1	SUPERIOR COURT OF CALIFORNIA
2	COUNTY OF ORANGE, CENTRAL JUSTICE CENTER
3	DEPARTMENT C20
4	
5	WESTERN RIVERSIDE COUNCIL OF) GOVERNMENTS,)
6) PLAINTIFF/PETITIONER,)
7) CASE NO. 30-2010-00357976 VS.
8)
9	THE CITY OF BEAUMONT; AND DOES) 1 THROUGH 100,
10) DEFENDANT/RESPONDENT.)
11	/
12	
13	HONORABLE DAVID R. CHAFFEE, JUDGE PRESIDING
14	REPORTER'S PARTIAL TRANSCRIPT
15	MAY 22, 2014
16	
17	APPEARANCES OF COUNSEL:
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19	FOR PLAINTIFF/ JEFFREY V. DUNN PETITIONER: THOMAS J. EASTMOND ATTORNEYS AT LAW
20	FOR DEFENDANT/ WALTER P. MC NEILL
21	RESPONDENT: RACHEL L. MC VEAN ATTORNEYS AT LAW
22	ATIONNETS AT DAW
23	KATHY D. HOFFMAN, CSR #5787
24	OFFICIAL COURT REPORTER
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1	SANTA ANA, CALIFORNIA - THURSDAY, MAY 22, 2014
2	AFTERNOON SESSION
3	(THE FOLLOWING PROCEEDINGS WERE HAD IN OPEN
4	COURT:)
5	THE COURT: GOOD AFTERNOON, LADIES AND GENTLEMEN.
6	ALL RIGHT. WELL, I HAVE TO SAY I'VE BEEN
7	SCRIBBLING FOR THE LAST THREE HOURS. MY HAND ACTUALLY
8	HURTS AS A RESULT OF TRYING TO GET THIS INTO SOME FORM THAT
9	IS UNDERSTANDABLE. AND SO I AM TO A DEGREE PROBABLY
10	LARGELY GOING TO BE EDITING IT AND READING AT THE SAME
11	TIME, OR READING AND EDITING AT THE SAME TIME, YOUR CHOICE
12	OF ORDER.
13	WHAT I WANT TO DO IS THIS: I ALWAYS ANTICIPATE
14	IN A CASE OF THIS NATURE THAT THERE WILL BE AN APPEAL. AND
15	I ANTICIPATE ALWAYS IN A CASE OF THIS NATURE THAT SOMEONE
16	WILL REQUEST A STATEMENT OF DECISION, AND SO UP FRONT, SO
17	THAT I DON'T FORGET LATER ON, I'M DIRECTING THE PREVAILING
18	PARTY, IF THERE IS A REQUEST FOR A STATEMENT OF DECISION,
19	TO PREPARE A PROPOSED STATEMENT OF DECISION AND TO ATTACH
20	TO IT AND INCORPORATE BY REFERENCE A TRANSCRIPT OF THAT
21	WHICH I AM ABOUT TO ENTER INTO THE RECORD IN TERMS OF THE
22	COURT'S RULING AND FINDINGS ON THIS CASE.
23	I SHOULD START, AS I THINK I TRIED TO DO MAYBE
24	BACKHANDEDLY THIS MORNING BY TALKING ABOUT THE LACK OF TIME
25	LIMITS FOR THIS TRIAL, BY COMPLIMENTING ALL FOUR OF THE
26	LAWYERS INVOLVED IN THIS CASE. NOT ONLY DID I FIND YOU TO

1 BE VERY NICE PEOPLE, WHICH IS ALWAYS A NICE THING BECAUSE 2 SO MANY PEOPLE IN OUR SOCIETY FIND LAWYERS TO BE ANATHEMA, 3 BUT I ALSO FIND YOU TO BE SCHOLARS AND EXCELLENT 4 PRACTITIONERS OF OUR PROFESSION. 5 MS. MC VEAN, I HAVE THE IMPRESSION YOU'RE KIND OF 6 EARLY ON IN YOUR CAREER. 7 MS. MC VEAN: YES, YOUR HONOR. THE COURT: I THINK YOU HAVE GREAT PROMISE. 8 9 MS. MC VEAN: THANK YOU. 10 THE COURT: APPRECIATED YOUR BEING HERE, ESPECIALLY 11 SINCE YOU'RE CANADIAN. 12 MS. MC VEAN: THANK YOU, YOUR HONOR. 13 THE COURT: AND SO TO THE OLD HANDS, WHICH ARE THE OTHER THREE OF YOU, YOU KNOW, THANK YOU FOR YOUR EXCELLENT 14 15 PRESENTATIONS, ALL THREE OF YOU. YOU KNOW, OBVIOUSLY IN A 16 CASE OF THIS NATURE, SOMEBODY WINS AND SOMEBODY LOSES, AND 17 THE CHIPS HAVE TO FALL WHERE THEY MAY. AND TO A DEGREE, AS 18 YOU WILL HEAR, I AM GOING TO BE GIVING SOMEWHAT A PIECE OF 19 MY MIND TO A CERTAIN DEGREE AS WELL. 20 AND IT'S NOT ALWAYS EASY TO SWALLOW. AS 21 ADVOCATES, I REMEMBER THIS SO WELL WHEN I WAS A LAWYER ALL 2.2 THOSE YEARS AGO, WE ALL FEEL AS LAWYERS MORE THAN A LITTLE 23 RESPONSIBILITY TO OUR CLIENTS TO FIX IT, TO WIN FOR YOUR 24 CLIENTS REGARDLESS. THAT ISN'T THE NATURE OF THE BUSINESS. 25 AND SO, YOU KNOW, I AM TELLING YOU UP FRONT THAT I 26 APPRECIATE YOUR ADVOCACY, AND I APPRECIATE YOU AS PEOPLE,

1 IRRESPECTIVE OF THE RESULT OF THIS.

2	AND, YOU KNOW, BELIEVE ME, ALL FOUR OF YOU ARE
3	WELCOME HERE ANY DAY, ANY TIME, TO TRY ANOTHER CASE. I
4	WOULD BE HAPPY TO HAVE YOU. YOU MAY NOT BE HAPPY TO HAVE
5	ME, HOWEVER. SO WE BEGIN, AND STRANGELY ENOUGH, I WAS TOLD
б	A LONG TIME AGO NEVER PUT YOURSELF INTO A DECISION OR
7	OPINION, AND YET I'M ABOUT TO DO THIS BY SAYING THIS:
8	I AM AN OLD, EMPHASIS ON THE WORLD "OLD,"
9	COLLEGIATE OARSMAN. PERHAPS YOU HAVE SEEN THE MOTIVATIONAL
10	POSTER SHOWING AN EIGHT-OARED RACING SHELL IN ACTION ON THE
11	WATER UNDER THE HEADING OR TITLE OF "TEAMWORK." THERE IS
12	SOMETHING SIMPLE BUT ELEGANT ABOUT A SPORT WHERE NINE
13	PEOPLE CLIMB INTO A 60-FOOT LONG, BY 24- TO 32-INCH WIDE,
14	200-POUND RACING SHELL, AND AFTER LONG ARDUOUS WEEKS,
15	INDEED, MONTHS OF TRAINING, LINE UP ON THE STARTING LINE TO
16	ACHIEVE A SINGLE PURPOSE, TO BEAT ALL CHALLENGERS OVER A
17	2,000 METER COURSE.
18	WHAT'S REQUIRED IN THIS? STRENGTH, SKILL ON THE
19	PART OF EVERY PERSON IN THE BOAT, BUT AT THE END OF THE
20	DAY, ALL THAT IS WASTED IF EACH OF THOSE OARSMEN, OR ANY OF
21	THOSE OARSMEN, IS OUT OF SYNC OR NOT PULLING TOGETHER.
22	THE INSTANT CASE REPRESENTS AN INTERGOVERNMENTAL
23	DISPUTE OVER THE AGE OLD PROBLEM OF HOW TO FUND SIGNIFICANT
24	INFRASTRUCTURE CONSTRUCTION PROJECTS. IN THIS CASE THE
25	PROJECTS TRANSCEND THE TYPICAL LOCAL STRUCTURE, TO INCLUDE
26	REGIONAL TRANSPORTATION. THE CREATION OF THE TUMF PROGRAM

REPRESENTS A REGIONAL STRATEGY TO FINANCE AND CONSTRUCT
 REGIONAL ARTERIAL HIGHWAYS AND ROADWAYS IN A COGENT,
 SYSTEMATIC, AND HOPEFULLY ECONOMIC FASHION.

4 THE FACT THAT THE COUNTY OF RIVERSIDE, AND EVERY 5 LOCAL GOVERNMENTAL ENTITY IN WESTERN RIVERSIDE COUNTY, OR б WESTERN REGION OF RIVERSIDE COUNTY, EVENTUALLY JOINED IN 7 THIS ENDEAVOR, REPRESENTS NOT ONLY THE IMPORTANCE OF THIS TRANSPORTATION INFRASTRUCTURE, BUT ALSO THE VIABILITY OF 8 9 THE ENTERPRISE. LIKE ROWING, THE ONE CAVEAT IS, AND WAS, 10 THAT ALL OF THE MEMBERS OF THE TUMF PROGRAM NEED TO PULL 11 TOGETHER.

AS DEMONSTRATED BY EXHIBITS 1003 AND 1004, THE CITY OF BEAUMONT ADOPTED THE TUMF MODEL ORDINANCE. ITS LEGISLATIVE BODY, THE CITY COUNCIL, THEREBY PROVIDING CLEAR POLICY DIRECTION, REQUIRED THAT THE CITY COMPLY WITH THE REQUISITES OF THE TUMF PROGRAM.

17 THE PROBLEM APPEARS TO BE THE INCONSISTENCY, OR 18 THE APPARENT INCOMPATIBILITY, OF THE C.F.D. CREATED BY THE 19 CITY IN 1993 TO BUILD INFRASTRUCTURE WITHIN THE CITY 20 LIMITS, INCLUDING TRANSPORTATION INFRASTRUCTURE. AFTER THE 21 PASSAGE BY THE BEAUMONT CITY COUNCIL OF THE ORIGINAL TUMF 2.2 ORDINANCE IN 2003, CITY STAFF, FROM THE CITY MANAGER ON 23 DOWN, ADOPTED A POSITION THAT THE CITY'S TUMF OBLIGATIONS 24 WERE SATISFIED BY THE CITY TRANSPORTATION PROJECTS, LARGELY 25 FUNDED AND CONSTRUCTED THROUGH C.F.D. 93-1.

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THEIR ARGUMENT, SIMPLY STATED, IS THAT ANY WORK

1 DONE ON A CITY ROADWAY IDENTIFIED BY THE TUMF NEXUS STUDY, 2 AS INCLUDED WITHIN THE TUMF NETWORK, WAS A QUALIFIED TUMF 3 PROJECT, FOR WHICH THE CITY SHOULD BE CREDITED AS HAVING 4 CONSTRUCTED AS ITS OWN, OR AS PART OF ITS TUMF OBLIGATION. 5 THE COURT IS SATISFIED AND FINDS THAT THE б POSITION OF CITY STAFF WAS MOTIVATED BY CERTAIN COMMITMENTS TO BEAUMONT AREA DEVELOPERS, AS WELL AS AN IMPERATIVE TO 7 8 HELP FUEL FURTHER AND GREATER DEVELOPMENT WITHIN BEAUMONT 9 CITY LIMITS. SIMPLE ECONOMICS EXPLAIN WHY CITY STAFF WOULD 10 TAKE SUCH A POSITION. 11 UNDER THE C.F.D., THE CITY ISSUED BONDS THAT PAID 12 FOR THE TRANSPORTATION PROJECTS. THE BONDS WERE SECURED BY 13 LIENS ON THE INDIVIDUAL PARCELS WITHIN THE CITY'S LIMITS. 14 THE BONDS, PAID BY A SUPPLEMENTAL -- OR A SUPPLEMENTAL BILL 15 ADDED TO THE ANNUAL PROPERTY TAX LEVY. NO UP FRONT MONEY 16 WAS REQUIRED TO BE PAID BY ANY DEVELOPER WHO OPTED FOR THIS 17 FORM OF FINANCING. 18 THE DEVELOPERS THEREBY HAD NO CARRYING CHARGES 19 FOR THE COST OF BORROWED MONEY TO PAY UP FRONT FOR 20 CONSTRUCTION OF THESE TRANSPORTATION PROJECTS. MOREOVER, 21 THE COSTS ARE EFFECTIVELY HIDDEN FROM THE PROPERTY BUYERS, 2.2 WHO DO NOT SEE PRICE INCREASES TO COVER DEVELOPER 23 OUT-OF-POCKET DEVELOPMENT COSTS. INSTEAD, THE BUYER PAYS 24 FOR THE PROJECT INCREMENTALLY OVER THE LIFE OF THE BOND 25 THROUGH THOSE TAX ASSESSMENTS OR ADDITIONS TO THE TAX 26 BILLS.

1 CONTRARIWISE, TUMF REQUIRES UP-FRONT PAYMENTS OUT 2 OF POCKET FROM DEVELOPERS. OF COURSE, IT IS EXPECTED THAT 3 THESE COSTS WILL BE RECOUPED BY AN INCREASE IN SALES PRICE 4 OF THE PROPERTIES THAT ARE CONTAINED WITHIN THE DEVELOPER'S 5 PROJECT. THIS SOMETIMES RESULTS IN A RISK OR GAMBLE THAT 6 CERTAIN DEVELOPERS ARE UNWILLING TO ASSUME.

7 THE NET EFFECT OF THIS DICHOTOMY IS, FOLLOWING 8 THE BEAUMONT PREFERENCE, TO GIVE BEAUMONT THE EDGE IN 9 ATTRACTING DEVELOPERS AND GREATER DEVELOPMENT AS AGAINST 10 ALL OTHER WESTERN RIVERSIDE JURISDICTIONS THAT IMPOSE THE 11 MANDATED TUMF FEE UP FRONT.

12 SMALL WONDER THEN THAT THE BEAUMONT IMPERATIVE 13 WAS ALSO TO KEEP ALL MONEY COLLECTED VIA C.F.D. 93-1 IN 14 TOWN AND SPENT ONLY ON LOCAL IMPROVEMENTS AND FACILITIES. 15 ALL OF THIS LEADS INESCAPABLY TO THE COURT'S FINDING THAT 16 CITY MANAGEMENT AND STAFF CONTRACTORS VIOLATED THE 17 DIRECTIVES OF THE CITY'S TUMF ORDINANCES TO SATISFY THIS 18 IMPERATIVE.

19 IN THE END, IT APPEARS THAT THE CITY EXPECTED TO
20 BE TREATED DIFFERENTLY IN THE TUMF PROGRAM THAN ALL OTHER
21 MEMBERS OF THAT PROGRAM.

22 MOREOVER, IT IS CLEAR THAT CITY STAFF CHOSE TO 23 OVERLOOK THE CLEAR MANDATE OF THE CITY COUNCIL REVEALED BY 24 ITS ADOPTED TUMF ORDINANCES, INCLUDING THE DIRECTION TO 25 COMPLY WITH THE TUMF PLAN. OF PARTICULAR NOTE IS THE TUMF 26 REQUIREMENT THAT POST-2003 FINANCING MECHANISMS, SUCH AS

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C.F.D. 93-1, BE MADE TO CONFORM TO THE TUMF PROGRAM, AND
THE REQUIREMENT THAT NEW FINANCING PLANS OR BOND ISSUES FOR
TRANSPORTATION, OR FOR THAT MATTER, CREDIT OR DEVELOPMENT
AGREEMENTS, HAVE PRE-APPROVAL FROM W.R.COG.
A WORD ABOUT CONFORMANCE OF C.F.D. 93-1 WITH TUMF
IS APPROPRIATE. THE COURT'S QUESTIONS OF MR. MC NEILL
ABOUT C.F.D. 93-1 AND LIMITING ITS COVERAGE TO EXCLUDE
REGIONAL TRANSPORTATION, THOSE QUESTIONS, THAT IS, WERE NOT
SIMPLY IDLE THOUGHTS. IN THE COURT'S ESTIMATION, C.F.D.
93-1 COULD HAVE BEEN, AND, INDEED, SHOULD HAVE BEEN,
MODIFIED TO EXCLUDE REGIONAL TRANSPORTATION PROJECTS, WHILE
CONTINUING TO COVER OTHER LOCAL PROJECTS, INCLUDING WATER,
SEWAGE, AND LOCAL TRANSPORTATION.
THE CITY COULD HAVE REDUCED THE LIMIT OF BONDED
INDEBTEDNESS AUTHORIZED FROM THE 655-MILLION-DOLLAR AMOUNT
INDICATED BY MR. MC NEILL, TO, FOR INSTANCE, 600 MILLION,
OR FOR THAT MATTER, 550 MILLION, IF SO NECESSARY, TO
REFLECT WHAT I WOULD CALL A TUMF INCREMENT, AND THEN
COMPLIED WITH THE TUMF PROGRAM REQUIREMENTS TO IMPOSE A
TUMF FEE UPON NEW DEVELOPMENT.
INSTEAD, THE CITY OPTED FOR WHAT ONE COULD CALL
THE, QUOTE, WILLFUL CHILD, END QUOTE, SYNDROME. INDEED,
THE EVIDENCE REFLECTS THAT CONTRARY TO TUMF ORDINANCES,
CITY STAFF TRIED REPEATEDLY TO MAKE THE TUMF PROGRAM
CONFORM TO THE C.F.D. 93-1 PROGRAM, RATHER THAN CONFORM THE
C.F.D. 93-1 TO TUMF.

IN MAKING ITS FINDINGS, THE COURT IS CONSTRAINED 1 2 TO COMMENT IN SOME SMALL FASHION ON THE CREDIBILITY OF THE 3 WITNESSES. HERE, THE COURT NOTES THAT IT WAS EXTREMELY 4 IMPRESSED WITH THE CHARACTER, QUALITY, AND CREDIBILITY OF 5 PETITIONER'S EXPERTS, MESSRS. CHYLINSKI AND ZIMMERMAN. б MR. ZIMMERMAN'S ANALYSIS OF THE CITY'S ROAD PROJECTS 7 ALLEGEDLY ON THE TUMF NETWORK, PROVIDED AN ENCYCLOPEDIC VIEW OF THE DEFICIENCIES IN THE CITY'S CLAIMS TO HAVE 8 9 MEANINGFULLY PARTICIPATED IN AND CONTRIBUTED TO THE TUMF 10 PROGRAM. 11 SIMILARLY, MR. CHYLINSKI'S REVIEW AND ANALYSIS OF 12 THE FINANCIAL AND COMPLIANCE ISSUES OF THE CITY'S CLAIMED 13 COMPLIANCE WITH TUMF WERE REVEALING; INDEED, THEY WERE 14 STARTLING. RESPONDENT'S WITNESSES, PARTICULARLY, 15 MESSRS. DILLON, HUGHES, AND MOORJANI EITHER LACKED SPECIFIC 16 KNOWLEDGE OR WERE NOT CREDIBLE IN THEIR TESTIMONY REGARDING 17 COMPLIANCE WITH THE TUMF CONTRIBUTION REQUIREMENTS. 18 AT BOTTOM, THE COURT FINDS THAT IN NO INSTANCE 19 DID THE CITY'S CLAIMED CONSTRUCTION OF TRANSPORTATION

20 IMPROVEMENTS SATISFY THE TUMF REQUIREMENTS TO ADD TRUE
21 ROADWAY CAPACITY. IF ANYTHING, THE EVIDENCE SHOWS POOR
22 LOCAL TRANSPORTATION PLANNING AND EXECUTION, RESULTING IN
23 BOTTLENECKS AND DELAYS THAT IMPAIR THE NECESSARY ADDED
24 CAPACITY.

25 MOREOVER, THE COURT FINDS THAT THE CITY FAILED TO26 COMPLY WITH THE TUMF PLAN, REQUIRING PRE-APPROVAL FOR

1 POST-2003 FINANCING OR DEVELOPER AGREEMENTS OR DEVELOPER 2 CREDITS, AND GENERALLY FAILED AT EVERY TURN TO COMPLY WITH 3 VIRTUALLY ANY OTHER TUMF PLAN REQUIREMENT. 4 THE EVIDENCE SADLY REVEALED SOMETHING MORE THAT 5 THE COURT FEELS OBLIGED TO SPEAK TO. THE EVIDENCE AND б TESTIMONY REVEALS THAT CITY MANAGEMENT AND STAFF ENGAGED IN 7 A PATTERN AND PRACTICE OF DECEPTION THAT TRANSCENDS THE TYPICAL GIVE AND TAKE OF DISPUTE NEGOTIATION. HAD THIS 8 9 BEEN A TYPICAL CIVIL TRIAL CONTAINING ALLEGATIONS OF FRAUD, 10 I WOULD HAVE FOUND FRAUD BY CLEAR AND CONVINCING EVIDENCE 11 AS AGAINST THE CITY. 12 TO BE CLEAR, HOWEVER, AND I WANT TO MAKE THIS 13 VERY CLEAR, THIS IS NOT SOMETHING TO EVER BE ASCRIBED TO THE CITY'S CURRENT COUNSEL, MR. MC NEILL OR MS. MC VEAN. 14 15 YOU'RE LAWYERS, NOT PARTICIPANTS. 16 FINALLY, MR. MC NEILL URGES THAT THE COURT IS 17 PROSCRIBED BY LAW FROM IMPOSING A REMEDY REGARDING OR 18 REQUIRING THE CITY TO COLLECT A TUMF FEE RETROACTIVELY, IF 19 YOU WILL, FROM THE DEVELOPERS IN THE CITY FOR THE APPLICABLE DEVELOPMENT TIME PERIOD OF 2005 TO 2009. 20 21 HOWEVER, THAT IS NOT THE REMEDY SOUGHT BY PETITIONER. 2.2 HERE PETITIONER SEEKS, AND THE COURT GRANTS, A 23 WRIT OF MANDATE, COMPELLING RESPONDENT CITY TO REMIT SUMS 24 COMMENSURATE WITH THE TUMF FEES IT HAD COMMITTED TO REMIT 25 DURING THE RELEVANT TIME PERIOD OF 2005 THROUGH 2009. AND 26 I DO NOT SPECIFY THE EXACT DATES. THE RECORD IS CLEAR AS

1 TO THE START DATE AND THE ENDING DATE WHEN THE CITY WAS 2 REMOVED FROM THE TUMF PROGRAM. 3 HERE, THE COURT FINDS THAT THE AMOUNT REQUIRED TO 4 BE REMITTED IS TO BE THE TOTAL AMOUNT OF 42,994,879, PLUS 5 INTEREST, TO BE CALCULATED AT THE LEGAL RATE BEGINNING б OCTOBER 2009 AND TO THE PRESENT. AND PETITIONER WILL DO 7 THAT CALCULATION, SUBMIT A DECLARATION ACCOMPANYING A PROPOSED JUDGMENT THAT OUTLINES HOW THE CALCULATION WAS 8 9 MADE, AND HOW THE SUM -- WHAT THE TOTAL AMOUNT OF THAT SUM 10 IS TO BE ADDED TO THE AMOUNT OF THE JUDGMENT. 11 I'M DIRECTING MR. DUNN/MR. EASTMOND TO PREPARE 12 THE JUDGMENT AND TO CIRCULATE, OF COURSE, TO MR. MC NEILL, 13 AND ALSO OF COURSE TO THE COURT. WE CONCLUDE. ANY 14 OUESTIONS? 15 MR. MC NEILL: FOR THE RECORD, RESPONDENTS REQUEST A 16 STATEMENT OF DECISION. 17 THE COURT: YOU HAVE TO FOLLOW THE CODE OF CIVIL 18 PROCEDURE. SO YOUR ORAL REQUEST IS NOT SUFFICIENT. YOU 19 NEED TO MAKE IT IN WRITING WITHIN THE TIME FRAME PRESCRIBED 20 BY THE CODE, BUT I'M NOT SURPRISED. 21 MR. MC NEILL: WELL --2.2 THE COURT: ALL RIGHT. TO EACH OF YOU, I THANK YOU 23 FOR YOUR PARTICIPATION HERE AND YOUR EXCELLENT 24 PRESENTATIONS. I WISH YOU ALL WELL. AND GO ARMY, BEAT 25 NAVY. THAT'S MORE FOR MS. TAYLER BERGER. 26 (DISCUSSION OFF THE RECORD.)

1	THE COURT: IT'S BEEN A LONG FOUR WEEKS. EVERYBODY GO
2	HOME AND GET RESTED UP FOR THE NEXT ROUND.
3	MR. DUNN: THANK YOU, YOUR HONOR.
4	(END OF PROCEEDINGS.)
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