the Peninsula Funding Plan, and future funding plans that the Authority may approve, and seeks an injunction. (FAC, ¶¶ 56-59, 63-67, 69.) However, an administrative decision by a public agency may only be challenged by petitioning the court for a writ of mandate compelling the Authority to set aside its determination. (City of Pasadena v. Cohen (2014) 228 Cal.App.4th 1461, 1466; Excelsior College v. Cal. Bd. of Registered Nursing (2006) 136 Cal.App.4th 1218, 1228, fn. 2; State v. Superior Court (1974) 12 Cal.3d 237, 249, 251.) Thus, these challenges to the Authority's funding plans are only properly alleged in a writ proceeding, as in an earlier action brought by some of the same plaintiffs, California High-Speed Rail Authority v. Superior Court (2014) 228 Cal.App.4th 676. In California High-Speed Rail Authority v. Superior Court, the Court reviewed the Authority's pre-appropriation funding plan under the standard for writ relief, stating:

Four simple words resolve the issues before us: clear, present, ministerial, and duty. The refrain is a familiar one. To obtain writ relief under Code of Civil Procedure section 1085, a petitioner must demonstrate that the respondent has a clear, present, and ministerial duty that inures to the petitioner's benefit.

(Id. at p. 707.) Plaintiffs cannot challenge these administrative decisions in a civil action.

(Center for Biological Diversity v. California Department of Forestry and Fire Protection (2014) 232 Cal. App. 4th 931, 952, fn. 27 ["It is settled that an action for declaratory relief is not appropriate to review an administrative decision," quoting State v. Superior Court, supra, 12

⁴ Plaintiffs John Tos and County of Kings were plaintiffs in the trial court writ proceeding at issue in *California High-Speed Rail Authority v. Superior Court* and were represented by the attorneys who are counsel of record for plaintiffs in this case.

. 13

15.

2728.

Cal.3d at p. 249; City of Pasadena v. Cohen, supra, 228 Cal.App.4th at p. 1466 [same].) And claims for injunctive relief cannot be joined with writ claims. (Id. at p. 1467.)

The fact that plaintiffs label the Second Cause of Action as brought under Code of Civil Procedure section 526a does not save plaintiffs' request for injunctive relief. Section 526a provides standing where it otherwise would not exist. (*Taxpayers for Accountable School Bond Spending v. San Diego Unified School Dist.* (2013) 215 Cal.App.4th 1013, 1032; *Daily Journal Corp. v. City of Los Angeles* (2009) 172 Cal.App.4th 1550, 1557.) It cannot be used to convert what otherwise would be a mandamus proceeding into a civil action. (*Nathan H. Schur, Inc. v. City of Santa Monica* (1956) 47 Cal.2d 11, 17-18 [holding that cause of action brought under section 526a did not convert a mandamus action into a civil proceeding]; *Animal Defense Fund v. California Exposition and State Fairs* (2015) 239 Cal.App.4th 1286, 1301 [concluding that a taxpayer action not an available where the Legislature has provided an administrative remedy]; see *Daily Journal Corp. v. City of Los Angeles*, *supra*, 172 Cal.App.4th at pp. 1557-1558 [applying mandamus analysis to a section 526a cause of action].) To hold otherwise would mean that plaintiffs who are taxpayers could be afforded a remedy not available to plaintiffs who are not taxpayers but have a direct and beneficial interest.⁵

Therefore, plaintiff's requests for injunctive relief should be stricken.

III. THE FAC'S ALLEGATIONS ARE INSUFFICIENT TO SUPPORT PERMANENT PROSPECTIVE INJUNCTIVE RELIEF.

Even if plaintiffs could as an abstract matter be entitled to injunctive relief, which they cannot for the reasons discussed above, the injunction plaintiffs seek would not be an appropriate remedy in this case. Paragraphs 2 and 3 of the Prayer seek a permanent injunction preventing the Authority from spending money on the Central Valley Funding Plan, the Peninsula Funding Plan, and any future plans that "rel[y] on AB 1889." To the extent the plaintiffs seek no more than an

⁵ Here, neither the City of Atherton nor the County of Kings allege taxpayer status. (FAC, ¶¶ 6, 7.)

⁶ The FAC is devoid of any allegations of fact that would suggest plaintiffs could meet the standard for a preliminary injunction. Taxpayer status alone is not sufficient to support a preliminary injunction. (White v. Davis (2003) 30 Cal.4th 528, 555-556; Loder v. City of (continued...)

13

14

18

19

.21

22

23 24

25

26

27 28 anything else, it is hopelessly vague, or would require the Court to issue an advisory decision. In either event, the request for injunctive relief should be stricken. Under the Bond Act, the Authority must approve detailed funding plans in light of statutory

order requiring the Authority to comply with the law as expressed in a declaratory judgment

discussed in the Authority's demurrer), the request is improper. To the extent the FAC seeks.

entered by the Court on plaintiffs' First Cause of Action (which is unripe for the reasons

criteria that involve the exercise of discretion. (§ 2704.08, subd. (d).) The FAC asks the court to enjoin various activities related to any future plan "that relies on AB 1889 to find compliance with the requirements" of the Bond Act. (Prayer, ¶¶ 2-3.) To the extent plaintiffs simply seek to recast any declaratory judgment that may be entered as an injunction, it is improper. Once a court has issued a declaratory judgment determining that a statute is unconstitutional, absent allegations that the state defendants intend to enforce the statute despite the declaratory judgment, there is no basis on which a court may issue an injunction. (Connerly v. Schwarzenegger (2007) 146 Cal. App. 4th 739, 742-743, 750 [holding that a court may not enter an injunction based on speculation that defendants might try to enforce a statute that has been declared unconstitutional].) "There is a presumption that state officers will obey and follow the law." (Id. at p. 751.) Plaintiffs have pleaded no facts suggesting that the Authority would not conduct itself in conformance with any final declaratory judgment entered in this case.

To the extent plaintiffs are seeking anything more – anything other than an injunction requiring the Authority to comply with any declaratory judgment that may be entered – the request is vague. "The vagueness doctrine bars enforcement of [an order] which either forbids or requires the doing of an act in terms so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application." (In re Sheena (2007) 40 Cal.4th 875, 890, 892 [applying the doctrine to probation conditions, analogizing to an injunction].)

^{(...}continued) Glendale (1989) 216 Cal. App. 3d 777, 784-785.)

18

19

13

14

15

16

20 21

23

24

22

25

26

2728

The determination whether an Authority funding plan complies with the highly technical statutory criteria is made in the first instance by the Authority in the exercise of its discretion, after which it is subject to review (along with a report prepared by an independent financial consultant) by the Director of Finance, the Joint Budget Committee, and a statutorily-mandated peer review group. (§ 2704.08, subdivision (d)(b); Pub. Util. Code § 185035.) If approved by the Director of Finance, the funding plan may be reviewed by a court in a traditional mandamus proceeding for abuse of discretion. Issued in a vacuum, without context, the requested injunction provides insufficient guidance to the Authority to enable it to know what conduct is or is not permissible. It is unclear what is meant by "relies on AB 1889 to find compliance" with section 2704, subdivision (d), or at what point in the approval or construction process the Authority could fairly be charged with knowledge that a given plan is non-compliant. In order to provide sufficient guidance in its order, the Court would have to decide, in a setting devoid of factual content, what potential funding plan characteristics would or would not be deemed to "rely on AB 1889," for their compliance with Proposition 1A. Such an advisory opinion "falls within neither the functions nor the jurisdiction of this court." (People ex rel. Lynch v. Superior Court (1970) 1 Cal.3d 910, 912.)

IV. AS A MATTER OF LAW, PLAINTIFFS ARE NOT ENTITLED TO AN INJUNCTION TO "RECOVER AND RESTORE FUNDS" TO THE CALIFORNIA TREASURY.

Paragraph 5 of plaintiffs' Prayer seeks recovery of monies that have been spent, i.e., "[f]or recovery and restoration to the California State Treasury of any funds [the Authority] has illegally, improperly or wastefully spent" in preparing, approving or implementing "improper/noncompliant Funding Plans." The request suffers from multiple fatal defects.

Although Section 526a may, in appropriate circumstances, be used to allow a taxpayer to obtain an injunction before an illegal expenditure is made, it may not be used to sue for recovery of expenditures already made. (Code Civ. Proc., § 526a; O'Connell v. City & County of San Francisco (1928) 204 Cal. 1, at ** 1-2; Fox v. City of Pasadena (9th Cir. 1935) 78 F.2d 948, 950 [applying California law].)

To the extent the FAC could be construed as seeking an order requiring the Authority to recover money from the third parties who have received payments from the Authority, it also fails. Plaintiffs have failed to allege facts that would support a legal claim by the Authority to recover monies from the third parties that received payments for goods or services provided, in preparing, obtaining approval of, or implementing the allegedly illegal funding plans (see FAC, ¶¶ 26, 69.) Since the FAC does not allege facts suggesting that the Authority has a claim against such third parties, plaintiffs, who suing as taxpayers purport to act on behalf of the Authority, have none. (Silver v. City of Los Angeles (1966) 245 Cal. App. 2d 673, 677; see Duskin v. San Francisco Redevelopment Agency (1973) 31 Cal. App.3d 769, 773.) Moreover, even if the FAC had alleged that the Authority had legal claims it could pursue against third parties, which the FAC does not, under either section 526a or common law, such a taxpayer lawsuit may be maintained only if the government agency has a duty to act but refuses to do so. (San Bernardino County v. Superior Court, supra, 239 Cal. App. 4th at p. 686.)

"It has long been held that a government entity's decision whether to pursue a legal claim involves the sort of discretion that falls outside the parameters of waste under section 526a and cannot be enjoined by mandate." (Daily Journal, supra, at p. 1558[]) And because deciding whether to pursue a legal claim is generally an exercise of discretion, rather than "a duty specifically enjoined," the common law too does not normally provide the taxpayer a cause of action to pursue a legal claim on behalf of the government entity. (Silver [v. City of Los Angeles (1962) 57 Cal.2d 39, 41].)

(*Ibid.*) And any effort to require the Authority to recover monies from third parties may only be enforced by mandamus, not in a civil action. (Fox v. City of Pasadena, supra, 78 F.2d at p. 950; see San Bernardino v. Superior Court, supra, 239 Cal. App. 4th at p. 882.)

Further, the FAC asks the Court to order "recovery and restoration" of expended monies, not to the Authority, but to the State Treasury. (FAC, ¶¶ 3, 69 & Prayer, Paragraph 5.) The FAC alleges no facts that suggest that the Treasury has any entitlement to Authority funds. Indeed, the

24

21

22

23

27

28

²⁵ 26

FAC alleges that the Authority is spending *federal grant funds*. (FAC at ¶ 26.) And even if the FAC had alleged that the Authority had spent Proposition 1A bond proceeds, which it does not, those funds must be used in accordance with the Bond Act, which does not allow them to simply become funds of the State Treasury. (§ 2704.06.)

For all of these reasons, Paragraph 5 of the Prayer is substantively defective and should be stricken.

V. THE REQUESTS FOR INJUNCTIVE RELIEF SHOULD BE STRICKEN, WITHOUT LEAVE TO AMEND.

Where a complaint is defective, in furtherance of justice courts liberally grant leave to amend. (Sandler v. Sanchez (2012) 206 Cal.App.4th 1431, 1436-1437.) Leave should not be granted, however, when amendment would be futile. (Id. at p. 1437.) Plaintiffs cannot cure their requests for injunctive relief by further amendment to the complaint, because injunctive relief simply is not available, for the reasons described above.

CONCLUSION

The Court should strike Paragraphs 3 through 5 of the prayer for relief contained in the FAC, as well as the supporting allegations in the FAC, Paragraphs 3, 14 and 69, without leave to amend.

Dated: March 15, 2017

Respectfully Submitted,

XAVIER BECERRA Attorney General of California TAMAR PACHTER Supervising Deputy Attorney General

SHARON L. O'GRAMY
Deputy Attorney General
Attorneys for Respondents

California High-Speed Rail Authority

SA201610486; 320954511.doc

DECLARATION OF SERVICE

Case Name:

Tos, John, et al. v. California High-Speed Rail Authority

No.:

34-2016-00204740

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On March 15, 2017, I served the attached DEFENDANTS' NOTICE OF HEARING AND MOTION TO STRIKE ALLEGATIONS FILED CONCURRENTLY WITH A DEMURRER TO VERIFIED AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

Michael J. Brady Ropers, Majeski, Kohn & Bentley -Redwood City 1001 Marshall St, Suite 500 Redwood City, CA 94063 (E-mail Address: mbrady@rmkb.com) Attorneys for Petitioners Stuart M. Flashman
Attorney at Law
Law Offices of Stuart M. Flashman
5626 Ocean View Drive
Oakland, CA 94618-1533
(E-mail Address: Stu@stuflash.com)
Attorneys for Petitioners

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on March 15, 2017, at San Francisco, California.

Susan Chiang

Declarant

Signature

SA2016104863 20955089.doc