Bankruptcies forcing city to dig into pocket

By CATHERINE LANDRY
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ABBEVILLE — A pair of bankruptcies is forcing the city of Abbeville to come up with additional money to finish the long-awaited Rabbit Hill sewage project.

But the city might be able to recoup some of the money thanks to a state law, the Abbeville City Council was informed Tuesday night at its regular meeting.

The company in charge of the two-year project, Sealant, Inc., filed for bankruptcy in June 1985, said Mayor Larry Campisi.

Friday morning, Sealant’s insurance company, Heritage Insurance Co., also filed for bankruptcy, he said.

As a result, the city has had to find another firm to finish the work.

Barber Bros. Contractors, Inc., has won the bid for completion of the project, Campisi said.

He said there is enough money to fund the project.

"Because bids were low at the time the project began," Campisi said, "we still have $125,000 to cover the completion."

City Attorney Durwood Conque did offer once glimmer of hope for the council to get back at least some of the money it will spend to finish the work.

Conque said Louisiana has a law which forces all insurance companies to have an insurance guarantee fund.

He said each claim is covered up to $150,000.

The attorney feels the city has a good chance at getting a return on some of its losses.

"This money will not cover all our losses," he said, "but it will cover most of the damage."

Conque told the council he will check into the legalities of the matter and report back to them at their next meeting.

In other business, the council adopted a resolution supporting a plan to form a consortium with other cities in the state to seek out lower insurance rates.

The cities will ask the state Legislature for help in finding cheaper insurance with money the cities will pool together, Campisi said.