

SUBJECT

BOARD RESOLUTION NO. 18-1524

Pertaining to a Settlement Agreement and Release with DoubleTree Hotel regarding a loss at 411 Minnesota Street in the City of Saint Paul.

BACKGROUND INFORMATION

Staff is seeking approval of a Settlement Agreement and Release that provides for payment in the amount of \$53,000 as full settlement of claims for damages to the property and operations at 411 Minnesota Street, Saint Paul, MN, arising from an erroneous water shutoff of August 4, 2017.

On the morning of Friday, August 4, 2017, Saint Paul Regional Water Services received a request to shut off the water to 411 Cedar St. so a plumber could make repairs at the property. SPRWS dispatched staff to shut-off the water service. Unfortunately, the staff mistakenly shut off the water to 411 Minnesota St., the DoubleTree Hotel. The hotel experienced pressure loss and water problems but did not associate the problem with SPRWS. They called in a plumbing contractor to troubleshoot the problem. In the meantime, customers were relocated, offered discounts and turned away, the restaurant was closed and food service was discontinued and they found they were faced with mechanical system failures including water pumps damaged beyond repair. Some 12 hours later, SPRWS restored the water service.

DoubleTree Hotel submitted a claim in the amount of \$89,789.09. The claim included customer discount and relocation expenses in the amount of \$12,062.91 along with all the mechanical costs associated with the purchase and installation of a temporary water pump, a new permanent water pump and a new pressure tank required by the current building code in the amount of \$77,726.18.

Settlement in the amount of \$53,000 was reached in consultation with City Attorney's office. The depreciation of the pre-shut-off mechanical systems was the primary consideration of the negotiation.

See attached Settlement Agreement and Release.

RECOMMENDATION

Approval is recommended.