

B295252, B297294

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA
SECOND APPELLATE DISTRICT, DIVISION SIX

CITY OF OXNARD, et al.,
Plaintiffs, Appellants, and Respondents

v.

AARON STARR,
Defendant, Respondent, and Appellant.

*Appeal from the Superior Court of the State of California
County of Ventura, Case No. 56-2016-00479696
The Honorable Rocky J. Baio, Judge Presiding*

**APPLICATION OF THE LEAGUE OF CALIFORNIA
CITIES TO FILE AN AMICUS BRIEF IN SUPPORT OF
APPELLANT AND RESPONDENT CITY OF
OXNARD; PROPOSED AMICUS CURIAE BRIEF**

Benjamin P. Fay, SBN: 178856
Carolyn Liu, SBN: 319769
JARVIS, FAY & GIBSON, LLP
492 Ninth Street, Suite 310
Oakland, CA 94607
Telephone: (510) 238-1400
Facsimile: (510) 238-1404

Attorneys for *Amicus Curiae*
LEAGUE OF CALIFORNIA CITIES

COURT OF APPEAL SECOND APPELLATE DISTRICT, DIVISION SIX	COURT OF APPEAL CASE NUMBER: B295252
ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NUMBER: 178856 NAME: Benjamin P. Fay FIRM NAME: Jarvis, Fay & Gibson, LLP STREET ADDRESS: 492 Ninth Street, Suite 310 CITY: Oakland STATE: CA ZIP CODE: 94607 TELEPHONE NO.: (510) 238-1400 FAX NO.: (510) 238-1404 E-MAIL ADDRESS: bfay@jarvisfay.com ATTORNEY FOR (name): League of California Cities	SUPERIOR COURT CASE NUMBER: 56-2016-00479696
APPELLANT/ City of Oxnard, et al. PETITIONER: RESPONDENT/ Aaron Starr REAL PARTY IN INTEREST:	
CERTIFICATE OF INTERESTED ENTITIES OR PERSONS	
(Check one): <input checked="" type="checkbox"/> INITIAL CERTIFICATE <input type="checkbox"/> SUPPLEMENTAL CERTIFICATE	
Notice: Please read rules 8.208 and 8.488 before completing this form. You may use this form for the initial certificate in an appeal when you file your brief or a prebriefing motion, application, or opposition to such a motion or application in the Court of Appeal, and when you file a petition for an extraordinary writ. You may also use this form as a supplemental certificate when you learn of changed or additional information that must be disclosed.	

1. This form is being submitted on behalf of the following party (name): League of California Cities
2. a. There are no interested entities or persons that must be listed in this certificate under rule 8.208.
- b. Interested entities or persons required to be listed under rule 8.208 are as follows:

Full name of interested entity or person	Nature of interest (Explain):
(1)	
(2)	
(3)	
(4)	
(5)	

Continued on attachment 2.

The undersigned certifies that the above-listed persons or entities (corporations, partnerships, firms, or any other association, but not including government entities or their agencies) have either (1) an ownership interest of 10 percent or more in the party if it is an entity; or (2) a financial or other interest in the outcome of the proceeding that the justices should consider in determining whether to disqualify themselves, as defined in rule 8.208(e)(2).

Date: July 6, 2020

Benjamin P. Fay

(TYPE OR PRINT NAME)



(SIGNATURE OF APPELLANT OR ATTORNEY)

TABLE OF CONTENTS

	Page
APPLICATION FOR PERMISSION TO FILE AMICUS CURIAE BRIEF	6
AMICUS CURIAE BRIEF OF THE LEAGUE OF CALIFORNIA CITIES	8
I. INTRODUCTION	8
II. ARGUMENT	10
A. Voters can choose the level of wastewater service they are willing to accept, but such service must comply with state and federal law.	10
1. The courts’ duty to jealously guard the right of the people to legislate through the initiative power applies only when a challenge involves the exercise of the right or procedural hurdles to the initiative process.	10
2. The duty to jealously guard the initiative power does not require the courts to exempt legislation enacted by initiative from substantive statutory limitations.	12
3. An initiative to set wastewater rates must comply with the legal requirements of rate-setting.	15
B. The trial court’s opinion seems to imply that the City must offer uncontradicted evidence that rates would be inadequate to pay costs and that evidentiary standard is too high.	19
III. CONCLUSION.....	22
CERTIFICATE OF WORD COUNT.....	23

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Associated Home Builders etc., Inc. v. City of Livermore</i> (1976) 18 Cal.3d 582	11
<i>Bighorn-Desert View Water Agency v. Verjil</i> (2006) 39 Cal.4th 205.....	14
<i>California Cannabis Coalition v. City of Upland</i> (2017) 3 Cal.5th 924.....	11, 12, 13
<i>City of Atascadero v. Daly</i> (1982) 135 Cal.App.3d 466	19
<i>Dare v. Lakeport City Council</i> (1970) 12 Cal.App.3d 864	14
<i>DeVita v. County of Napa</i> (1995) 9 Cal.4th 763.....	11
<i>Gates v. Blakemore</i> (2019) 39 Cal.App.5th 32.....	16
<i>Hawn v. County of Ventura</i> (1977) 73 Cal. App. 3d 1009	16, 17
<i>Hotel Employees and Restaurant Employees Intern. Union v. Davis</i> (1999) 21 Cal.4th 585.....	20
<i>Lee v. City of Monterey Park</i> (1985) 173 Cal.App.3d 798	20
<i>Legislature v. Deukmejian</i> (1983) 34 Cal.3d 658	13, 15, 21
<i>Leshar Communications, Inc. v. City of Walnut Creek</i> (1990) 52 Cal.3d 531	13, 16

<i>Mission Springs Water Dist. v. Verjil</i> (2013) 218 Cal.App.4th 892.....	13, 16, 19
<i>Rossi v. Brown</i> (1995) 9 Cal.4th 688.....	14
<i>Voters for Responsible Retirement v. Board of Supervisors</i> (1994) 8 Cal.4th 765.....	13

Statutes

California Constitution	
Article II	
§ 9	14
Article XIII C	12, 13
§ 3	14, 15
Article XIII D	13
Article XXI	16
Proposition 218	<i>passim</i>
Evidence Code	
§ 669.5	20
Government Code	
§ 29000 et seq. (County Budget Act)	16, 17
§ 29060	16
§ 29061	16
§ 54300 et seq. (Revenue Bond Law of 1941).....	9, 17
§ 54515	<i>passim</i>

Other Authorities

City of Oxnard Ordinance 2901	8
-------------------------------------	---

Rules

California Rules of Court	
Rule 8.200(c)	6
Rule 8.200 (c)(3).....	7

**APPLICATION FOR PERMISSION TO FILE
AMICUS CURIAE BRIEF**

TO THE HONORABLE PRESIDING JUSTICE OF THE
COURT OF APPEAL OF THE STATE OF CALIFORNIA,
SECOND APPELLATE DISTRICT, DIVISION SIX:

The League of California Cities (“the League”) requests permission, pursuant to Rule 8.200(c) of the California Rules of Court, to file the attached amicus curiae brief in support of Plaintiff and Appellant/Respondent City of Oxnard (“the City”). The League is an association of 478 California cities dedicated to protecting and restoring local control to provide for the public health, safety, and welfare of their residents and enhance the quality of life for all Californians. The League is advised by its Legal Advocacy Committee, comprised of 24 city attorneys from all regions of the State, which monitors litigation of concern to municipalities and identifies those cases that have statewide or nationwide significance. The Committee has identified this case as having such significance.

The League and its member cities have a substantial interest in the outcome of this case because it raises important questions regarding the proper post-election review standards applicable to initiative measures. In particular, this case raises the questions of whether the people of a city can do by initiative what the city council cannot and whether the substance of a local initiative must comply with state law.

The attached brief will provide the Court with valuable information regarding the potential impact to California cities should the judgment below be affirmed, and the League believes

that its perspective on the issues identified above will assist the Court in its resolution of the City's appeal. The undersigned counsel has carefully examined the briefs submitted by the parties and represents that the League's brief, while consonant with the City's arguments, will highlight a number of critical points that, in the League's view, warrant further analysis. Accordingly, the League respectfully asks that the Court grant its application and accept its brief for filing.

In compliance with subdivision (c)(3) of Rule 8.200, the undersigned counsel represents that they authored the League's brief in its entirety on a pro bono basis; that their firm is paying for the entire cost of preparing and submitting the brief; and that no party to this action, or any other person, authored the brief or made any monetary contribution to help fund the preparation and submission of the brief.

JARVIS, FAY & GIBSON, LLP

Dated: July 6, 2020

By: /s/ Benjamin P. Fay
Benjamin P. Fay
Carolyn Liu
Attorneys for Amicus Curiae
LEAGUE OF CALIFORNIA CITIES

**AMICUS CURIAE BRIEF OF
THE LEAGUE OF CALIFORNIA CITIES**

I. INTRODUCTION

At issue in this case are the wastewater rates enacted by initiative in the City of Oxnard (“City”). In January of 2016, the City enacted Ordinance 2901 raising wastewater rates. The rates were based on an evaluation of the current system, the repairs that needed to be made, and a rate study by Carollo Engineers, all of which in the trial court’s words, amounted to “evidence based and prudent practices.” In March of that year, Aaron Starr (“Starr”) submitted an initiative, Measure M, for the November 2016 ballot to repeal Ordinance 2901 and put back into effect the pre-Ordinance 2901 wastewater rates.

The City challenged the initiative measure because the revenue provided by the rates would not be sufficient to cover the wastewater utility’s bond obligations, expenses, and repair and maintenance costs, as required by state statute. The issue in this case is thus not whether citizens have the power by initiative to reduce wastewater rates, but whether citizens have the power by initiative to impose rates that do not comply with statutory requirements.

The City has shown that the Measure M rates—the pre-Ordinance 2901 rates—were too low for it to meet its bond obligations and to make the necessary repairs to its dilapidated and crumbling system. Starr’s arguments on appeal focus on what he claims are accounting errors and unconstitutional expenses, and he claims that without these, the Measure M rates would have

been sufficient to operate the utility. However, even with these “adjustments,” and not taking into account capital improvements, Starr admits the utility is still running a deficit and cannot meet the applicable statutory requirements. Measure M’s rates essentially force the wastewater utility to either forego repairing its infrastructure and create a public health and safety hazard or fail to meet its bond requirements. Yet the trial court found that because the rates were enacted by initiative, it was obligated to uphold the people’s right to exercise the initiative power unless “unconstitutionality is clearly, positively, and unmistakably” apparent, and thus the rates were not too low as the wastewater system was functioning “at the level the people of Oxnard had chosen to accept.” (Trial Court’s Amended and Final Decision, dated June 29, 2018 (“Decision”) at 7:20-21; 8:1.)

The voters can choose rates, but they cannot choose to operate a wastewater system that is out of compliance with statutory requirements. The trial court’s decision essentially allows the people of Oxnard to do by initiative what the Oxnard City Council cannot. The League agrees with the City that the voters cannot by initiative circumvent the substantive requirements of statutory law, specifically in this case, Government Code section 54515, which is part of the Revenue Bond Law of 1941 (Gov. Code § 54300 et seq.). Allowing voters to do by initiative what the city council cannot do itself, effectively allows them to exempt themselves from state law. Accordingly, for the reasons set forth below, the League joins the City in urging this Court to reverse the judgment below.

II. ARGUMENT

A. **Voters can choose the level of wastewater service they are willing to accept, but such service must comply with state and federal law.**

The issue in this case is that the rates set by Measure M are too low for the City to meet its bond obligations, covenants, and operating and maintenance expenses, as required by Government Code section 54515, and would cause the City to violate basic health and safety standards.¹ Voters may certainly set rates by initiative, but they must set rates that comply with the legal requirements of rate-setting. Because Measure M does not do so, the League agrees with the City that it should be invalidated.

1. **The courts' duty to jealously guard the right of the people to legislate through the initiative power applies only when a challenge involves the *exercise* of the right or procedural hurdles to the initiative process.**

The trial court decision appears to imply that because Measure M is an initiative, the court had a duty to jealously guard the right of the people of Oxnard to operate the wastewater utility at the level they “had chosen to accept.” (Decision at 8:1.) However, the courts' duty to “jealously guard” the people's right to

¹ Government Code section 54515 requires that utility rates at least be sufficient to pay (1) the interest and principal of bonds, (2) all payments required for compliance with the resolution authorizing the issuance of the bonds or any other contract with the bondholders, including the creation of sinking and reserve funds, (3) all payments to meet any other obligations of the local agency which are charges, liens, or encumbrances upon, or payable from, the revenues of the enterprise, and (4) all current expenses of maintenance and operation of the enterprise.

exercise the initiative power does not mean citizens can by initiative choose to accept a wastewater system that is out of compliance with the law. The duty to jealously guard the initiative process applies only in those instances where an initiative is challenged on the basis that the people do not have a power that the governing body has, or on the basis that an initiative has a procedural defect. (See *California Cannabis Coalition v. City of Upland* (2017) 3 Cal.5th 924, 934-935 (*Upland*).

The initiative provision was added to the state Constitution in 1911. (*Associated Home Builders etc., Inc. v. City of Livermore* (1976) 18 Cal.3d 582, 591 (*Livermore*)). Its enactment was sparked by dissatisfaction with the then governing public officials and a widespread belief that the people had lost control of the political process. (*Upland, supra*, 3 Cal.5th at 934.) Its purpose was to empower voters to directly propose and adopt provisions “that their elected public officials had refused or declined to adopt.” (*Ibid.*)

Thus, courts have held that absent a clear showing that a procedural rule was meant to apply to the initiative process, courts will not use such a pretext to bar the citizens’ right to enact by initiative. (See, *supra*, 18 Cal.3d at 591, 596; *DeVita v. County of Napa* (1995) 9 Cal.4th 763, 787 [the procedural requirements imposed on the legislative body by the planning law, which requires consultation with public agencies prior to enactment of general plan amendments, cannot apply to citizen initiatives].) This makes sense—often times, a city council or governing body is bound by notice and hearing requirements that simply would not

be feasible to apply to citizens enacting by initiative. If such procedural requirements were equally placed on the initiative power, it would effectively bar the use of the initiative power in a certain area of law entirely. Thus, the duty of the courts to jealously guard and liberally construe the right of the initiative process requires courts to exempt initiatives from the procedural requirements that are applicable to the governing body.

Similarly, when a question arises as to whether a particular subject is appropriate for an initiative, as opposed to being only appropriate for the legislative body, courts will jealously guard the right of citizens to legislate on that particular subject. Otherwise, the right of citizens to legislate by initiative, to do what their legislative body would not, would be hindered. Accordingly, in *Upland*, the court held that the procedures in Article XIII C of the California Constitution, which limit the ability of local governments to impose, extend, or increase general taxes, do not, without a clear showing that they were directly meant to apply in the context of initiatives, restrict the ability of voters to impose taxes via initiative. (*Upland, supra*, 3 Cal.5th at 930.) That courts must protect the initiative *process*, however, does not mean they must exempt legislation enacted by initiative from all other statutory limitations.

2. The duty to jealously guard the initiative power does not require the courts to exempt legislation enacted by initiative from substantive statutory limitations.

Initiatives must still comply with the substantive provisions of state and federal law, and this was not changed by Proposition

218.² Courts have repeatedly held that the initiative power is co-extensive with the legislative power of the local governing body. (*Mission Springs Water Dist. v. Verjil* (2013) 218 Cal.App.4th 892, 920 (*Mission Springs*); *Legislature v. Deukmejian* (1983) 34 Cal.3d 658, 675 (*Deukmejian*)). “Although the initiative power must be construed liberally to promote the democratic process when utilized to enact statutes, those statutes are subject to the same constitutional limitations and rules of construction as are other statutes.” (*Deukmejian, supra*, 34 Cal.3d at 675, internal citations omitted.)

The same is true when a local initiative is at issue. (*Leshar Communications, Inc. v. City of Walnut Creek* (1990) 52 Cal.3d 531, 540 (*Leshar*)). The purpose of the initiative power is to allow citizens to do directly what their representatives will not, not to allow them to do what their representatives *cannot*. (See *Upland, supra*, 3 Cal.5th at 934; *Voters for Responsible Retirement v. Board of Supervisors* (1994) 8 Cal.4th 765 [an initiative may not address subjects as to which state law has preempted local legislative action].) If such were the case, substantive state laws would often be rendered meaningless. Any state statute could be overcome by any local law, as long as that local law was enacted through the initiative process. This cannot be the case. Initiatives brought and passed at the state level, like legislation passed by the Legislature, are subject to the provisions of the United States Constitution and the California Constitution. Likewise, initiatives passed at the

² Proposition 218 was the statewide ballot initiative that added Articles XIII C and XIII D to the California Constitution.

local level are subject to state laws, just like any other local laws. Any other interpretation would mean that citizens could exempt a city or county from state laws such as, for example, the Fair Employment and Housing Act or the California Building Code.

These principles were not changed by Proposition 218. The stated intent of Article XIII C, section 3 was to allow voters to repeal taxes by initiative, despite Article II, section 9, which excludes tax measures from the referendum power. Prior to its enactment, this was an issue of contention in the courts. The exception of tax measures from initiative was created by cases reasoning that what voters could not do directly by referendum—repeal taxes—they could not do indirectly by initiative. (E.g., *Dare v. Lakeport City Council* (1970) 12 Cal.App.3d 864, 867.) But even before the passage of Proposition 218, this conclusion was overruled by the California Supreme Court in *Rossi v. Brown* (1995) 9 Cal.4th 688, which noted the lack of a constitutional prohibition on tax initiatives, as distinguished from referenda.

Article XIII C, section 3 simply constitutionalized the holding in *Rossi* that initiatives could be used to repeal taxes and removed a case law exception to the initiative power. It extended the initiative power to “local taxes, assessments, fees and charges....,” preserving all other constitutional limitations on the initiative power. (See *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, 218 [Article XIII C, section 3 simply specifies that it extends the initiative power to charges imposed by local public agencies].) The ballot pamphlet for Proposition 218 and statements by its drafter, the Howard Jarvis Taxpayers

Association (HJTA), are in accord. While the Legislative Analyst’s analysis of Proposition 218 in the voter pamphlet acknowledged that the initiative provision “broadens the existing initiative powers,” it did not find that it fundamentally revised them. (See Ballot Pamphlet, Analysis by Legislative Analyst in Proposition 218 Voter Guide, Gen. Elec. (Nov. 5, 1996), p. 74.)³ The HJTA annotations to Proposition 218, written after the voters approved it, confirm that section 3 of Article XIII C “does not greatly expand the initiative power.” (HJTA Annotations, January 1997.)⁴ Proposition 218 did not expand the initiative power in the context of taxes, assessments, fees, and charges to make it so citizens could suddenly be able to do by initiative what local legislative bodies could not.

3. An initiative to set wastewater rates must comply with the legal requirements of rate-setting.

As briefed by the City, “the initiative process may not be used to do that which the Legislature may not do.” (*Deukmejian, supra*, 34 Cal.3d at 676.) “A statutory initiative is subject to the same state and federal constitutional limitations as are the Legislature and the statutes which it enacts.” (*Id.* at 674.) Thus, the California Supreme Court held in *Deukmejian* that the

³ The ballot pamphlet for Proposition 218 can be found at the following website:
https://repository.uchastings.edu/cgi/viewcontent.cgi?article=2137&context=ca_ballot_props

⁴ The annotations can be found at the following website:
<https://www.hjta.org/propositions/proposition-218/text-proposition-218-analysis/>

substantive rule in Article XXI of the California Constitution—that apportionment of election districts shall only occur once a decade—prohibited the adoption of a second redistricting plan by initiative where a presumptively valid redistricting plan had been already been adopted by the Legislature for the decade at issue. (*Id.* at 675; see *Hawn v. County of Ventura* (1977) 73 Cal. App. 3d 1009 [initiative that irrationally discriminated between city and county voters violated equal protection and was invalid].)

Local initiatives—like local law enacted by a city council—are similarly subject to the confines of the United States Constitution, the California Constitution, and state statutes. (See *Leshner, supra*, 52 Cal.3d at 540 [a local initiative measure was invalid because it was incompatible with the statutory requirement that all zoning ordinances be consistent with a city’s general plan].) Thus, if the state Legislature has restricted the legislative power of a local governing body, that restriction applies equally to the local electorate’s power of initiative. (*Mission Springs, supra*, 218 Cal.App.4th at 920.)

In *Gates v. Blakemore* (2019) 39 Cal.App.5th 32, the court invalidated an initiative measure that would restructure the County of San Bernardino’s government in a manner that would violate the Government Code. (*Id.* at 38.) Under the County Budget Act (Gov. Code § 29000 et seq.), the board of supervisors must designate either the “administrative officer or auditor” to compile budget requests and “to review the budget requests and prepare a recommended budget.” (*Gates, supra*, 39 Cal.App.5th at 39; Gov. Code, §§ 29060, 29061.) The initiative would have

required that the chair of the board of supervisors, rather than the administrative officer or auditor as designated by the board, perform these functions. (*Hawn, supra*, 39 Cal.App.5th at 39.) Because the initiative was incompatible with state law—the County Budget Act—the court held that the initiative was invalid. (*Ibid.*)

Thus, while courts do not hold initiatives to be subject to the same procedural limitations as the Legislature or city council, initiatives must still legislate within the confines of the power possessed by the relevant legislative body. In this case, the relevant confines are stated by the Revenue Bond of Law 1941, specifically Government Code section 54515. The City’s wastewater rates must at least be sufficient to cover those expenses. These are not procedural requirements hindering the initiative process or statutes dictating who can legislate in a particular area of law. These are requirements ensuring that the utility meets its obligations as promised to bondholders and still have enough revenue to maintain and operate the wastewater system.

The trial court found that since the utility could “function” at the level the people of Oxnard had chosen to accept, Measure M did not violate Government Code section 54515. In deciding so, it not only applied an extremely high burden of proof not appropriate for such an analysis, but made no findings regarding the substantial amount of evidence introduced by the City, or Starr for that matter, showing that it could not meet its bond obligations

and actually repair its wastewater system to maintain it in working order.

On appeal, Starr argues that the rates are only insufficient because the City is not accounting properly and merely needs to prioritize its spending. (Respondent Starr’s Combined Brief (“Starr’s Brief”), p. 64.) But even removing the wastewater utility expenses that Starr claims are unconstitutional and all of his budget “adjustments,” and without considering the capital improvements that are needed to prevent the physically crumbling system from dumping hundreds of thousands of gallons of primary effluent into the ocean and violating basic health and safety standards, including exposing raw sewage to the environment, the City runs a deficit from the Measure M rates. (Starr’s Brief, p. 68-70.) The limited amount of revenue generated from those rates essentially forces the City to choose between either violating its bond obligations or violating basic public health and safety standards. By the trial court’s reasoning, the voters could opt for these rates until the system collapsed, and the City could not provide wastewater services—up until then, the system would indeed be “functioning.” That cannot be the case, not only because it would create a serious health and safety hazard, but also because that standard is incompatible with state law.

Measure M further would have, but for the preliminary injunction, put the City on the brink of a liquidity crisis, prevented the City from obtaining any new credit, and downgraded its credit rating to junk bond status, causing the City to immediately owe millions of dollars. (See Appellant City of Oxnard’s Opening Brief

(City's Brief), pp. 18, 23.) The initiative power, while a "jealously guarded" right, cannot give the voters the power to put the City in dire financial stress and it cannot put the City in a position where it either has to breach a covenant or threaten public health and safety. Local initiatives cannot exempt themselves from the limits of the state law. (See *Mission Springs*, *supra*, 218 Cal.App.4th at 920-21; see also *City of Atascadero v. Daly* (1982) 135 Cal.App.3d 466.) Otherwise, state law is essentially rendered meaningless. (*Id.*)

B. The trial court's opinion seems to imply that the City must offer uncontradicted evidence that rates would be inadequate to pay costs and that evidentiary standard is too high.

The trial court concluded that because Measure M was enacted by initiative, it was obligated to "resolve any reasonable doubts in favor" of the people's right to legislate through the initiative process and uphold the validity of an initiative unless its "unconstitutionality is clearly, positively, and unmistakably" apparent. (Decision at 7:17-21.) This is certainly the standard when an initiative is challenged on the basis that the people do not have a power that the governing body has or on the basis of procedural hurdles to the initiative process. But that is not the basis of this challenge. This is an unreasonably high standard to apply to this case. The City is not disputing Starr's right to legislate wastewater rates by initiative. The only issue is that the rates enacted by initiative are too low for the City to meet its statutory obligations, including paying its bond obligations and

expenses, and maintaining and operating the wastewater system. (Gov. Code § 54515.)

Once passed, an initiative is treated the same as any other law and evaluated under the same burden of proof that would be applicable to that challenge had the law at issue been passed by the Legislature or the City Council. Hence, initiatives are not categorically exempt from burden-shifting statutes just because they are initiatives. (*Lee v. City of Monterey Park* (1985) 173 Cal.App.3d 798, 807 [initiative measure not excluded from Evidence Code section 669.5, which requires that the enacting local agency has the burden of proving that the ordinance in question is reasonably related to the public welfare].)

Further, the California Supreme Court has declined to apply a higher burden of proof to evaluate a statutory initiative that allegedly conflicted with substantive provisions of the California Constitution than would have been applicable to the statute had it been passed by the Legislature. In *Hotel Employees and Restaurant Employees Intern. Union v. Davis* (1999) 21 Cal.4th 585 (*Hotel Employees*), the California Supreme Court analyzed whether a statutory initiative purporting to authorize various forms of gaming in tribal casinos was unconstitutional. (*Id.* at 589.) The Court held that the initiative authorizing casino gambling was invalid and inoperative “because in a conflict between statutory and constitutional law the Constitution must prevail,” and rejected the notion that an initiative makes an otherwise invalid law valid. (*Id.*)

In declining to treat the initiative differently than any other statute, the Court stated that “the reserved power to enact statutes by initiative is a legislative power, one that would otherwise reside in the Legislature. It has heretofore been considered to be no greater with respect to the nature and attributes of the statutes that may be enacted than that of the Legislature.’ In the passing years, we have adhered to that broad holding without deviation.” (*Id.* at 602-03, quoting *Deukmejian, supra*, at 673 [the Court further clarifies that the rule does not apply to “procedural requirements addressed to the Legislature’s deliberations” unless evidence shows such application was intended].)

Thus, while the people’s right to exercise the initiative power is “jealously guarded,” the people’s right to circumvent substantive constitutional and statutory law by local initiative is not. Rate setting is a legislative act and like any other legislation is entitled to deference with respect to legislative findings. (*Id.* at 610 [general rule that deference is afforded to legislative findings].) But there were no legislative findings in Measure M—it merely repealed rates to pre-Ordinance 2901 rates. (See *id.* [to the extent legislative findings do not consist of fact, but of statutory or constitutional interpretation, the general rule of deference is not implicated].) The trial court’s review of whether Measure M set rates sufficient to meet statutory obligations was thus not subject to a heightened standard of review, and certainly not subject to the extremely high standard applicable to the review of the exercise of the initiative power. Because the trial court applied the wrong

standard in evaluating whether the rates set by Measure M complied with state law, and effectively exempted Measure M from the bond and sufficient revenue requirements of Government Code section 54515 entirely, the League joins the City in urging the Court to reverse the judgment.

III. CONCLUSION

While courts must construe the exercise of the initiative power liberally, initiative measures must still legislate within the confines of the power residing in the governing body. The initiative power was meant as a way for the people to do what their governing body would not. It is not a vehicle for circumventing statutory law. If that were the case, substantive state laws could be rendered meaningless, and any act beyond the power of a city council could still be done as long as it was enacted by initiative. This cannot be the application of the initiative power. Initiatives are subject to the confines of the law just as any other legislation, and once passed are reviewed under the same standard that is applicable to that particular issue had the enacting legislation been done by the governing body. Accordingly, for the reasons set forth above, the League joins the City in urging the Court to reverse the judgment below.

JARVIS, FAY & GIBSON, LLP

Dated: July 6, 2020

By: /s/ Benjamin P. Fay
Benjamin P. Fay
Carolyn Liu
Attorneys for Amicus Curiae
LEAGUE OF CALIFORNIA CITIES

CERTIFICATE OF WORD COUNT

I certify that the League's application and brief contains a total of 4,230 words, as indicated by the word count feature of Microsoft Word, the computer program used to prepare the application and brief. This word count excludes the cover page, tables, signature blocks, and this certification pursuant to California Rules of Court, rule 8.204(c)(1).

Dated: July 6, 2020

/s/ Benjamin P. Fay

DECLARATION OF SERVICE

I, the undersigned, declare as follows:

I am a citizen of the United States and employed in the County of Alameda; I am over the age of eighteen years and not a party to the within entitled action; my business address is Jarvis, Fay & Gibson, LLP, 492 Ninth Street, Suite 310, Oakland, California 94607.

On July 6, 2020, I served the within:

**APPLICATION OF THE LEAGUE OF CALIFORNIA
CITIES TO FILE AN AMICUS BRIEF IN SUPPORT OF
APPELLANT AND RESPONDENT CITY OF
OXNARD; PROPOSED AMICUS CURIAE BRIEF**

on the parties in this action as follows:

Holly O. Whatley (160259)
Colantuono, Highsmith
& Whatley, PC
Email: hwhatley@chwlaw.us

*Attorneys for Plaintiff and
Appellant*
CITY OF OXNARD

Chad D. Morgan (291282)
Law Office of Chad D. Morgan
Email: chad@chadmorgan.com

*Attorneys for Defendant and
Respondent*
AARON STARR

Rachele R. Byrd (190634)
Brittany N. Dejeong (258766)
Wolf Haldenstein Adler
Freeman & Herz LLP
Email: byrd@whafh.com
dejong@whafh.com

*Attorneys for Defendant and
Respondent*
AARON STARR

Jon A. Tostrud (199502)
Tostrud Law Group, P.C.
Email: jtostrud@tostrudlaw.com

*Attorneys for Defendant and
Respondent*
AARON STARR

VIA TRUEFILING: I caused a copy of the document to be sent to the parties listed above via the Court-mandated vendor, truefiling.com. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

VIA FIRST CLASS MAIL: I caused each such envelope, with postage thereon fully prepaid, to be placed in the United States mail to be mailed by First Class mail at Oakland, California to:

**Honorable Rocky J. Baio
Superior Court of California
County of Ventura
Hall of Justice
800 South Victoria Avenue
Ventura, California 93009**

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
Executed on July 6, 2020 at San Francisco, California.



Katherine Carr James