

SUBJECT

BOARD RESOLUTION NO. 16-1566

Pertaining to a Settlement Agreement and Release with Brent and Rebecca Meissner and Safeco Insurance regarding a loss at 2531 James Drive East in the city of Maplewood.

BACKGROUND INFORMATION

Staff is seeking approval of a Settlement Agreement and Release that provides for payment in the amount of \$184,000 as full settlement of claims for damages to the house and contents at 2531 James Drive E, Maplewood, MN, arising from a fire which occurred during the winter of 2014.

On March 7, 2014, SPRWS attempted to thaw a frozen water line adjacent to the subject address. Standard practice for the utility was and is to use electrical welding equipment to thaw frozen water lines, and that is what was attempted at the subject property. The Plaintiffs brought a suit that claimed electricity from the thawing equipment traveled through the water lines to the electrical service at the subject property, causing a fire in the house.

The Plaintiffs sought total damages of \$293,285.80, which consisted of reimbursement of costs to Safeco Insurance in the amount of \$250,125.25 and to the homeowners in the amount of \$43,160.55 for costs not reimbursed by insurance. We entered into mediation in 2016, which resulted in a settlement in the amount of \$184,000, subject to Board approval. This amount includes the total settlement with both Plaintiffs.

SPRWS experienced 800 frozen water lines in the winter of 2014 which required thawing. This was by far one of the largest frozen service events in the history of the utility.

Staff has since changed its procedures in thawing frozen service to limit its risk in future thawing operations.

See attached Settlement Agreement and Release.

RECOMMENDATION

Approval is recommended.