

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution No. 8735 authorizing payment of \$47,872.03 in final settlement and release of a claim brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4" water main broke in the street adjacent to the Pearson residence.

FISCAL IMPACT

This claim may be settled in full by payment of \$47,872.03 to Farmers Insurance Company of Washington, in exchange for a full release of all claims. Sufficient funds exist within the City's General Self-Insurance Fund for this expenditure.

STAFF CONTACT

Nav Otal, Director 452-2041
Utilities Department

Rick Olsen, Acting Risk Manager 452-6149
City Attorney's Office

POLICY CONSIDERATION

State Law:

RCW 4.96.010 authorizes persons suffering injury or damage as a result of City actions to pursue claims against the City for such injury or damage and to sue the City if such claims are denied.

Bellevue City Code:

BCC 4.36.030 states that Council must approve payment of damage claims that exceed \$20,000.00.

BACKGROUND

On October 12, 2013, a 4" AC city water main broke, causing extensive damage to the Pearson residence located at 16442 SE 42nd Place in Bellevue. Ms. Pearson filed a claim with her homeowners insurance, Farmers Insurance of Washington (Farmers). Farmers, in subrogation for Ms. Pearson, filed a Claim for Damages against the City on February 3, 2014, to recover their costs paid to Pearson, claiming \$50,000+/- in damages. The City, through the efforts of Evergreen Adjustment Services, Inc., has processed this claim since the date of the incident, working with both Farmers and Ms. Pearson. Farmers paid for all clean-up and repair of real property, landscaping, driveway repairs, temporary housing and damage to personal property.

Given the amount of this claim, final settlement payment must be authorized by Council. The Risk Manager has reviewed the claim, analyzed the demand for payment, and recommends settlement. The Utilities Department concurs with this recommendation. The City Attorney's Office has reviewed the claim, analyzed the legal liability for the claim, and concurs with the Risk Manager's recommendation. An agreement has been signed by the claimant offering to release the City from all claims arising from this event, subject to approval by the Council.

EFFECTIVE DATE

If adopted, this Resolution will be effective immediately.

OPTIONS

1. Adopt Resolution No. 8735 authorizing payment of \$47,872.03 in settlement of a claim brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4" water main broke in the street adjacent to the Pearson residence.
2. Do not adopt Resolution No. 8735 and provide alternative direction to staff regarding the claim.

RECOMMENDATION

Adopt Resolution No. 8735 authorizing payment of \$47,872.03 in settlement of a claim brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4" water main broke in the street adjacent to the Pearson residence.

MOTION

Move to adopt Resolution No. 8735, authorizing payment of \$47,872.03 in settlement of a claim brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4" water main broke in the street adjacent to the Pearson residence.

ATTACHMENTS

Proposed Resolution No. 8735

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8735

A RESOLUTION authorizing payment of \$47,872.03 for a final settlement and release of all claims brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4-inch water main broke in the street adjacent to the Pearson residence.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The Council authorizes payment of \$47,872.03 for a final settlement and release of all claims brought by Farmers Insurance Company of Washington for property damage sustained by their insured, Kim Pearson, after a 4-inch water main broke in the street adjacent to the Pearson residence, a copy of which Release of All Claims has been given Clerk's Receiving No. _____.

Passed by the City Council this _____ day of _____, 2014, and signed in authentication of its passage this _____ day of _____, 2014.

(SEAL)

Claudia Balducci, Mayor

Attest:

Myrna L. Basich, City Clerk