

Bond Case Briefs

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PUBLIC CONTRACTS - MISSISSIPPI

Groundworx, LLC v. Blanton

Supreme Court of Mississippi - July 27, 2017 - So.3d - 2017 WL 3214579

Contractor seeking to design, build, and operate sewage and wastewater treatment system brought action against city for breach of contract and promissory estoppel, city counterclaimed for declaratory relief, and property owner intervened and filed a cross-complaint against contractor for a declaration that the contract with city was void ab initio.

The Chancery Court granted owner's motion to dismiss for failure to state a claim, and deemed other motions to dismiss moot. Contractor appealed.

The Supreme Court of Mississippi held that:

- City did not breach purported contractual obligation to identify revenue stream for contractor;
- City did not agree to raise sewer rates, and thus city did not breach alleged contract; and
- Alleged promise of city to raise sewer rates could not reasonably be relied upon or enforced.

City did not breach purported contractual obligation to identify revenue stream 1.3 times amount of debt-service payments required of contractor seeking to design and operate sewage treatment system. City's obligations did not begin until contractor secured financing and had to start servicing its debt, contractor admitted to failing to secure financing, and contract authorized city to cancel project without owing anything.

City did not agree to raise sewer rates, and thus city did not breach alleged contract with contractor seeking to design and operate sewage treatment system. Only way city could have entered binding contract to raise sewer rates was by valid order duly entered upon its minutes, and contractor admitted that order to raise rates was never entered because mayor vetoed city council's decision.

Alleged promise of city to raise sewer rates could not reasonably be relied upon or enforced in promissory estoppel action by contractor seeking to design and operate sewage treatment system. Even though individual city representatives allegedly promised to raise sewer rates so contractor could obtain financing, alleged promise was not on city's minutes.