



Legislation Details (With Text)

File #: 2019-041 **Version:** 1 **Name:**
Type: Claims **Status:** Passed
File created: 1/25/2019 **In control:** Board of Directors
On agenda: 2/27/2019 **Final action:** 2/27/2019
Title: Proposed Settlement and Release Agreement with Village of South Rockwood
Sponsors: Randal Brown
Indexes: General Counsel
Code sections:
Attachments: 1. South Rockwood re Aug 2018 main break claim settlement

Date	Ver.	Action By	Action	Result
2/27/2019	1	Board of Directors	Approved	Pass
2/27/2019	1	Legal Committee	Recommended for Approval	Pass

Proposed Settlement and Release Agreement with Village of South Rockwood

Agenda of: February 27, 2019
Item No.: **2019-041**
Amount: \$2,868.71

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: February 19, 2019

RE: Proposed Settlement and Release Agreement with Village of South Rockwood

MOTION

Upon recommendation of Randal Brown, General Counsel, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) **approves the Settlement and Release Agreement with the Village of South Rockwood;** and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Village of South Rockwood (Village) entered into a water service contract with the City of Detroit

on February 24, 2009 (Contract), which was subsequently assigned to GLWA on January 1, 2016. The Contract provides that, except to the extent that GLWA is the proximate cause, GLWA shall not be liable for damage to the Village's water system. The Village alleges that on August 16, 2018, it experienced two water main breaks within its water system.

GLWA has proposed certain terms and conditions related to a settlement of the two claims alleged by the Village, which terms were approved by the Village on January 7, 2019. Under the terms of the settlement, GLWA agrees to provide a credit to the Village's wholesale water account in the amount of \$2,868.71, which credit resolves in their entirety the Village's claims set forth above. In exchange, the Village releases and discharges GLWA from any claims related to any water main breaks that may have occurred in the Village prior to August 17, 2018.

JUSTIFICATION

Approval of this Settlement and Release Agreement represents a fair and equitable resolution to the Village's claims and is in keeping with GLWA's commitment to working collaboratively with its member partners.

FINANCIAL PLAN IMPACT

Summary: The settlement and release agreement with the Village of South Rockwood encompasses Operations & Maintenance expense only. Sufficient funds will be provided in the Operations & Maintenance (O&M) financial plan for this settlement and release agreement for damage claims (GL string: 5910-882101.000-661100-WS7310).

Funding Source: Operations & Maintenance (O&M) Budget

Cost Center(s): Water DirectorWater Operations cost center 882101

Expense Type: Damage Claims (661100)

Estimated Cost by Year and Related Forecasted Variance: See table below.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2019 Budget	\$0.00*
<u>Settlement Amount</u>	<u>2,868.71</u>
Variance	\$2,868.71

*FY 2019 total budgeted amount is \$0.00 for various emergency water main repair incidents. A budget amendment will be required to capture the settlement and release agreement amount of \$2,868.71 for the Village of South Rockwood.

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The settlement and release agreement for the Village of South Rockwood has no savings, cost

optimization, or revenue enhancement impact.

COMMITTEE REVIEW

This matter is being presented to the Legal Committee for consideration and approval.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.