

City of Greensboro Awarded \$16 million

April 22, 2008

A three-judge arbitration panel ruled in favor of the City of Greensboro in its lawsuit against a contractor and awarded the city \$14,939,004 plus interest. The city terminated the contract due to concerns with the quality of the work and the company's lack of progress on the expansion project at Osborne Wastewater Treatment Plant.

The city released the following press release:

Arbitration Panel Rules in Favor of City of Greensboro

GREENSBORO, NC – (April 22, 2008) – A three-judge arbitration panel has ruled in favor of the City of Greensboro in its lawsuit against MCI Constructors, LLC, the construction company hired by the City in 1996 to expand the treatment capacity of the Osborne Wastewater Treatment plant.

The award of \$14,939,004 plus interest will be uncontested by MCI's surety, National Union, according to attorney Mike Meeker of Brooks, Pierce, McLendon, Humphrey and Leonard. National Union is required to pay the award amount by May 17, 2008.

The City originally hired MCI in January 1996, but in June 1998, the City terminated the contract due to concerns related to the quality of the work and the company's lack of progress on the project. The City then hired Haren Construction and Crowder Construction companies to complete the job and sued MCI to recover the costs associated with their failure to complete the project, as well as liquidated damages.

City Manager Mitch Johnson said the money and time that have been dedicated to reaching this decision have been "well worth the final result."

Johnson said the excess costs to complete the project, along with legal fees to pursue the case, came from bond funds that are part of Greensboro's water and sewer enterprise fund dedicated to capital projects.

Allan Williams, director of the City's Water Resources Department, said the award will help fund future capital projects.

"This could not have come at a better time," Williams said. "We are facing the need to borrow funds to replace the Townsend Dam, pay for our portion of the Randleman Water Treatment Plant, and pay for other major capital expenses. These funds will lower our next bond borrowing and will have a positive effect on our need to adjust rates to pay for these projects."

Johnson said the award vindicated the work of Williams and the project team from the Greensboro branch of Hazen and Sawyer, an environmental engineering firm based in Raleigh. He also expressed gratitude for the work of former City Attorney Linda Miles, the City's legal staff, Meeker and the legal team at his firm.

"They did a great job for our community throughout this process and never flagged in their belief that Allan Williams and the City had done the right thing throughout the project to get the plant built and to protect our customers from excessive costs," he said.

For more information, contact Allan Williams at 373-2050.