APPELLATE DIVISION OF THE SUPREME COURT OF THE STATE OF NEW YORK, THIRD DEPARTMENT

Food Service Dynamics, Inc. v. Ambach

72 A.D.2d 656 (N.Y. App. Div. 1979) · Decided October 25, 1979

SUMMARY

The court reversed a judgment granting petitioners relief in an Article 78 proceeding concerning New York's administration of a federal summer feeding program. It held that food service management companies lacked standing because the program was not intended to benefit the food service business and the petitioners were outside the relevant statutory zone of interests.

CASE DETAILS

COURT	Appellate Division of the Supreme Court of the State of New York, Third Department
WRITING FOR THE COURT	Greenblott, J.P.; Staley, Jr., J.; Main, J.; Mikoll, J.; Herlihy, J.
JURISDICTION	New York
DECIDED	October 25, 1979
DISPOSITION	reversed
PROCEDURAL POSTURE	Petitioners appealed from a judgment in a CPLR article 78 proceeding that granted their application and directed the respondent to continue processing reimbursement claims and determine amounts due under the summer feeding program.
STANDARD OF REVIEW	The court reviewed the article 78 judgment for legal error, including whether petitioners had standing under the applicable statutory zone-of-interest doctrine.
PRECEDENTIAL VALUE	Published appellate decision
PARTIES	Food Service Dynamics, Inc., Petitioners v. Ambach, Respondent

TOPICS

standing · judicial review of agency action · administrative law · government contracts · federal spending

PRACTICE AREAS

administrative law · civil procedure · government contracts · federal spending

QUESTIONS PRESENTED

1. Whether food service management companies that prepared and delivered meals under contracts with program sponsors had standing to bring a CPLR article 78 proceeding compelling the administering agency to process reimbursement claims and pursue federal funding.
2. Whether petitioners fell within the statutory zone of interests protected by the National School Lunch Act and Child Nutrition Act because their businesses were economically affected by the agency's failure to process program reimbursements.

HOLDINGS

1. Petitioners lacked standing to maintain the article 78 proceeding because Congress did not create the summer feeding program to benefit the food service business.

KEY QUOTATIONS

> *"We cannot conclude that Congress provided a summer feeding program to benefit the food service business."* (657)

FACTUAL BACKGROUND

The respondent administered a federally supported summer feeding program for disadvantaged children in New York under agreements with the USDA and contracts with nonprofit sponsors. Petitioners contracted with several sponsors to prepare and deliver meals, but the sponsors did not pay petitioners because they allegedly had not been reimbursed by respondent. Respondent announced that it would stop processing sponsor reimbursement claims and would not pursue additional USDA funding, prompting petitioners to seek an order compelling continued processing and funding efforts.

PROCEDURAL HISTORY

Supreme Court at Special Term entered judgment on September 29, 1978, granting petitioners' application. The Appellate Division disagreed with Special Term's standing analysis and reversed the judgment on the law, dismissing the petition without costs.

DISPOSITION

reversed

CASES CITED

- Matter of Dairylea Coop. v. Walkley, 38 N.Y.2d 6
- Columbia Gas of N.Y. v. New York State Elec. & Gas Corp., 28 N.Y.2d 117

OPINION

PER CURIAM.

Appeal from a judgment of the Supreme Court at Special Term, entered September 29, 1978, which granted petitioners’ application, in a proceeding pursuant to CPLR article 78, and directed respondent to continue to process claims and determine amounts due various corporations who participated in the 1976-1977 summer feeding program for children administered by respondent.

Petitioners seek, in this article 78 proceeding, to compel respondent to continue to process claims submitted to it, to compute the amounts due to service institutions and, to take whatever action is required by law to obtain funding to pay the amounts found to be due under agreements between the petitioner and the corporations the respondent contracted with to participate in the summer feeding program.

The respondent entered into an agreement with the United States Department of Agriculture (USDA) to administer a summer program in New York *657State intended to provide meals for disadvantaged children pursuant to the National School Lunch Act and the Child Nutrition Act.

The respondent also entered into contracts with various not-for-profit corporations (sponsors) to distribute the food at approved sites. Respondent agreed to reimburse the sponsors for the moneys expended by them in supplying the meals for distribution to children.

The petitioners entered into contracts with several sponsors to act as food service management companies and prepared and delivered meals to the sponsors for distribution to eligible children. The sponsors have failed to pay for the meals, claiming that they have not been reimbursed by the respondent.

The respondent, on June 1, 1978, advised the USDA and the sponsors that as of June 16, 1978, it would cease to process claims for reimbursement from the sponsors and would not pursue the steps necessary to obtain funding from the USDA to pay the sponsors. It is petitioners’ contention that after contracting with the USDA and with the sponsors an obligation was created under these contracts in favor of the service institutions and, in turn, in favor of the petitioners and that, consequently, petitioners have standing to bring this proceeding.

The petitioners argue that their role in effecting the purposes of the National School Lunch Act and the Child Nutrition Act was an integral part of the whole and that respondent’s failure to fulfill its obligations under enabling legislation has an adverse affect on petitioners. They conclude that their interest in this action is within the "zone of interest” to be protected by the legislation and confers on petitioners the necessary standing to bring this proceeding.

Special Term, in reliance on Matter ofDairylea Coop, v Walkley (38 NY2d 6) and Columbia Gas of N. Y. v New York State Elec. & Gas Corp. (28 NY2d 117) found that petitioners were within the "zone of interest” of the agreement between the USDA and that respondents have the necessary standing to bring the action.

We disagree. The "zone of interest” theory applies when the intent of the relevant statute is such that it confers standing to a litigant. We cannot conclude that Congress provided a summer feeding program to benefit the food service business. Judgment reversed, on the law, and petition dismissed, without costs. Greenblott, J. P., Staley, Jr., Main, Mikoll and Herlihy, JJ., concur.
