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6	Attorneys for Defendant John Meyer			
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8	CUREDIOD COURT OF TH	TE CTATE OF CALLEODNIA		
9	SUPERIOR COURT OF THE STATE OF CALIFORNIA			
10	·	TY OF MENDOCINO		
11	MENDOCINO RAILWAY,) <u>Unlimited</u>		
	Plaintiff,	Case No. SCUK-CVED 20-74939		
12 13	JOHN MEYER; REDWOOD EMPIRE	DEFENDANT JOHN MEYER'S REPLY MEMORANDUM IN SUPPORT OF MOTION FOR AWARD OF		
14	TITLE COMPANY OF MENDOCINO COUNTY; SHEPPARD INVESTMENTS; MARYELLEN) REASONABLE ATTORNEY FEES AND COSTS PURSUANT TO CCP § 1268.610		
15	SHEPPARD; MENDOCINO COUNTY TREASURER-TAX COLLECTOR; all) Date: August 18, 2023		
16 17	other persons unknown claiming an interest in the property; and DOES 1 through 100, inclusive	Time: 9:30 am Dept: E Judge: Honorable Jeanine B. Nadel		
18	Defendants.			
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INTRODUCTION

Defendant John Meyer ("Meyer") has requested an award of litigation expenses pursuant to Code of Civil Procedure § 1268.610(a). The requested attorneys' fees and costs associated with the action are reasonable, and were necessarily incurred in defending this action through the entry of judgment and this motion. Meyer's claim was properly documented, and this reply brief will address the specific issues raised by Mendocino Railway in opposition to Meyer's motion for attorney fees.

ARGUMENT

A. Meyer's Lodestar Amount Is Not Overstated.

1. Secretarial Tasks Are Recoverable As Attorney Fees

Mendocino Railway ("MR") claims that a legal assistants' time for secretarial or clerical activities is not recoverable. MR's argument relies upon a Federal court case, and no reference is made to any California state court cases.

In the California case of *Salton Bay Marina v. Imperial Irrigation District* (1985) 172 Cal. App. 3d 914, 951, the court found that "necessary support services for attorneys, e.g., secretarial and paralegal services, are includable within an award of attorney fees." The legal assistants' billings in this action arise out of work that was necessary, and that was completed to assist and support Meyer's attorneys. The amounts billed by legal assistants in this action were quite reasonable and rather limited in nature and the court should include the billed legal assistants' fees in the lodestar calculation.

2. Meyer Agrees That Improper And Duplicative Amounts Should Be Deducted From The Lodestar.

MR argues that \$1,750 should be removed from the lodestar calculation because the fees were not billed to the client. Meyer agrees to remove the charge of \$1,750, as it was not billed to Meyer, and it was mistakenly referenced in the lodestar amount. (Johnson Reply Declaration p. 1)

MR claims that several bill entries referenced as "opening balances" that cumulatively total \$8,945, appear duplicative. Meyer agrees that this amount was mistakenly double billed.

Meyer's attorneys changed billing programs in June 2023, and the referenced "opening balances" in the June 2023 billing duplicate the May 2023 billing. Meyer shall remove the charges in the cumulative amount of \$8,945, referenced as "opening balances" in the June 2023 billing, as this amount should not have been included in the lodestar amount. (Johnson Reply Declaration p. 2)

3. Meyer's Counsel's Time Was Not Unnecessary And The Lodestar Should Not Be Reduced.

MR argues that a significant portion of Meyer's fees could have been avoided had Meyer focused on his right to take challenges out the outset and availed himself of the statutory procedure provided in Code of Civil Procedure § 1260.110. MR claims that the failure to address the right to take issue early in the litigation process was inefficient, and such time should be excluded from the lodestar amount. MR's argument of this issue is "red herring" that represents a misguided attempt to knock \$63,175 off Meyer's attorney fee bill for no valid reason.

Contrary to MR's argument, Meyer raised all of its right to take defenses in its original answer to MR's complaint. Meyer subsequently amended its answer to include an affirmative defense related to the California Environmental Quality Act, but the amended answer did not add any additional right to take defenses. (Johnson Reply Declaration p. 2)

After the complaint was filed Meyer was potentially open to selling his property to MR for a fair and reasonable price. Meyer and his attorneys spent the time and resources necessary to obtain an understanding of the value of the property, and they actively attempted to craft a sale to MR that would be acceptable to both parties. (Johnson Reply Declaration p. 2)

Meyer and his attorney knew that MR would vigorously defend any challenges to MR's right to take real property by eminent domain. Meyer and his attorney reasonably decided that spending significant time and resources on such a challenge should be reasonably avoided prior to trying to negotiate a sale of the "Meyer Property." (Johnson Reply Declaration p. 2)

Even if Meyer wished to quickly jump into a right to take trial, a trial on the issue would not be possible without conducting discovery and completing significant legal research on the eminent domain and railroad related issues. Meyer's attorney did not begin discovery and set

depositions in the litigation for 15 months because Meyer's attorney was attempting to keep the fees and costs to a minimum in the hopes of negotiating a fair and reasonable sale. (Johnson Reply Declaration p. 2)

The parties participated in a day long mediation, but were not successful in reaching an agreement. Only after the mediation failed to result in a settlement did Meyer and his attorney begin the process of gearing up for a trial on the right to take issue. This approach to the litigation was extremely reasonable under the circumstances because if Meyer sold the property to MR, or otherwise lost the right to take portion of the trial he would not recover his attorney fees and costs, which would have resulted in Meyer ending up with less money. (Johnson Reply Declaration p. 2-3)

Under California law, Meyer's attorneys are entitled to be compensated for "all hours reasonably spent." (Ketchum v. Moses (2001) 24 Cal 4th 1112, 1133, emphasis in original.)

Where a party "has obtained excellent results, his attorney should recover a fully compensatory fee. Normally, this will encompass all hours reasonably expended on the litigation, and in some cases in which there is exceptional success, an enhanced award may be justified." (Feminist Women's Health Ctr. v. Blythe (1995) 32 Cal. App. 4th 1641, 1674.)

Under this standard, compensation is appropriate for "every item of service which, at the time rendered, would have been undertaken by a reasonable and prudent lawyer to advance or protect his client's interest." (*Moore v. Jas. H. Matthews & Co.* (9th Cir. 1982) 682 F 2d 830, 839.) "The measure of reasonable hours is determined by the profession's judgment of the time that may be consciously billed and not the least time in which it might theoretically have been done." (*Norman v. Housing Auth.* (11th Cir. 1988) 836 F. 2d 1292, 1306.)

MR's argument that money should have been spent on a right to take trial immediately after the complaint was filed does not make financial sense under the circumstances. There was simply no reason to jump into expensive litigation if a fair and reasonable sale of the property could possibly be made to MR. The hours spent by Meyer's attorneys in this litigation and Meyer's litigation strategy were reasonable in the "profession's judgment" and the fees should

4. Meyer's Motion For Attorney Fees Was Not Necessary and Time Spent On The Motion Was Reasonable.

MR argues that Meyer's motion for attorney fees was unnecessary because Meyer only had to file a cost bill pursuant to Code of Civil Procedure § 1268.610(d).

Meyer filed a cost bill as required, and it also filed this motion for attorney fees because it is required. The Judicial Council of California "Memorandum of Costs (Summary)" form that is required to be filed for a cost bill specifically provides as follows: "10. Attorney fees (enter here if the contractual or statutory fees are fixed without the necessity of a court determination; otherwise a noticed motion is required)." The amount of attorney fees that MR is required to pay to Meyer is not fixed and the fees are subject to court determination, therefore a motion had to be filed pursuant to provision 10 of the cost bill. (Johnson Reply Declaration p. 3)

MR further argues that the amount of time spent on this attorney fee motion was unnecessary and excessive, as Meyer's counsel spent 81.7 hours on the motion.

Under California law, Meyer's counsel are entitled to be compensated for "all hours reasonably spent." (*Ketchum v. Moses* (2001) 24 Cal 4th 1112, 1133, emphasis in original.)

Under this standard, compensation is appropriate for "every item of service which, at the time rendered, would have been undertaken by a reasonable and prudent lawyer to advance or protect his client's interest." (*Moore v. Jas. H. Matthews & Co.* (9th Cir. 1982) 682 F 2d 830, 839.)

"The measure of reasonable hours is determined by the profession's judgment of the time that may be consciously billed and not the least time in which it might theoretically have been done." (*Norman v. Housing Auth.* (11th Cir. 1988) 836 F. 2d 1292, 1306.) When an award of attorney fees is statutorily authorized, the reasonable expenses of preparing the fee application should be included in the award in eminent domain cases. (*State v. Meyer* (1985) 174 Cal. App. 3d 1061, 1074.)

This attorney fee motion required significant legal and factual support for the motion and the requested fees. The hours spent researching, assembling the supporting documents, and writing this motion were reasonable. Additionally, the motion is seeking the court's approval of

Meyer's attorney fees for this action, which is of paramount importance to Meyer and his
attorneys. Given the nature of the motion and the amount in question, other attorneys in such a
situation would likely spend a large amount of time in order to prepare a solid and
comprehensive motion. The hours spent preparing the motion were reasonable, especially given
the nature and complexity of the motion and the required supporting documentation. The
lodestar amount should not be deducted for any time spent preparing the motion. (Johnson Reply
Declaration p. 3)
5. The Lodestar Amount Should Be Adjusted Slightly.
As previously noted, the lodestar amount should be adjusted slightly. The lodestar should
be reduced by \$1,750 and \$8,945 because such amounts should not have been reflected in the
calculation. The lodestar amount should also be increased by \$10,060.00, for the subsequent
attorney time involved in preparing this reply brief, and the estimated time to prepare for, and

The revised lodestar amount should be calculated as follows:

Original Lodestar Amount: \$266,197.50
Deduction of Attorney Fees: (1,750.00)
Deduction of Attorney Fees: (8,954.00)
Additional Subsequent Attorney Fees: 10,060.00
Total Lodestar Amount: \$265,553.50

Lodestar Enhancement: 1.5 x \$265,553.50 = \$398,330.25
Disbursements Referenced in Cost Bill: 11,880.24
Additional Subsequent Disbursements 420.00
Total Lodestar Amount With Enhancement & Disbursements 410,630.49
(Johnson Reply Declaration p. 3-4)

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argue, the motion for attorney fees.

B. MEYER IS ENTITLED TO A LODESTAR ENHANCEMENT.

Meyer's unadorned lodestar represents the fee that would have been paid by a fee-paying client, win or lose, and without consideration for such factors as contingent risk: "[T]he unadorned lodestar reflects the general local hourly rate for a *fee-bearing case*; it does not include any compensation for contingent risk, extraordinary skill, or any other factors a trial court may consider." (*Ketchum v. Moses, supra*, 24 Cal. 4th at 1138, emphasis in original.) In order to determine a fee that truly reflects the legal marketplace, factors in addition to hours and rates,

especially contingent risk, must be considered. (*Horsford v. Board of Trustees, supra*, 132 Cal App 4th at 399.)

After making the lodestar calculation, the court may then consider other factors that may adjust by either increasing or reducing the lodestar amount. (*Serrano v. Priest, supra*, 20 Cal. 3d at 48; CEB, California Attorney Fee Awards 3rd Ed. § 8.2.) There are many factors that may be used to adjust the lodestar figure, and there is "no hard-and-fast rule limiting the factors that may justify an exercise of judicial discretion to increase or decrease a lodestar calculation." (*Thayer v. Wells Fargo Bank* (2001) 92 Cal. App. 4th 189, 834; CEB, California Attorney Fee Awards 3rd Ed. § 10.3.) Meyer properly addressed these factors in the motion.

1. The Risk Meyer's Counsel Took Warrants A Lodestar Enhancement.

In order to achieve a fee that truly reflects market value, Meyer has requested that a 1.5 lodestar enhancement be applied to the fees to account, inter alia, for the great risk Meyer's counsel took when accepting representation of Meyer in this highly contested action.

In the legal marketplace an attorney who takes a significant risk— whose receipt of compensation is dependent upon achieving success for the client, demands and receives a higher fee than an attorney who is paid a market rate without contingency. (*Ketchum v. Moses, supra,* 24 Cal. 4th at 1132.) A risk enhancement is not a bonus or a windfall, it is "earned compensation; unlike a windfall, it is neither unexpected nor fortuitous. Rather, it is intended to approximate market-level compensation for such services, which typically includes a premium for the risk of non-payment or delay in payment of attorney fees." (*Id.* at 1138.)

If counsel are not compensated for their risk, they do not receive the fair market value for their work and may be reluctant to accept future cases. (*Id.* at 1132.) Risk enhancements are essential for the purpose of enticing competent counsel to take important cases: "The purpose of a fee enhancement, or so-called multiplier, for contingent risk it to bring the financial incentives for attorneys enforcing important . . . [rights] into line with incentives they have to undertake claims for which they are paid on a fee-for-services basis." (*Id.*) Risk enhancements are especially necessary in hard-fought cases like this one, where favorable outcome is uncertain.

This is an important case as it prevents the illegal taking of Meyer's private property under the guise of an eminent domain action. In this action Meyer and his counsel had to overcome many significant obstacles, such as MR's far greater resources; the deferential presumptions that apply to plaintiffs in eminent domain actions; the significant amount of documentation; evaluation of the eminent domain and railroad related law that had to be analyzed and presented; and the inevitable risk of having to convince the court of Meyer's legal argument. (Johnson Reply Declaration p. 4)

Meyer agrees that this is not a contingency case, however it is a case in which Meyer's attorneys have not been fully paid for their billed hours, and future payment is not assured. In this case, counsel's ability to recover compensation for approximately 700 hours of work was largely contingent on winning the case and obtaining a fee award, as Meyer had little financial ability to pay attorney fees and costs. Meyer simply did not, and does not, have the funds or ability to pay his attorney fees. At this time the vast majority of the attorney fees and costs that have been billed and incurred by Meyer remain unpaid, thereby negatively impacting Johnson's legal practice. (Johnson Reply Declaration p. 4)

MR argues that \$350,000 has been deposited in the court and these funds could be applied to attorney fees if Meyer was not successful in opposing MR's right to take the property. It is true that such funds are in court, however it is not guaranteed that such funds would be paid to Meyer's attorneys for all of their fees, which would thereby leave no or little funds for Meyer for the loss of his property. Additionally, if Meyer lost the right to take portion of the trial, the parties would still have to proceed with the valuation portion of the trial that would also be quite expensive and time consuming, thereby making payment of all attorney fees and costs more tenuous.

Law firms simply do not commit to cases and litigation strategies with that much potentially uncompensated time without the expectation of a fee award that will compensate them for such a significant risk and delay in payment. This was a difficult and expensive case,

but the expectations prevailed, and compensation should be properly awarded for the risk incurred.

2. The Exceptional Novelty, Difficulty, And Complexity of The Action Warrant A Lodestar Enhancement.

A lodestar enhancement may be appropriate based on the novelty, difficulty, complexity of the action, and the skill displayed in presenting the case. (*Kern River Pub. Access Comm. v. City of Bakersfield* (1985) 170 Cal. App. 3d 1205, 1229.) Here, many of the issues presented were highly technical, complex, and difficult, requiring particular skill and expertise beyond the level that might be expected from counsel billing at the rate requested by Meyer's counsel. The Johnson Declaration provides a detailed summary of the various tasks that required counsel's time. (Johnson Reply Declaration p. 4)

Given the unique nature of this case, Meyer's counsel had to review, analyze, and become familiar with the facts and the nuanced eminent domain and railroad related case law and statutory authorities. This case was also difficult to defend due to MR, and MR's President, Robert Pinoli, misrepresenting the facts on the seminal issues in the case. (Johnson Reply Declaration p. 4)

MR argues that Meyer's counsel was handed a road map by counsel for the City of Fort Bragg based upon a favorable ruling on a demurrer to a complaint for declaratory relief in Mendocino County Superior Court Case, *City of Fort Bragg v. Mendocino Railway* Case No. 21CV00850. MR's argument is not supported with any facts, and it seems to reason that if there was some road map to success for Meyer, then likely MR would not have allowed the matter to proceed down such a road to trial. The fact of the matter is that Fort Bragg opposed a demurrer by arguing in a limited fashion that MR is an excursion train, and it is not an interstate rail service that federally preempts state and county jurisdiction. Notwithstanding Fort Bragg's argument, the referenced demurrer definitely did not serve as some road map to victory for Meyer's counsel in this eminent domain litigation. The cases are different, and the demurrer did not provide significant insight into the validity of the arguments for eminent domain purposes. (Johnson Reply Declaration p. 4-5)

MR's argument is unfounded, and the court is well aware of the difficulty and complexity of the legal and factual issues involved in this action which warrant a lodestar enhancement.

3. The Preclusion of Other Employment Opportunities Warrant A Lodestar Enhancement.

The extent to which the litigation precluded other employment of the attorney is a factor that warrants enhancement. (*Serrano v. Priest, supra*, 20 Cal. 3d 25, at 49; *Amaral v. Cintas Corp. No. 2, supra*, 163 Cal. App. 4th at 1218.) MR claims that Meyer has not properly specified the lost employment opportunities.

The demands of this litigation placed a heavy burden on Johnson's small law firm. Approximately 700 hundreds hours were spent on this litigation which prevented Johnson from taking several new cases. Specifically, during the litigation Johnson did not otherwise engage numerous clients because he was busy with this action, and he knew that significant time was to be incurred in preparing for, and participating in, the bifurcated trial. (Johnson Reply Declaration p. 5)

MR may claim that such a statement is not specific enough, however it is difficult to specifically elaborate on the missed employment opportunities. Notwithstanding, Meyer's attorneys are extremely busy and in demand, they have a significant client base, and the 700 hours that were spent working on this case supports the point that other legal work was not completed and was passed up as a result of time spent working on this case. The preclusion of such other employment opportunities for this action warrants a lodestar enhancement. (Johnson Reply Declaration p. 5)

4. The Case Was Very Important To Meyer, Local Governments, California Agencies, And The General Public.

MR argues that this is not an attorney general case, which is not disputed.

Notwithstanding, in assessing the quality of the results achieved, courts are not limited to considering the formal relief ordered by the court or obtained through settlement, other benefits that flow as a result of the litigation may also be considered. (CEB, California Attorney Fee Awards 3rd Ed. § 10.39.) For example, in *Caldera v. Department of Corrections & Rehabilitation*

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(2020) 48 Cal. App. 5th 601, 611, the trial court properly considered that the case was "novel lawsuit of statewide importance."

The news articles and filings with the Surface and Transportation Board reflect the importance of this case to the general public, California Coastal Commission, the City of Fort Bragg, Sonoma County, and the Great Redwood Trail Agency, and such importance warrants enhancement. (Johnson Declaration, Exhibits B & C.) Similarly, the importance of the court's decision in this case as it relates to Meyer cannot be overstated. MR used its significant resources, along with alleged constitutional and statutory powers that it could not legally wield, to wrongfully attempt to take Meyer's Property. The importance of this case to the general public and government agencies justifies the lodestar enhancement.

C. A Cost Bill Was Filed And This Attorney Fee Motion Was Properly Filed.

Meyer filed a cost bill as required, and it also filed this motion for attorney fees because such a motion is also required. As previously mentioned, the Judicial Council of California "Memorandum of Costs (Summary)" form that is required to be filed for a cost bill specifically provides as follows: "10. Attorney fees (enter here if the contractual or statutory fees are fixed without the necessity of a court determination; otherwise a notice motion is required)." The amount of the attorney fees to be paid to Meyer are not fixed and are subject to court determination, thereby requiring this motion.

CONCLUSION.

In this case Meyer's counsel obtained "excellent results," and they are entitled to the requested lodestar fee. Meyer respectfully requests that the court award reasonable attorney fees and costs in the amount of \$410,630.49, based upon the lodestar calculation and a 50% enhancement. Meyer also requests that the court provide Meyer and his counsel with the ability to file additional motions for subsequently incurred attorney fees and costs, as an appeal has been filed in this action.

1	DATED: August 11, 2023.	MANNON, KING, JOHNSON & WIPF, LLP
2		CA OI
3		Stephen F. Johnson
4		Stephen F. Johnson Attorney for Defendant John Meyer
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PROOF OF SERVICE 1 2 I am a citizen of the United States of America and am employed in the County of Mendocino, 3 State of California, where this service occurs. I am over the age of eighteen years and not 4 a party to the within action. My business address is Law Office of Mannon, King and 5 Johnson, Post Office Box 419, Ukiah, California 95482. 6 On August 11, 2023 I served the attached foregoing document, namely, 7 **DEFENDANT JOHN MEYER'S REPLY MEMORANDUM IN SUPPORT OF MOTION** 8 FOR AWARD OF REASONABLE ATTORNEY FEES AND COSTS PURSUANT TO 9 CCP §1268.610 and REPLY DECLARATION OF STEPHEN F. JOHNSON IN SUPPORT 10 OF MOTION FOR AWARD OF REASONABLE ATTORNEY FEES AND COSTS 11 **PURSUANT TO CCP § 1268.610** 12 on the individual(s) listed below: 13 14 (BY MAIL) I mailed the document(s) listed above, with prepaid postage thereon, by 15 placing them in the U.S. mail at Ukiah, California. 16 \mathbf{X} (BY E-MAIL) I e-mailed the above-listed document(s) to the e-mail addressee(s) on the attached 17 service list. 18 (BY FAX) by transmitting the document(s) listed above via facsimile from 19 (707)468-0284 20 (BY OVERNIGHT DELIVERY) I forwarded the document(s) listed above via prepaid 21 Federal Express delivery from Ukiah, California. 22 (BY PERSONAL SERVICE) I personally hand-delivered the document(s) listed above to 23 the individuals whose name and addresses are set forth below. 24 GLENN L. BLOCK MARYELLEN SHEPPARD 25 California Eminent Domain Group, APC 27200 N. Highway 1 3429 Ocean View Blvd., Suite L Fort Bragg, ČA 95437 Glendale, CA 91208 26 Sheppard@mcn.org glb@caledlaw.com 27 CHRISTIAN CURTIS **BRINA BLATON** 28 Office of Mendocino-Administration Center Office of The County Counsel 501 Low Gap Road, Room 1030 501 Low Gap Road, Room 1030 Ukiah, CA 95482 Ukiah, CA 95482 curtisc@mendocinocounty.org blantonb@mendocinocounty.org

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5	I declare under penalty of perjury under the laws of the State of California, that the foregoing		
6	is true and correct. Executed on <u>August 11, 2023</u> , in Ukiah, California.		
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10	Erika Brewer Legal Assistant		
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