

SUBJECT

BOARD RESOLUTION NO. 19-1752

Pertaining to settlement of a claim by Allianz Global Corporate & Specialty as subrogee of Lowry Owners Association, 350 St. Peter Street, against the Board of Water Commissioners.

BACKGROUND INFORMATION

Staff and the Office of Risk Management is recommending that \$70,188.87 be paid to Allianz Global Corporate & Specialty as final settlement of a claim for property damages resulting from a September 18, 2017 flooding of the property located in the basement of 350 St. Peter Street Saint Paul, MN.

See attached Summary and resolution.

RECOMMENDATION

Board approval is recommended.

Summary of September 18, 2017 Flooding Incident

SPRWS sought to change the water meter at 350 St. Peter St. in the spring of 2017. The meter valves were defective, so the customer was required to have the valves on either side of the meter repaired or replaced. The customer requested SPRWS shut off the water service so a plumbing repair could be arranged.

SPRWS determined the property was served from its tunnel system in from 5th street east of St Peter St. There were 2 pipes approximately 5 feet apart extending to the property from the tunnel and SPRWS could not identify which pipe was serving the meter setting. This is extremely rare, as typically SPRWS record information is excellent. SPRWS concluded the controlling valves in the tunnel must be broken open as SPRWS could not successfully shut-off the service.

SPRWS shut off the 5th street water main and confirmed this controlled the meter.

There was what appeared to be a properly capped and abandon pipe in the building which SPRWS assumed was an old fire supply service. SPRWS pipe locator traced this pipe back to the tunnel system. The lines were so close to each other the tracing was difficult and SPRWS made its best judgment regarding which line was which. A work order was created to replace the valve on this connection.

On September 18, 2017, SPRWS replaced the valve it thought was serving the property. The water was turned back on and the maintenance staff contacted. Maintenance staff reported the water was on and all was well. SPRWS left the job.

Shortly thereafter, the maintenance staff called and reported flooding. SPRWS returned to the tunnels and shut off the water. The water had been flowing from an abandoned pipe in a closet. The abandoned pipe had not been properly capped or sealed. SPRWS had never been made aware of this pipe.

SPRWS went back to the tunnel and replaced the valve on the adjacent 5th Street service connection and removed the abandoned service connection which had resulted in the flooding. Risk Management negotiated a settlement for the damage.

At this time, Sandra Bodensteiner of Saint Paul Risk Management recommends \$70,188.87 be paid to Allianz Global Corporate & Specialty as subrogee of Lowry Owners Association as final settlement of all property damage and loss claims related to this incident. The claimant originally sought \$129,944.80.