

SUPREME COURT OF VIRGINIA

Bethel Investment Company v. City of Hampton

636 S.E.2d 466 (Va. 2006) · No. Record No. 060043 · Decided November 3, 2006

SUMMARY

The Supreme Court of Virginia held that, in a common-law action for damages, a party who demands a jury trial is entitled to have a disputed factual issue concerning when the statute of limitations began to run decided by a jury. The court concluded that the City of Hampton failed to present sufficient evidence that Bethel Investment Company's claims accrued more than five years before filing. It reversed the dismissal based on the statutes of limitations and the municipal notice requirement and remanded for trial on all issues.

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Senior Justice Charles S. Russell; Chief Justice Hassell; Justice Lacy; Justice Keenan; Justice Kinser; Justice Lemons; Justice Agee; Senior Justice Russell
JURISDICTION	Virginia
DECIDED	November 3, 2006
DOCKET	Record No. 060043
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Bethel appealed the dismissal with prejudice of its motion for judgment after the trial court sustained the City's pleas of the statutes of limitations and its motion to dismiss under Code § 8.01-222.
STANDARD OF REVIEW	The court reviewed whether the trial court erred as a matter of law by resolving a disputed accrual fact without the demanded jury and whether the evidence was legally sufficient to support the finding that the claims accrued outside the applicable limitation periods.
PRECEDENTIAL VALUE	Published opinion of the Supreme Court of Virginia; precedential.
PARTIES	Bethel Investment Company v. City of Hampton

TOPICS

[statute of limitations](#)[affirmative defenses](#)[civil procedure](#)[wetlands](#)[municipal law](#)

PRACTICE AREAS

civil procedure

statute of limitations

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QUESTIONS PRESENTED

1. Whether the time when Bethel's property first suffered damage, and thus when its causes of action accrued for statute-of-limitations purposes, was a disputed factual issue for a jury.
2. Whether the trial court could sustain the City's statutes-of-limitations defenses and Code § 8.01-222 motion based on the evidence presented.
3. Whether the City, having submitted the accrual issue to the trial court, was entitled to relitigate that issue on remand.

HOLDINGS

1. When accrual of a claim depends on a disputed fact concerning when property damage first occurred, a party who demands a jury is entitled to have that factual issue resolved by a jury in an action at law seeking damages.
2. The City failed to present sufficient evidence as a matter of law to establish that Bethel's cause of action accrued more than five years before the action was filed; therefore, the statutes-of-limitations defenses and related Code § 8.01-222 motion could not be sustained.
3. The City was not entitled to relitigate the accrual issue on remand because it had submitted the issue to the trial court and failed entirely to present sufficient evidence supporting the trial court's finding.

KEY QUOTATIONS

“The issue of the time at which Bethel's land first suffered damage as a result of the City's acts was one of disputed fact. Bethel, having demanded it, was entitled to a jury trial of that issue, and the trial court erred in denying it.” (636 S.E.2d at 469)

“Because the evidence supporting the trial court's finding was insufficient as a matter of law, the City is not entitled to relitigate that issue on remand.” (636 S.E.2d at 470)

FACTUAL BACKGROUND

The City of Hampton constructed weirs and berms on a mitigation parcel to convert uplands into wetlands as part of an agreement with the U.S. Army Corps of Engineers. Bethel Investment Company owned adjacent residentially zoned property and alleged that the City's construction raised the water table, converting more than 100 acres of its property into economically undevelopable wetlands. Bethel filed suit in 2004, asserting inverse condemnation, continuing trespass, continuous private nuisance, diversion of surface water, and negligence; the City argued that the claims accrued no later than 1999 and were barred by applicable limitation periods and the municipal notice requirement.

PROCEDURAL HISTORY

Bethel filed an action at law seeking damages from the City for alleged property damage caused by the City's conversion of an adjacent parcel into wetlands. The trial court heard evidence concerning when Bethel's alleged damage first occurred, determined that the claims accrued more than five years before suit was filed, sustained the City's limitations defenses and statutory-notice motion, and dismissed the action with prejudice. The Supreme Court of Virginia awarded Bethel an appeal, reversed, and remanded for trial on all issues.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The case was remanded for trial upon all issues raised by Bethel's motion for judgment. The City may not relitigate the accrual issue because its evidence was legally insufficient.

CASES CITED

- Stanardsville Vol. Fire Co. v. Berry, 229 Va. 578, 331 S.E.2d 466 (1985)
- Speet v. Bacaj, 237 Va. 290, 377 S.E.2d 397 (1989)
- Southern Railway Co. v. Watts, 134 Va. 503, 114 S.E. 736 (1922)
- Southern Railway Co. v. Leake, 140 Va. 438, 125 S.E. 314 (1924)
- Louisville & N.R. Co. v. Saltzer, 151 Va. 165, 144 S.E. 456 (1928)

OPINION

CHARLESS, J.

636 S.E.2d 466 (2006) BETHEL INVESTMENT COMPANY v. CITY OF HAMPTON. Record No. 060043. Supreme Court of Virginia. November 3, 2006. Mark R. Baumgartner (Douglas E. Kahle; Pender & Coward, on briefs), Virginia Beach, for appellant. William B. Ellis (Benjamin A. Thorp, IV; Ellis & Thorp, on brief), for appellee. Present: HASSELL, C.J., LACY, KEENAN, KINSER, LEMONS, and AGEE, JJ., and RUSSELL, S.J.

OPINION BY Senior Justice CHARLES S. RUSSELL. This appeal requires us to consider whether a party to litigation in which the statute of limitations is at issue is entitled to a jury trial upon the preliminary issue of fact as to when the statute began to run. *468 Facts and Proceedings In the mid-1990's, the City of Hampton (the City) made plans for the development of a 470-acre industrial and commercial park as an enhancement to its tax base.

A part of this plan entailed filling in an area then classified as wetlands by the U.S. Army Corps of Engineers (the Corps). The City and the Corps entered into an agreement whereby the City would mitigate this loss of wetlands by converting a 20-acre parcel of uplands owned by the City in another location (the mitigation parcel) into wetlands. Pursuant to the agreement, the City, in

November 1998, constructed two weirs or "check dams" in a natural stream running through the City's mitigation parcel.

The City also constructed berms to contain rainfall within the mitigation parcel. These measures ultimately converted the mitigation parcel into wetlands meeting the Corps' criteria.[1] The original weirs leaked, however, and had to be rebuilt in order to satisfy the Corps.

The final rebuilding was completed in the fall of 2001. Bethel Investment Company (Bethel) owns six contiguous parcels of land, zoned for residential development, adjacent to the City's mitigation parcel. In 1992, Bethel employed a "wetlands consultant" to examine all of its property to determine how much, if any, of its land would be classified as wetlands within the criteria established by the Corps.

The consultant opined that more than 90 percent of Bethel's acreage was upland, not wetland. In 1996, Bethel sent a written protest to the Corps, with a copy to the City, opposing the proposed conversion of the City's mitigation parcel into wetlands because of the anticipated effect on Bethel's adjacent property.

On June 14, 2004, Bethel filed this action at law against the City, claiming \$10,000,000 damages, alleging that the City's construction on the mitigation parcel had raised the water table on Bethel's property such that over 100 acres of it had been converted from uplands into economically undevelopable wetlands.

The motion for judgment contained counts for inverse condemnation, continuing trespass, continuous private nuisance, diversion of surface water and negligence. The City's responsive pleadings denied that Bethel had suffered any damage, but asserted that if it had, Bethel's claims were barred by the applicable statutes of limitations and by Bethel's failure to give the City notice of its claim, as required by Code § 8.01-222, within six months after its cause of action had accrued.

The City contended that this section barred Bethel's claims sounding in negligence, that the inverse condemnation claim was subject to a three-year statute of limitations, and that the claims for damage to property were subject to a five-year statute of limitations.

The City asserted that all of Bethel's claimed causes of action had accrued more than five years before this action was filed, which was outside all of the applicable limitation periods. Bethel contended that its causes of action accrued when its previously developable uplands were converted into economically undevelopable wetlands in 2004 by reason of the City's actions, and not before.

This, Bethel argued, was a disputed issue of fact upon which it was prepared to offer expert testimony and requested trial by jury. The trial court heard argument on these questions, including

Bethel's jury demand, heard some evidence, and took the case under advisement.

The court then issued a letter opinion ruling that "Plaintiff's claims arose more than five years before Plaintiff filed the Motion for Judgment," sustaining the City's pleas of the statute of limitations and motion to dismiss under Code § 8.01-222, and dismissing the motion for judgment. *469 The court's opinion made no mention of Bethel's assertion of its right to a jury trial on the issue of the time its causes of action had accrued.

Bethel moved the court to reconsider, but that motion was denied and the court entered an order dismissing the motion for judgment with prejudice. We awarded Bethel an appeal. Analysis Bethel asserts four assignments of error: (1) That the trial court ascertained that Bethel's causes of action had accrued more than five years before suit was filed without any evidence from the City as to when the damage to Bethel's property first occurred; (2) that the court deprived Bethel of its right to trial by jury of the issue as to when the damage occurred; (3) that the court failed to view the facts and inferences before it in the light most favorable to Bethel; and (4) that the court erred in barring Bethel's right to recover damages occurring within the five years preceding the filing of this action.

We consider the first and second assignments of error to be dispositive of this appeal. The Constitution of Virginia, art. I, § 11, provides in pertinent part: "That in controversies respecting property, and in suits between man and man, trial by jury is preferable to any other, and ought to be held sacred." [2] This provision is not applicable to proceedings in which there was no right to jury trial when the Constitution was adopted, such as ordinary suits in chancery, but it is clearly applicable to common-law actions seeking to recover damages.

Stanardsville Vol. Fire Co. v. Berry, 229 Va. 578, 583, 331 S.E.2d 466, 469 (1985). The Virginia Constitution guarantees that a jury will resolve disputed facts, and that has been the jury's sole function from the adoption of the Constitution to the present time. Speet v. Bacaj, 237 Va. 290, 296, 377 S.E.2d 397, 400 (1989). Code § 8.01-336(A) provides that the constitutional right of trial by jury "shall be preserved inviolate to the parties."

Subsection (B), which follows, provides that in any action at law for the recovery of any sum greater than \$100, the case may be tried without a jury "unless one of the parties demand [3] that the case or any issue thereof be tried by a jury." (Emphasis added.)

In Southern Railway Co. v. Watts, 134 Va. 503, 114 S.E. 736 (1922), we were presented with questions nearly identical to those now before us. There, the defendant railway company had constructed a fill that diverted a creek on the company's own land.

The partial obstruction caused by this diversion resulted in an accretion of "sand and dirt" in the bed of the stream at and above the point of diversion, which gradually increased and extended

back up the stream. Ultimately, the accumulation resulted in flooding damage to the lands of the plaintiff, upstream from the railroad's land.

The defendant contended that the damage of which the plaintiff complained had arisen when it completed the construction of its fill, which occurred more than five years before the action was filed, and filed a plea of the statute of limitations.

The plaintiff contended that his cause of action did not accrue until his land suffered damage as a result of the defendant's construction, which was within the five-year period. We held that the question of when the first actual damage resulted in the injury complained of was an issue of fact for determination by the jury.

We further held that the defendant bore the burden of proof upon that issue. *Id.* at 508-11, 114 S.E. at 737-38. In the related case of *Southern Railway Co. v. Leake*, 140 Va. 438, 125 S.E. 314 (1924), we were urged to depart from our holdings in *Watts*, but refused to do so.

Here, Bethel contends that the damage to its property occurred, and the statute of limitations began to run, in 2004, when its property became undevelopable wetland within the criteria applied by the Corps. *470 The City, on the other hand, contends that whatever damage Bethel's land might have suffered occurred no later than March, 1999, when a witness stated that he had seen surface water backed up from the City's mitigation parcel in a ditch that extended partially into Bethel's land.

The issue of the time at which Bethel's land first suffered damage as a result of the City's acts was one of disputed fact. Bethel, having demanded it, was entitled to a jury trial of that issue, and the trial court erred in denying it. Nevertheless, we will not remand the case for a jury trial of that issue because the City, which submitted its case to the trial court on that issue,[4] failed entirely to present evidence sufficient to support the trial court's finding.

The City's evidence consisted of photographs, maps, and the testimony of a single witness who stated that he had visited the City's mitigation parcel sometime in March 1999, after the City had completed its initial construction of the weirs, and had observed water backed up into a drainage ditch. Asked if this ditch extended into Bethel's property, he stated that he "believe[d]" that it extended into a "small portion of it."

He based his belief on "the City of Hampton's survey department's line that they kept." Because drainage ditches exist for the purpose of carrying surface water away from adjacent land in order to prevent flooding, we cannot say that the mere presence of water in such a ditch is, in itself, injurious or damaging to the land and there was no further evidence from which injury or damage could be inferred.

The City presented no additional evidence to support its contention that the cause of action had accrued more than five years before the motion for judgment was filed. The City bore the burden

of proof on that issue, *Louisville & N.R. Co. v. Saltzer*, 151 Va. 165, 172, 144 S.E. 456, 458 (1928), and failed to carry it.

Because the evidence supporting the trial court's finding was insufficient as a matter of law, the City is not entitled to relitigate that issue on remand.[5] Conclusion Because the trial court erred in sustaining the City's affirmative defenses based on the statutes of limitations and Code § 8.01-222, we will reverse the judgment appealed from and remand the case for trial upon all the issues raised by the motion for judgment.

Reversed and remanded. NOTES [1] Bethel cites 33 C.F.R. § 328.3(b)(2004) for the proposition that to be regulated as a wetland, an area must be "inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions."

The City explained that the test applied by the Corps requires that the water table be raised to a level whereby ground water would be within 12 inches of the surface of the land for 28 consecutive days during the growing season, approximately March through October. Witnesses testified that the Corps would monitor test wells for ten years to determine whether its wetlands criteria were met, and in determining "normal circumstances," excessively wet years and excessively dry years would be disregarded.

1998 and 1999 were described as excessively wet years. [2] This sentence still resounds with George Mason's 18th Century language and is very close to the original. In the "Declaration of Rights made by the Representatives of the good People of Virginia," unanimously adopted June 12, 1776, it differs from the present Constitution only in that "trial by jury" appears in the original as "the ancient trial by jury."

See generally 1 A.E. Dick Howard, *Commentaries on the Constitution of Virginia* 244-45 and n. 303 (1974). [3] A 2005 amendment, not pertinent to this appeal, changes "demand" in this sentence to "demands." 2005 Acts ch. 681.

[4] The City contended that the trial court could decide the issue without a jury if there were no material issue of fact in dispute and that its evidence would satisfy the court that "there's no material factual dispute here."

The court ruled that it would hear the evidence and determine whether this "is indeed a jury issue." The court then heard the evidence, took the case under advisement, and the following day issued its letter opinion, making the factual finding that the plaintiff's cause of action had accrued more than five years before the motion for judgment was filed.

[5] Code § 8.01-222 is limited by its terms to claims sounding in negligence. It requires that notice of the claim be given to a city or town "within six months after such cause of action shall have

accrued." Consequently, the issue of fact as to when the damage first occurred, and the cause of action accrued, is common to all three limitation periods asserted by the City.

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