

Time for Government to Pay Up

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The U.S. Court of Federal Claims recently ordered entry of partial final judgment and the payment of breach-of-contract damages in *Stockton East Water District & Central San Joaquin Water Conservation District v. United States*. In that case a California state agency that supplies agricultural irrigation water to farmers in the drought-prone Central Valley of California sued the Government after the Bureau of Reclamation refused to honor its contract to deliver water to the agency.

In 1983, Central was under contract with the United States Bureau of Reclamation for an appropriation of water from the New Melones Reservoir. Under this contract, Reclamation promised a maximum of 80,000 acre-feet and a minimum of 56,000 acre-feet of surface water per year after a ten-year build up period. In 1992, Congress enacted the Central Valley Project Improvement Act (“CVPIA”) requiring Reclamation to dedicate annually 800,000 acre-feet of water from the CVP to fish, wildlife, and habitat restoration needs. Because of these demands, Reclamation announced that it would not be able to meet the quantity commitments in its contracts. It was this breach of contract that caused Central, along with other water districts, to file suit.

After a two-week trial, the Court of Federal Claims awarded Central \$149,950 in damages for the cost of replacement water purchased by Central, but otherwise denied Central’s expectancy damages claim. The Federal Circuit affirmed Central’s cost-of-cover damages award and reversed the trial court’s refusal to award expectancy damages as well.

With the \$149,950 judgment now final, and the case remanded to the Court of Federal Claims for determination of additional expectancy damages, Central asked the court to enter final judgment for the cost-of-cover damages and order that it be paid. The government argued that the court lacks the authority to order such partial final judgment and payment until final judgment is entered on the entire case. The court rejected this argument and concluded that there is no just reason to delay entry of partial final judgment in the amount of \$149,950 for Central:

[A] trial court has the authority on remand to enter partial judgment as to a sum certain in damages for which a defendant is liable as a result of the court of appeal’s mandate, even if the remand order requires the trial court to adjudicate other requests for damages by plaintiff arising out of the same legal claim.

Read the full decision [here](#).