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Settlement money will go toward Riverhead's landfill debt

By [Tim Gannon](#) | November 23, 2010 in [News](#) riverhead news review

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BARBARAELEN KOCH PHOTO |
The Youngs Avenue landfill

The \$800,000 Riverhead Town will net from a \$1.2 million lawsuit settlement will not be used to save the jobs of employees slated to be laid off in the 2011 town budget.

Union leaders had hoped the money from the settlement, stemming from cost overruns at a town landfill project, could have been used to retain the six full-time employees whose combined cost would amount to \$540,000 in 2011. Now those representatives and others are questioning why the town didn't get more in the settlement — and why it allowed a company doing a \$40 million job to carry an insurance policy that only covered \$2 million.

A majority of the Town Board's five members did not support using the settlement's money to save the employees' jobs. Riverhead Supervisor Sean Walter said at a public work session in Town Hall last Thursday that he didn't support any changes to his proposed budget, which cuts spending and calls for the elimination not only of the six full-time employees but also of seven part-time employees as well. And Councilmembers George Gabrielsen and Jodi Giglio said after the meeting they believed the settlement money should be applied toward paying off the debt from the landfill project, which Mr. Walter says costs town taxpayers \$4.3 million per year.

The full-time positions being cut are a Juvenile Aid Bureau secretary, an animal control officer, a fire marshal, a community development agency program technician, a commercial site plan reviewer in the planning department, and a cultural affairs

supervisor in the recreation department.

At last Thursday's work session, Councilman John Dunleavy, who has opposed the layoffs, asked if there was support on the board for applying the settlement money to keep the six full-time employees on the payroll but did not get three votes in support. Councilman Jim Wooten also said he would be open to using some of the cash to save jobs. But these were just two votes on a five-member board.

Union officials and others were also questioning why the town had not sought more from the settlement. In 2007, the town sued Young and Young, the engineering firm that worked on the landfill reclamation project, which went way over budget.

The town ultimately abandoned the reclamation job after the project had topped its initial budget and was only one-third complete. The town completed the job by capping the landfill. The total cost of both capping and reclaiming was about \$50 million, and officials have estimated that an additional \$15 million was spent because of the failed reclamation project.

The project was initiated under the administration of former supervisor Bob Kozakiewicz in 2001 and continued under the administration of former supervisor Phil Cardinale. Under Mr. Cardinale's administration, it was discovered that the reclamation project was way over budget and the town sued Young and Young.

The Town Board on Oct. 5 resolved unanimously to authorize a \$1.2 million settlement of that case, and last week a judge signed off on the agreement, dismissing the case from court. Mr. Walter said one-third of that amount will go to town's legal counsel on the case, the Hauppauge-based firm of Reynolds, Caronia and Giannelli. The stipulation was attached to the Oct. 5. resolution.

Councilwoman Jodi Giglio said that as she understood it, she was voting to authorize the negotiation of a settlement with \$1.2 million being the lowest the town would go. She said she wasn't aware it had been approved until she read about it in the press last week, but had expected the town to settle for more than the net \$800,000.

When asked why she thought the settlement, approved Monday, was not immediately made public through a press release or other means just as town officials were crafting the 2011 budget, she said: "Maybe that's why it was kept hush-hush, because the town didn't want to deal with any grief from the unions about saving jobs."

But Mr. Walter said last Thursday that the settlement isn't signed yet, and there is also a disagreement regarding payments that the town owes Young and Young on other town projects, such as the Grangebel park renovation. He said the town has not received the settlement money yet.

Jonathan Sinnreich, the attorney who represented Young and Young, said in an interview that the \$1.2 million settlement has been agreed to in principal by all parties. He said the issue of the other payments is a separate argument.

Mr. Walter said Young and Young's insurance policy had a \$2 million maximum liability and also allowed legal fees to be paid from that \$2 million. About \$200,000 had already been spent, he said, and the case hadn't even gone to trial. He estimated as much as \$500,000 could have been spent before the case went to trial and said the \$1.2 million is about as much as the town could expect to get.

"What was our goal? To put [the engineers] into bankruptcy?" Mr. Walter asked in an interview. "That wouldn't have been my goal."

Mr. Walter and other Town Board members also said there was no guarantee that the town would be awarded a larger amount if the case went to trial.

Asked if he would support using the \$800,000 to bring back the six employees, assuming the money is available, Mr. Walter said, "I support my budget."

Matt Hattorff, the president of the town Civil Service Employees Association, said he believes the town should have sought more in the settlement from Young and Young.

"They should have gone after his building," he said in an interview.

Larry Simms, a Riverhead resident involved in the manufacturing and marketing of construction products, voiced similar concerns in an interview with the News-Review.

"Something went terribly wrong here," he said. The town should have required Young and Young to have an insurance policy covering more than \$2 million for a job with an initial budget of \$40 million, especially if that policy allows legal fees to be paid from the policy, as was the case here, he said.

"They should know that if they go to court, the policy is going to be eaten up by legal fees, so the chances of them settling are very high," Mr. Simms said. "If the town knew that Young and Young had this type of liability policy, the town should not have agreed to a fee arrangement giving their own attorneys a windfall when they settled. When you know you're not going to see the inside of a court room, you don't give away a third of a settlement.

"If the town board members are saying they didn't want to put Young and Young into bankruptcy, I'd like them to explain why not to the families of the 13 employees who just lost their jobs as a result of the landfill debacle," Mr. Simms said. Ms. Giglio said she agrees that the town needs to review its policies regarding how much insurance it requires contractors to have on town projects.

"We need to make sure the insurance is sufficient to cover the liability," she said. But, she added, the decision to accept a \$2 million liability policy in this case was a decision made by the previous administration.

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 **Wakeup** 1 day ago


I urge everyone reading these posts to educate yourself as to who is getting paid what.....pay close attention to what your financial administrator (NOT living in the town) is getting paid to drive this town into the ground (lest we forget his puppet "assistant"). It seems relatively simple that if the previous budgets under his regime have not YET been balanced, how can we possibly know what we are doing present day? How much are the taxpayers paying for incompetence? How much are the auditing people being paid? I don't recall the previous financial administrator having these problems. I again urge you.....you may be both disgusted and appalled. www.riverheadli.com, click on "town board meetings", then click on the first meeting of January 5, 2011

Like Reply

 **Hosed1** 2 days ago

There appears to be blind faith in the numbers, which show Rothaar is incompetent. He is the first person that should go, then maybe the town can get an honest picture of it's finances. Sean just covers them up also to hide the mistakes, and claims he is doing the town a favor.

Like Reply

 **Brownfox** 6 days ago

Doesnt the Town Business Admn. give the budget numbers to the Supervisor? Dont they review the numbers together. Is this Rothaar any good with numbers? Once again this guy comes up short and yet his job being cut is not even mentioned.

Like Reply

 **RETIRED** 1 week ago

GEEZ, COME ON WALTER!! THOSE CSEA EMPLOYEES WHO ARE LOSING THEIR JOBS WERE SOME OF THE VOTERS WHO BACKED YOU IN THE ELECTION. IT'S TIME TO DO THE RIGHT THING AND KEEP THESE JOBS, WHICH ARE ALL NECESSARY AND NEEDED. THERE ARE NUMEROUS OTHER WAYS TO SAVE THE MONEY, STARTING WITH THE OVERTIME IN THE POLICE DEPARTMENT. MAYBE THE CHIEF DOES NOTHING TO CONTROL IT BECAUSE OF HIS OWN AGENDA TO DISBAND THE RIVERHEAD TOWN POLICE DEPARTMENT. IF HE KEEPS THE OVERTIME HIGH HE CAN SAY, "LOOK, THE TOWN JUST CAN NOT AFFORD A POLICE DEPARTMENT ANYMORE. WE SHOULD MERGE WITH THE SUFFOLK COUNTY POLICE." FIND ANOTHER WAY. KEEP THESE WORKERS AND MAKE SOME CUTS ELSEWHERE