

TO: Mayor and City Council
THRU: Robert G. Wells, City Manager
FROM: Constance L. Munnell, Director of Human Resources
SUBJECT: CLAIM SETTLEMENT AUTHORIZATION

ISSUE:

Should the City Council authorize the Risk Manager to resolve a claim for damages in an amount not to exceed \$33,657.99?

RECOMMENDATION:

Staff recommends the Council authorize the Risk Manager to negotiate a Release of All Claims.

BACKGROUND:

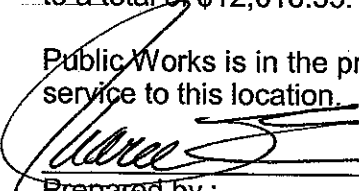
On December 24, 2006, a six-inch main sewer line in North Salem was blocked causing sewage to back up and flood the basement of a residence owned by Jim and Kelly Crowder at 1545 "D" Street NE. Public Works crews responded and found that a section of deteriorated main line had become blocked causing sewage to back up into the basement. There are records of blockages and deterioration in this main line in 1999, 2000, 2002 and 2006. The condition of the line had caused it to be placed on an accelerated cleaning schedule and had most recently been cleaned on December 19, 2006. The line is scheduled for replacement in 2008. The City's investigation indicates excessive pressure was used to clean the line, actually accelerating its deteriorating condition and causing it to become blocked.

FACTS AND FINDINGS:

The 1,931 square foot basement area of the house was completely finished and occupied by three young family members. All furnishings and personal effects were contaminated and destroyed. The flooding required the removal and disposal of furniture, as well as the replacement of portions of sheet rock, carpet, vinyl, and floor moldings. ServPro of Salem West responded on December 25, 2006, and commenced cleaning and restoration work. The City's insurance adjustor has closely monitored the claim by working with the contractor and property owner to adjust and contain costs. Replacement cost values were depreciated to establish the actual replacement value.

As a result, \$7,096.17 was incurred for initial cleaning, drying, sanitizing and tear out of non-salvageable floor covering and furnishings. Restoration work including replacement of carpet, other floor coverings and dry wall repair total \$13,943.27. Expenses incurred for damaged and lost personal property, lost income and expenses incurred by the property owner were adjusted to a total of \$12,618.55.

Public Works is in the process of assessing alternative methods of providing temporary sewer service to this location.


Prepared by :
Sharee Emmons, Risk Manager