

## Legal Update

### **1) *County of San Joaquin et al v. Metropolitan Water District of Southern California et al***

San Joaquin and Contra Costa County previously sought an injunction to the \$175 million purchase of five islands in the Sacramento-San Joaquin Delta (Delta) by Metropolitan Water District (Metropolitan) in the San Joaquin Superior Court after Metropolitan filed notice of CEQA exemption for the land purchase. The injunction was denied and plaintiffs appealed to the Third District Appellate Court with a petition for a writ of supersedeas.

On June 7, 2016, just one day before escrow on the sale was set to close, Justice Vance W. Raye granted a temporary stay on the purchase pending receipt of opposition to the "petition for writ of supersedeas or other relief" and further order from the court. The parties are enjoined from all activities in furtherance of Metropolitan's decision to purchase the property described in its purchase and sale agreement with Delta Wetlands Properties, including payment of the purchase price and transfer of title to the property.

Respondents filed their joint opposition to the petition for writ of supersedeas on June 17, 2016. The Third District Court of Appeal has not yet released a subsequent order.

### **2) *County of San Joaquin et al v. Metropolitan Water District of Southern California et al***

On May 27, 2016, another legal challenge was brought in Contra Costa Superior Court against Metropolitan's purchase of the Delta islands. San Joaquin County alleges that the pending land sale puts Delta Wetlands Property in breach of contract as future buyers are required to abide by negotiated settlements that restrict the lands use.

When Delta Wetlands Property, a subsidiary of Zurich Insurance Group, bought the islands 20 years ago they planned to develop a few of the islands as reservoirs for water storage. The stored water would then be pumped from the Delta south to Kern County for use by Semitropic Water Storage District. Local governments and landowners sued over the plan and a settlement was reached in 2013 that restricts the land's use. Metropolitan's position is that the settlement agreement is not implicated because, according to the press, officials from Metropolitan have stated that the water district does not intend to use the islands as reservoirs.

Plaintiff's had applied for a temporary restraining order, which was denied by Judge Barry P. Goode on June 9, 2016. There is a case management conference scheduled for August 3, 2016. We will continue to monitor and update the Council as warranted on the litigation developments of these land sale cases.