

RESOLUTION ESTABLISHING LIMITED CLEAN UP AND
PROPERTY DAMAGE PROTECTION FOR SEWER BACK-UPS AND
WATER MAIN BREAKS FOR WATER AND SEWER CUSTOMERS

WHEREAS, The City of Hayward provides water and sanitary sewer services to property within its jurisdiction; and

WHEREAS, water main breaks may cause water to enter into property causing damage; and

WHEREAS, blockages or other conditions in the Governmental Unit's sanitary sewer lines may cause the back-up of sewage into properties that are connected to those Governmental Unit's sanitary lines; and

WHEREAS, water main breaks and sewer back-ups pose a public health and safety concern; and

WHEREAS, it may be difficult to determine the exact cause and responsibility for a water main break or sanitary sewer back-ups and

WHEREAS, the Governmental Unit desires to encourage the expeditious clean-up of properties that have encountered damage from water main breaks and sewer back-ups; and

WHEREAS, the Governmental Unit desires to minimize the potential of expensive lawsuits arising out of water main breaks and sanitary sewer back-up claims; and

WHEREAS, the Governmental Unit is a member of the League of Minnesota Cities Insurance Trust (LMCIT); and

WHEREAS, LMCIT has offered the Governmental Unit limited "no fault" sewer coverage and water main break coverage (No-Fault Coverage) that will reimburse users of the water and sewer system for certain clean-up costs and property damage regardless of whether the Governmental Unit is at fault.

NOW THEREFORE, BE IT RESOLVED, as follows:

The Governmental Unit, will reimburse water and sanitary sewer customers for up to \$10,000 of clean-up costs and property damages caused by a water main break or sanitary sewer back-up, regardless of whether the Governmental Unit is negligent or otherwise legally liable for damages, subject to the following conditions:

I. Sanitary Sewer Back-Ups. For Sanitary sewer back-ups:

- A. The back-up must have resulted from a condition in the Governmental Unit's sanitary sewer system or lines, and not from a condition in a private line.
- B. The back-up must not have been caused by any catastrophic weather or other event which has been declared by the President of the United States to be a major disaster pursuant to 42 U.S.C. §§ 5121-5206, commonly known as the Stafford Act.

- C. The back-up must not have been caused by an interruption in electric power to the Governmental Unit's sewer system or to any Governmental Unit lift station, which continues for more than 72 hours.
- D. The back-up must not have been caused by an amount of precipitation equivalent to rainfall amounts which exceed:
 - 2.0 inches in a 1-hour period; or
 - 2.5 inches in a 3-hour period; or
 - 3.0 inches in a 6-hour period; or
 - 3.5 inches in a 12-hour period; or
 - 4.0 inches in a 24-hour period; or
 - 4.5 inches in a 72-hour period; or
 - 5.5 inches in a 168-hour period.
- E. Neither the Governmental Unit nor LMCIT will reimburse any costs which have been or are eligible to be covered under a property owner's own homeowners' or other property insurance, or which would be eligible to be reimbursed under a National Flood Insurance Protection (NFIP) policy, whether or not the property owner actually has NFIP Coverage.
- F. The maximum amount that the Governmental Unit or LMCIT will reimburse is \$10,000 per building, per year. A structure or group of structures served by a single connection to the Governmental Unit's sewer system is considered a single building.

II. Water Main Breaks. For water main breaks:

- A. Neither the Governmental Unit nor LMCIT will reimburse any costs which have been or are eligible to be covered under a property owner's own homeowners' or other property insurance
- B. The maximum amount that the Governmental Unit or LMCIT will reimburse is \$10,000 to any claimant, regardless of the number of occurrences or the number of properties affected.
- C. Neither the Governmental Unit nor LMCIT will pay more than \$250,000 for water main break damages resulting from any single occurrence. All water main break damage which occurs during any period of 72 consecutive hours is deemed to result from a single occurrence. If the total water main break damage for all claimants in a single occurrence exceeds \$250,000, the reimbursement to each claimant will be calculated as follows:
 - 1. A preliminary reimbursement figure is established for each claimant, equal to the lesser of the claimant's actual damages or \$10,000.
 - 2. The sum of the preliminary reimbursement figures for all claimants will be calculated.
 - 3. Each claimant will be paid a percentage of his or her preliminary reimbursement figure, equal to the percentage calculated by dividing \$250,000 by the sum of all claimants' preliminary reimbursement figures.

III. The Governmental Unit's determination to make these payments is contingent on and expressly limited to the extent that No-Fault Coverage is in force and available to reimburse the Governmental Unit for the costs set forth herein.

IV. The Governmental Unit retains the right, in its sole discretion, to revoke, rescind, or modify this resolution at any time.

V. The Governmental Unit hereby rescinds any prior resolution providing no-fault sewer backup coverage and water main break coverage.

IN WITNESS WHEREOF, the Governmental Unit, by action of its governing body, caused this Resolution to be approved on May 14, 2018.

The City of Hayward
Governmental Unit

By: Michael S. Hansen

Its Mayor

And: Katsumi Anse

Its City Clerk-Treasurer