

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Stanton and Town Council Members

FROM: Andrew McGuire, Town Attorney

DATE: December 11, 2025

DEPARTMENT: Town Attorney's Office
Andrew McGuire, 602-257-7664

AGENDA TITLE:

Discussion and Possible Action on the Settlement Agreements in the City of *Phoenix v. Town of Paradise Valley, et al.* matter relating to settling the matter and attorney's fees.

RECOMMENDATION:

Approve the Settlement Agreements resolving the underlying lawsuit and attorneys' fees claims and authorize the Mayor or Town Manager to execute the agreements.

SUMMARY STATEMENT:

This lawsuit involved a water main break in June 2022 to a City of Phoenix water main that supplied drinking water to Town residents. The Town retained a contractor ("SDB") to do road construction work in about 2014. During its work, SDB paved over water cut off valves. When the main broke, Phoenix employees were unable to locate the valves because they were paved over, necessitating extensive and delayed work to shut off the water. In the interim, the water from the break flooded residential homes. Phoenix paid, or is paying, for the damage caused to those residents.

Phoenix sued the Town and SDB to be reimbursed. The Town tendered the lawsuit to SDB and its insurance company, Old Republic, under its contract with SDB. Ultimately, SDB and Old Republic agreed to settle with Phoenix for \$400,000.00 on the Town and SDB's behalf. SDB and Old Republic also agreed to reimburse the Town's attorney's fees incurred by the firm hired by the Town's insurer, totaling \$56,000.00. These releases are to memorialize those agreements and have the lawsuit dismissed.

BUDGETARY IMPACT: N/A

ATTACHMENTS:

- A. Staff Report
- B. Settlement Agreements (The council packet will be updated to include the agreements)