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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

UNITED STATES OF AMERICA

Plaintiff,

WALKER RIVER PAIUTE TRIBE,

Plaintiff-Intervenor,

vs.

WALKER RIVER IRRIGATION DISTRICT,
a corporation, et al.

Defendants.

IN EQUITY NO. C-125-ECR;
Subproceeding: C-125-B, C-125-C

**REPLY BRIEF IN SUPPORT OF
JOINT MOTION OF MEDIATING
PARTIES TO CONTINUE STAY OF
LITIGATION IN C-125-B AND C-
125-C SUBPROCEEDINGS**

I. INTRODUCTION

On February 8, 2005, Joseph and Beverly Landolt filed an *Opposition to Extension of Mediation Process and Litigation Stay* (Feb. 8, 2005) ("Landolt Opposition"), in response to the *Joint Motion of Mediating Parties to Continue Stay of Litigation in C-125-B and C-125-C Subproceedings* (Jan. 18, 2005) ("Joint Motion"). Also on February 8, 2005, Circle Bar N Ranch and others filed their *Response to Joint Motion of Mediating Parties to Continue Stay of Litigation in C-125-B and C-125C Subproceedings* (Feb. 8, 2005) ("Circle Bar N Ranch Response"). For the reasons set forth herein, nothing in the Landolt Opposition or the Circle Bar N Ranch Response countenances the resumption of litigation or the lifting of the stay currently in

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1 place to enable the parties to the mediation process to continue their efforts to reach a negotiated
2 settlement of the litigation.¹

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4 **II. THE CASE MANAGEMENT ORDER CURRENTLY STAYS**
5 **THE C-125-B AND C-125-C SUBPROCEEDINGS**
6 **PENDING COMPLETION OF SERVICE**

7 The Circle Bar N Ranch Response opposes continuation of the current stay of litigation
8 “if this Court allows the Mediating Group to continue to exclude parties to the litigation.” *Id.* at
9 2. While they do object to the exclusion of the specific individuals who comprise the Circle Bar
10 N Ranch respondents from the mediation process, the Circle Bar N Ranch respondents do not
11 oppose continuation of the current stay, and in fact request that the Court continue the stay “until
12 service of all necessary parties has been completed in subproceedings C-125-B and C-125-C.”
13 *Id.* at 5.

14 The relief that the Circle Bar N Ranch respondents request is already the current state of
15 affairs in the two subproceedings in this matter. The *Case Management Order*, No. C-125-B
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18 ¹The Landolts have mischaracterized the nature and purpose of the C-125 case and its
19 subproceedings in their opposition to continuation of the stay, apparently claiming that the case is
20 one in which the United States seeks to amend the Decree in order to direct more water to
21 Walker Lake. See Landolt Opposition at 2. Obviously, this is not the purpose of the C-125-B
22 subproceeding which involves the claims by the Walker River Paiute Tribe (“Tribe”) and the
23 United States on behalf of the Tribe to additional surface water from the Walker River, to store
24 water in Weber Reservoir, and to groundwater underlying the Reservation for use on the
25 Reservation. See *First Amended Counterclaim of the Walker River Paiute Tribe* at 16-17, No. C-
26 125-B (July 31, 1997); *First Amended Counterclaim of the United States of America* at 12-13,
27 No. C-125-B (July 31, 1997). The United States has also made claims to water for other federal
28 interests in the Walker River Basin. *First Amended Counterclaim of the United States of*
America at 13-31. Nor is the C-125-C subproceeding an action by the United States; it involves
the intervention motion of Mineral County to assert a claim to the Walker River on behalf of
Walker Lake. There is no merit to the Landolts’ reliance upon environmental compliance
documents to prove that the amended counterclaims and Mineral County’s intervention papers
are a “smoke screen.”

(Apr. 18, 2000), divides the consideration of the *First Amended Counterclaim of the Walker River Paiute Tribe*, No. C-125-B (July 31, 1997), and the *First Amended Counterclaim of the United States of America*, No. C-125-B (July 31, 1997), into two phases. The first phase consists of the claims made by the Walker River Paiute Tribe ("Tribe") and the United States on behalf of the Tribe, and the second phase consists of all other claims made by the United States. *See Case Management Order* at 4. Significantly, service of all water rights claimants who could be affected must be completed before the Court and the parties may consider certain threshold issues identified in the order, or the merits of the tribal claims: "Prior to the resolution of the Threshold issues identified below, the U.S./Tribe shall effect service of their respective First Amended Counterclaims . . . on all of the members of the categories of water rights holders described below." *Id.* at 5. Indeed, the outstanding issues and claims "will not be finally resolved and settled by the Magistrate Judge until all appropriate parties are joined." *Id.* at 9.²

Similarly, the Court has ruled repeatedly that the merits of Mineral County's intervention motion may not be addressed until Mineral County has completed service in the C-125-C subproceeding. *See, e.g., Order Requiring Service of and Establishing Briefing Schedule Regarding the Motion to Intervene of Mineral County* at 2-3, No. C-125-C (Jan. 24, 1995); *Order* at 10, No. C-125-C (Feb. 25, 1999) ("The requirement that every defendant be informed of actions that may deprive him or her of property is a fundamental right of due process, and our procedural rules [requiring service] have developed as the best way to protect that right.").

²Service of potential counter-defendants has proceeded in the C-125-B subproceeding. As demonstrated in the regular reports to the Court on the status of service, *e.g. Third Report of the United States of America Concerning Status of Service on Certain Persons and Entities*, No. C-125-B (Dec. 14, 2004), that service effort has been anything but "ham-handed" or "threatening" as claimed by the Landolts. Landolt Opposition at 3-4.

1 The *Order Governing Mediation Process* (May 27, 2003), captures the service
2 requirement that is active in both subproceedings:
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4 The ongoing efforts to complete service in C-125-B and C-125-C should be
5 completed as soon as possible. The Parties to the mediation process agree that it
6 is important that the Court work closely with the Parties in both C-125-B and C-
7 125-C to resolve all service issues and complete service. Although the Parties
8 agree that the remainder of the proceedings in these two matters should be stayed
9 during the mediation process, they look to the Court to play an active role in the
10 resolution of service issues.

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12 All other proceedings in these two matters shall be held in abeyance until
13 December 2004 or until ruled otherwise by the Court.

14 *Id.* (c) at 2-3. In short, the litigation of the outstanding claims in this case is stayed, and,
15 therefore, the Circle Bar N Ranch respondents' request is already the state of the case. The
16 Court, therefore, need not act on the Circle Bar N Ranch respondents' request for a stay pending
17 completion of service.

18 **III. THE STAY OF PROCEEDINGS IN THE**
19 **C-125-B AND C-125-C SUBPROCEEDINGS**
20 **DOES NOT JEOPARDIZE THE LANDOLTS' RIGHTS**
21 **OR VIOLATE THE CONSTITUTION**

22 The Court should reject the Landolt Opposition as contrary to the *Case Management*
23 *Order*, and the *Order Governing Mediation Process*. The Landolt Opposition fundamentally
24 misunderstands the purpose of the litigation, as set forth in the amended counterclaims of the
25 United States and the Tribe, and in the intervention papers filed by Mineral County. The Landolt
26 Opposition also flouts the carefully managed history of this case since the Tribe and the United
27 States filed their amended counterclaims in 1997. Nothing in the Court's conduct of the case and
28 its subproceedings threatens the Landolts' property rights or violates the Constitution.

1 **A. THE LANDOLTS OPPOSE SETTLEMENT NEGOTIATIONS BECAUSE THEY**
2 **WISH TO LITIGATE.**

3 Simply stated, the Landolts are opposed to a negotiated settlement of the claims that are
4 at issue in the C-125-B, and presumably C-125-C, subproceedings. They have shown no interest
5 in participating in the negotiated resolution of the outstanding claims in those matters, but seek to
6 halt the mediation process altogether: "The mediation process has gone on far too long. . . . The
7 Landolts respectfully submit, therefore, that the mediation order should be allowed to expire and
8 the litigation of the issues that were its subject allowed to proceed at court." Landolt Opposition
9 at 14. Their opposition is aimed at lifting the current stay in order to allow them to challenge the
10 use of water by the Tribe on the Walker River Indian Reservation. *See id.* at 11-13. However,
11 the Court already has ruled that the litigation of the merits of the tribal claims may not proceed
12 outside of the process and order set forth in the *Case Management Order*. That order provides
13 that two significant hurdles must be surmounted prior to the adjudication of the claims at issue in
14 the C-125-B matter: completion of service of the Tribe's and United States' First Amended
15 Counterclaims; and resolution of certain identified and unidentified threshold issues. The Court
16 has been very clear that adjudication of the merits of the claims at issue in the C-125-B
17 subproceeding can only occur after completion of these first two steps, and challenging tribal use
18 of water at this stage "is contrary to both the Case Management Order and the order governing
19 mediation." *Transcript of Status Conference* at 18, No. C-125-B (Oct. 1, 2004) ("Transcript").
20 mediation." *Transcript of Status Conference* at 18, No. C-125-B (Oct. 1, 2004) ("Transcript").

21 Significantly, the *Order Governing Mediation Process*, in accord with the *Case*
22 *Management Order*, requires completion of service in both the C-125-B and C-125-C
23 subproceedings even during the stay of the remainder of the two subproceedings. *See supra* Part
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1 II. Even if the settlement negotiations were to cease, and the litigation were to resume, the *Case*
2 *Management Order* requires completion of service prior to resolution of the threshold issues and
3 prior to the adjudication of the outstanding claims. *Case Management Order* at 5. In the end,
4 the Landolts would be in the precisely same situation that they are in now, and their challenge to
5 the merits of the claims at issue in the C-125-B subproceeding could not occur at this time. *See*
6 Transcript at 18, No. C-125-B (Oct. 1, 2004) ("The Case Management Order provides that the
7 merits of this action are not going to be litigated until the last step. And that last step is a long
8 ways away."). Stated another way, the Landolts have not shown -- except by sheer speculation --
9 that they are being injured by the mediation process.

12 Indeed, the Landolts have, at most, speculated that the mediation process will endanger
13 their property rights under the Decree. The Tribe has shown in prior pleadings that speculation
14 of injury is insufficient to satisfy the actual injury requirement for standing. *See Reply of the*
15 *Walker River Paiute Tribe to Landolt Opposition to Motion to Stay or Dismiss* at 6-7; accord
16 Transcript at 18 ("[T]hey haven't shown even a modicum of any injury, let alone of any
17 immediate or irreparable injury that might occur. And I think that some showing in that regard
18 needs to be made to attempt to get the relief that they are seeking."). Additionally, the Landolts
19 now purport to represent the interests of other stakeholders under the Decree, claiming that "all
20 other stakeholders . . . have been denied the right both to litigate their claims and to participate in
21 the mediation." Landolt Opposition at 4. Like the failure to demonstrate any injury from alleged
22 downstream practices, the Landolts have failed to demonstrate standing to represent the interests
23 of others claiming rights under the Decree. In fact, the Landolts have no such standing, and the
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1 Court should disregard their assertions purportedly on behalf of others claiming rights under the
2 Decree.

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4 Nothing in the *Case Management Order*, the *Mediation Process Agreement* (Jan. 14,
5 2003), or the *Order Governing Mediation Process*, precludes the administration of Decree. In
6 fact, the Court has continued to hold its regular, annual hearing to consideration the plan of
7 distribution for each year while the mediation process has been ongoing. To the extent the
8 Landolts believe that they have not received their water rights, they can pursue that claim, but
9 nowhere have they made such a claim.

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11 **B. THE CONTINUATION OF THE STAY DOES NOT VIOLATE THE**
12 **LANDOLTS' CONSTITUTIONAL RIGHTS.**

13 The Landolts and the Circle Bar N Ranch respondents complain that their exclusion from
14 the mediation could result in the loss of their property rights. Landolt Opposition at 8 ("In the
15 end, it is the stakeholders' property rights that are being discussed in the mediation process. . . .
16 The Fifth Amendment prohibits the taking of property with out due process of law."); Circle Bar
17 N Ranch Response at 4 (asserting that the Mediating Parties "intend [t]o resolve" issues that will
18 bind the respondents without including the respondents in that process). The Landolts go on to
19 presuppose the outcome of the settlement negotiations by complaining that they will be deprived
20 of their property without representation and without due process of law. See Landolt Opposition
21 at 4 (any settlement reached by the mediating parties will be "set in stone by agreement of the
22 mediating parties."), and 8 (the mediating parties are engaged in "secret negotiations through
23 which the stakeholders' interests will be decided, followed by perfunctory call for comment,
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1 followed by a determination of what the stakeholders' interests are based on a report by the
2 exclusive committee").

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4 Such speculation flies in the face of this Court's careful conduct of these proceedings to
5 ensure that all individuals and entities whose claims to water from the Walker River, its
6 tributaries and to groundwater in the basin have notice and an opportunity to be heard. The
7 dismissal of the opportunity to provide comment on any settlement agreement that the mediating
8 parties reach demeans the judicial process that this Court has established to ensure that all parties
9 will interests have notice and an opportunity to be heard on matters that may affect their property
10 rights.³

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12 Clearly, any negotiated settlement will not become effective until the Court issues an
13 order implementing it. Given the Court's conduct of these proceedings to date, it is highly
14 unlikely that this Court would issue such an implementing order without allowing every
15 adjudicated right holder an opportunity to be heard on the subject. Moreover, any implementing
16 order would have to be consistent with existing adjudicated rights in the Walker River Basin as
17 set forth in the Decree as amended from time to time. The Court has made clear that it intends to
18 protect the rights of all individuals and entities who could be affected by the claims in the C-125-
19 B and C-125-C subproceedings. For example, in denying the motion of the United States and the
20 Tribe to certify a defendant class for purposes of addressing the threshold issues identified in the
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23 ³The Landolts' assertion that they have been deprived of information regarding the
24 settlement negotiations is false. See Landolt Opposition at 7; see also Circle Bar N Ranch
25 Response at 3. With the consent of the mediating parties, the Walker River Irrigation District has
26 held a public meeting to inform its constituents of the proposals in the settlement negotiations,
27 and the Landolts and the Circle Bar N Ranch respondents were represented at that meeting.
28 *Walker River Irrigation District's Reply Points and Authorities in Support of Motion of
Mediating Parties to Continue Stay of Litigation* at 5 (Feb. 18, 2005).

1 *Case Management Order*, the Court affirmed its regard for individual claims and responses to the
2 Tribe's and United States' position: "We find it very persuasive that our case management order
3 requires all of the parties to be served before determinations are made as to their water rights."
4 *Order* at 20, No. C-125-B (Apr. 26, 2002). Notice and an opportunity to be heard, the twin
5 requirements of the right to due process of law under the Fifth and Fourteenth Amendments to
6 the Constitution, clearly are at the forefront of the Court's conduct of this case. There is nothing
7 to suggest that the Court would act any differently in considering whether to enter an order
8 implementing a settlement agreement reached by the mediating parties.
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10 Nor has there been any denial of the Landolts' equal protection rights. Landolt
11 Opposition at 10. They will have the same rights to challenge the claims of the Tribe, the United
12 States and Mineral County when service is complete and when the Court lifts the stay currently
13 in place under the *Case Management Order*, as to matters beyond service of process. *Id.* at 4.⁴
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15 In short, continuation of the stay does not threaten or adversely affect any property rights
16 under the Decree, nor does it violate the Landolts' constitutional rights.
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22 ⁴It is worth noting that the Landolts have failed to set forth the test established by the
23 United States Supreme Court for challenges to governmental actions alleged to violate
24 constitutional rights. The test is well-settled: where no suspect classification is present, a
25 plaintiff challenging a governmental action must show that the action does not have a rational
26 basis related to a legitimate state interest. *See City of New Orleans v. Dukes*, 427 U.S. 297, 303
27 (1976). Since governmental actions which do not attempt to make suspect classifications are
28 presumed to be constitutional, the burden is on the Landolts to demonstrate that they have
satisfied all elements of the test. *See id.* Clearly, they have not carried that burden, or even
identified what it is.

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IV. CONCLUSION

Nothing in the responsive pleadings filed by the Landolts and the Circle Bar N Ranch respondents countenances lifting the stay. In fact, the Circle Bar N Ranch respondents do not appear to oppose the current posture of the case. The mediating parties have determined to negotiate among themselves, and have determined that prior to seeking to implement any proposed settlement, the existing mediating parties constitute the appropriate entities to develop a proposal for the resolution of the outstanding issues on the Walker River. There is absolutely no basis for the Landolts' assumption that this Court will implement a proposed settlement without giving all affected parties the full opportunity to be heard on any aspect of the settlement that may injure their legitimate interests. To be sure, the landscape may change during the course of the settlement negotiations with the result that participation in the mediation may also need to be changed. That cannot be predicted at this time, and the speculation offered by those challenging the mediation process is not cause to lift the stay.

The Court should, then, continue the stay to allow the mediating parties to carry on their efforts to develop a proposal for a negotiated settlement.

1 Date

Feb. 18, 2005

Respectfully submitted,

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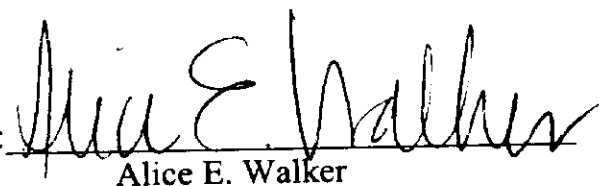
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CERTIFICATE OF SERVICE

I hereby certify that I have placed a true and correct copy of the foregoing
Reply Brief in Support of Joint Motion of Mediating Parties to Continue Stay of Litigation in C-125-B and C-125-C Subproceedings in the U.S. Mail, first-class postage paid , on this 18th
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