

## **FIRST SELECTMAN HERBST ISSUES STATEMENT REGARDING SETTLEMENT OF LAWSUIT WITH BRIDGEPORT BASED MARK IV CONSTRUCTION**

June 20, 2016 – First Selectman Timothy M. Herbst on Monday issued a statement concerning the Board of Finance and Town Council meetings that approved a legal settlement with Bridgeport based Mark IV Construction regarding two sewer projects, more commonly known as Contract 3 and Contract 4. These two projects impacted the Jog Hill and North Nichols sections of Trumbull and involved 1700 households. The decision by the Trumbull Town Council to approve the settlement agreement was unanimous.

“The Town of Trumbull and its WPCA have been battling for over seven years on two very important issues - - our contract with the City of Bridgeport and repairs to our own system,” stated Town Attorney Dennis Kokenos. “This past month, both of these litigious issues have come to a close, with fair resolutions which result in savings for Trumbull taxpayers and ratepayers. Trumbull and its WPCA can now focus 100% of its efforts on moving forward.”

First Selectman Herbst commented specifically on the settlement of litigation between Mark IV Construction and the Town of Trumbull. “Since the day I took office, this administration inherited two sewer projects that adversely impacted 1,700 homeowners. Through the hard work of our attorneys, I am pleased to report that Trumbull’s long sewer nightmare is finally over.” Herbst indicated that repair work will commence in two weeks.

“Through this settlement agreement, the Town and Mark IV Construction came to a mutual agreement whereby Mark IV shall make repairs in the Jog Hill section of Trumbull. Mark IV will work with the Town and its consultants to assure that the repairs begin immediately to avoid disruption during the school year. There will also be Town supervision monitoring these repairs to guarantee that they are done appropriately,” stated First Selectman Herbst. “This settlement saves Trumbull taxpayer’s significant money and does not result in supplemental sewer assessments and does not require additional appropriations from the Trumbull Board of Finance or Town Council.”

The First Selectman also noted that since taking office in 2009, his administration and the Trumbull WPCA have enacted a series of reforms to guarantee that a situation like this one never happens again. “It was entirely irresponsible when previous decision makers decided to bond \$50 million in sewer expansion work at the same time they bonded \$73 million for the renovation of Trumbull High School. This borrowing compromised our credit worthiness and that is why we successfully championed revisions to the Town Charter in 2011. Now, any capital expenditures that are in excess of \$15 million must go directly before the voters by way of a public referendum.” The First Selectman noted other reforms that guarantee that these types of problems don’t reappear. “The comprehensive purchasing policy we adopted in 2011 and made a part of the municipal code will guarantee that municipal work is awarded in a transparent and ethical manner. Further, we have implemented the recommendations contained in the forensic audit of Contract 3 to make sure that proper process and oversight are in place at all times going forward.”

### **KEY POINTS IN SETTLEMENT BETWEEN THE TOWN OF TRUMBULL AND MARK IV CONSTRUCTION**

#### **CONTRACT THREE, JOG HILL**

1. The Contractor has agreed to come back and provide certain work which the Town requires to be fixed at no cost to the Town. This results in an approximate savings of \$800,000 to \$1,000,000;
2. The Contractor has also agreed to begin the work immediately and finish in a timely manner;
3. All work will be done with proper oversight to assure compliance with the provision of the agreement;
4. In addition to the free work, the contractor’s insurance company has also provided the Town with a monetary settlement.

#### **CONTRACT FOUR, NORTH NICHOLS**

1. This is a dispute over change orders to finish Contract 4
2. Mark IV was claiming damages for additional work in the approximate amount of \$4,187,235 and its retainage in the amount of \$1,167,906
3. The retainage is to be returned. This is not a new payout, merely a return of its retainage.
4. The Town and Mark IV have come to a mutual resolution for final payment on the project which equates to approximately 27% of the claimed change orders (\$1,132,094);
5. This closes out Contract 4 in its entirety and does not result in any increased assessments.