SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. C**

FROM: Steve Mack, General Manager

Meeting Date: July 5, 2018

SUBJECT: APPROVAL OF WARRANT FOR SDRMA EXPENSE FOR THE WALLER LITIGATION

RECOMMENDED ACTION: Receive a presentation from General Manager Steve Mack regarding the payment of $16,069.93 to SDRMA for legal expenses related to the Waller litigation, approve the payment of $16,069.93 for those expenses, and provide direction to staff.

FISCAL IMPACT: $16,069.93

DISCUSSION:

At the June Board meeting the Board removed the payment of $16,069.93 for the legal expenses incurred by SDRMA for the cost of the Waller litigation, litigation that was initiated by a customer for damages received during a District capital improvement project (water line replacement) on Guerneville Lane. The Board asked for additional information on why the claim was not defended by the contractor for that project, Piazza Construction. Staff contacted SDRMA about this, had a phone conversation on this topic and received the attached explanation letter. In short, SDRMA tried to tender to the contractor's insurance, was refused by the insurance company and felt it was more cost effective to just do the litigation in-house rather than litigate the tender and then perhaps have to do the Waller litigation as well.

SDRMA
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

1112 I Street, Suite 300
Sacramento, California 95814-2865
T 916.231.4141 or 800.537.7790 • F 916.231.4111

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June 11, 2018

SWEETWATER SPRINGS WATER DISTRICT
JUN 18 2018
RECEIVED

Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA 95446-0048
Attn: Steve Mack

RE: Claimant: Deborah Waller
Claim No.: PD1314005933-0001
Date of Loss: 12/19/2013
Policy Year: 2013-14

Dear Mr. Mack,

Pursuant to our conversation on July 8, 2018, we are writing to advise you and the District's board that the above claim was tendered to the District's contractor, Piazza Construction, and their insurance carrier, Admiral Insurance.

Admiral Insurance denied the tender based on their opinion that their actions were directed by the District and there was no "occurrence" or "property" or "bodily injury" alleged by the plaintiff.

When plaintiff filed her Complaint against the District, we elected to try and settle the claim for a nominal amount and not litigate the tender. Had we chosen to litigate the tender while litigating the claim, we would have spent twice as much money with no guarantee of being successful with the tender. We made the decision based on cost-effectiveness to not litigate the tender denial and instead focus on settling the claim quickly.

If you have any questions or concerns, please feel free to contact the undersigned.

Sincerely,
Special District Risk Management Authority

Debbie Yokota
Claims Manager
dyokota@sdrma.org