

IMPACT STATEMENT

Legislation title: *Establish process for resolving claims related to the water main break on March 16, 2019, and authorize payment of claims (Ordinance).

Contact name:

Contact phone:

Presenter name:

Purpose of proposed legislation and background information:

On March 16, 2019, a large water main burst in Northeast Portland near Northeast 23rd Avenue and Skidmore Street. At its peak, the burst water main released 40,000 gallons of water per minute into the neighborhood. This type of large water main failure is exceedingly rare, and the failure was unforeseeable. Several residents and others suffered property damage as a result of the water main break and have asserted claims against the City. While the City denies legal responsibility for any damages, the City acknowledges that it would incur costs to defend claims and the results of any litigation can be uncertain. Accordingly, given the scope of the impacts, disputed claims related to the water main break should be resolved for the benefit of the City according to the process established in the ordinance.

The ordinance establishes a process to submit documented claims to the City Attorney's Office, and authorizes the City Attorney's Office to attempt to resolve the claims. The ordinance sets aside a total of \$250,000 to settle all claims, and the ordinance specifies the types of damages and costs the City Attorney's Office is authorized to pay in settlement of a claim. The ordinance requires claimants to execute a full release and an assignment of claims as part of any settlement. Claims must be submitted by July 15, 2019, and the City Attorney's Office must complete processing of the claims by October 14, 2019.

Financial and budgetary impacts:

The ordinance sets aside \$250,000 to settle claims submitted to the City Attorney's Office. The ordinance directs the City Budget Office to allocate \$250,000 in current year unrestricted General Fund contingency resources to a Policy Set Aside account via the FY 2018-19 Over Expenditure Ordinance. These funds will be carried over to the FY 2019-20 budget for this purpose, and will be available for appropriation to the City Attorney's Office in the FY 2019-20 Fall Budget Monitoring Process. Currently, there is \$1 million in unrestricted General Fund contingency resources, which will be reduced by the amount transferred to the Policy Set Aside account. The City Attorney's Office may only draw funds from the Policy Set Aside account necessary to settle claims, and any excess money in the account shall remain available as unrestricted General Fund contingency.

Community impacts and community involvement:

The large water main break was an unforeseeable and exceedingly rare event that had a wide scope of impacts. Several residents and others suffered property damage as a result of the water main break and have asserted claims against the City. Given the scope of the impacts, disputed claims related to the water main break should be resolved for the benefit of the City according to the process established by the ordinance. The goal of the ordinance is to resolve legitimate claims as soon as possible for the benefit of the City and affected claimants, which will allow the City to use its limited resources to efficiently handle other disputed claims, if necessary.

100% Renewable Goal:

- Not applicable.

Budgetary Impact Worksheet**Does this action change appropriations?**

- ☒ **YES:** Please complete the information below.
☐ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

This action directs the change of appropriations through the Over Expenditure Ordinance.