

RESOLUTION #041806

**A RESOLUTION ESTABLISHING A NO-FAULT SANITARY SEWER BACKUP
DAMAGE REIMBURSEMENT POLICY**

WHEREAS, New Richmond Utilities has determined that it is necessary to increase citizen awareness of wastewater collection systems and their responsibilities relative to maintenance and protection against potential property damage from sewer backups, and

WHEREAS, New Richmond Utilities is responsible for maintaining sewer mains, manholes, pump stations and force mains that are in public rights-of-way and on public property, and


WHEREAS, New Richmond Utilities expends significant resources, through an extensive preventive maintenance program, to keep the sewer system in a good state of repair. Occasionally, however, forces of nature or conditions develop within the system that may cause sewage to back up into a residence or business which are beyond the Utility's control, and

WHEREAS, New Richmond Utilities desires to reduce health hazards by encouraging property owners who have experienced a sewer backup to get it appropriately cleaned up as quickly as possible, and

WHEREAS, New Richmond Utilities desires to provide a method for assisting homeowners with the financial burden of a sewer backup even when the Utility is not legally liable for the resulting damage.

NOW THEREFORE, BE IT RESOLVED by the Utility Commission of New Richmond that the Utility may reimburse sanitary sewer customers as set forth in the Utility's No-Fault Sanitary Sewer Backup Damage Reimbursement Policy.

Passed and approved this 9th day of April, 2018.



Fred Horne, Mayor

ATTEST:



Tanya Batchelor, City Clerk

New Richmond Utilities
No-Fault Sanitary Sewer Backup Damage Reimbursement Policy

1. GENERAL

- 1.1. This Policy is intended to increase citizen awareness of wastewater collection systems and their responsibilities relative to maintenance and protection against potential property damage from sewer backups. In addition, this Policy provides for limited assistance to individuals who have experienced property damage as a direct result of backup of the Utility's sanitary sewer system even if it is determined the Utility is not at fault. It is intended to cover isolated incidents and does not cover multiple claims from widespread damage as a result of forces of nature or other situations out of the Utility's control.
- 1.2. The Utility is responsible for maintaining sewer mains, manholes, pump stations and force mains that are in public rights-of-way and on public property.
- 1.3. For the purpose of this Policy, the term "sewer lateral" means the portion of sewer line that conveys wastewater from a private property to the Utility's sanitary sewer main. The sewer lateral, including the portion of the lateral within the public right-of-way, to the center of the sanitary sewer main, is the property of the property owner receiving sanitary sewer service through any such sewer lateral and is the responsibility of the property owner.
- 1.4. New Richmond Utilities expends significant resources, through an extensive preventive maintenance program, to keep the sewer system in a good state of repair. Occasionally, however, forces of nature or conditions develop within the system that may cause sewage to back up into a residence or business which is beyond the Utility's control and which is not an incident in which the Utility bears responsibility or legal liability.
- 1.5. For the purpose of this Policy, the term "no-fault" means without the legal fault of the Utility and without any cause attributable to the property owner. The intent of this Policy is for the Utility to reimburse (a) property owner(s), up to the limit(s) established in this Policy, for clean-up costs and repairs to buildings for damages resulting from a sanitary sewer backup irrespective of whether the Utility was legally negligent or legally liable for those damages under the controlling provisions of law.
- 1.6. For the purpose of this Policy the term "sanitary sewer backup" or "sewer backup" means any backup of sewage from the Utility owned and maintained sanitary sewer or sewer force main system. It does not include stormwater backups or backups caused in areas that are the responsibility of the property owner.
- 1.7. Overflowing drains and toilets as a result of water running in the house or business is not considered a backup from the Utility's sewer system, i.e., if there is a pipe blockage, and the resident continues to flush toilets and run water causing an overflow, it is not considered a sewer backup under the definitions of this Policy.

1.8. Any kind of damage caused by the potable water system within the structure, including overflows of sinks, toilets, tubs, showers, washing machines or broken water tanks and pipes is not covered by this Policy.

2. PURPOSE

2.1. This Policy is intended to:

- A. Reduce health hazards by encouraging property owners who have experienced a sewer backup to get it appropriately cleaned up as quickly as possible.
- B. Provide a method for assisting homeowners with the financial burden of a sewer backup even when the Utility is not legally liable for the resulting damage.
- C. Educate the public as to the Utility's limitation of liability and the responsibility and options of residents to protect their own assets.

2.2. The Utility shall be the sole and exclusive judge of the claims submitted under this Policy and the payments made hereunder are not entitlements, but are intended to be made in the nature of "courtesy" or "good will" payments and are made subject to fund availability.

3. COMMUNICATION

3.1. To enhance public education, Utility Staff may develop an educational program designed to inform the public as to the inherent vulnerabilities of wastewater collection systems and what the public can do to protect their health and property from damage from potential sewer backups. This information may be disseminated through various methods available to the Utility including, but not limited to, websites, newsletters, public speaking events, advertisements and utility bill inserts.

4. ASSISTANCE PROGRAM

4.1. As part of the contract for the provision of sewer services to the customers of the Utility, and in consideration of payment of sewer bills, the Utility may reimburse its sanitary sewer customers for up to \$7,500 of cleanup costs, property damages, and mechanical equipment, essential to the habitation of the residence, caused by a sanitary sewer backup, irrespective of whether the Utility is legally liable for those damages. Included in the \$7,500 limit is reimbursement of personal property and/or possessions, up to \$1,000. The program will have an annual aggregate limit for all occurrences determined by the amount of funds allocated for program purposes in the annual adopted budget. Reimbursement is subject to the following conditions:

- A. The backup must have resulted from a condition in the Utility's sanitary sewer system or lines and not from a condition in a lateral (private) line.
- B. The backup must not have been caused by catastrophic weather or other event for which Federal Emergency Management Assistance is available.

- C. The backup must not have been caused by an interruption in electric power to the Utility's sewer system or to any other Utility lift station.
- D. The Utility will not reimburse any costs that have been or are eligible to be covered under the property owner's homeowner or other property insurance.
- E. The maximum amount that the Utility will reimburse is a one-time amount of up to \$7,500 per sewer lateral. In this regard, a structure or group of structures served by a single connection to the Utility's sewer system is considered a single lateral.
- F. All claims for reimbursement under this Policy must be submitted to the Finance Director within one hundred twenty (120) days after the incident occurs.
- G. The Utility Commission may refer claims for reimbursement to an independent insurance adjuster for investigation, recommendation, and compensability determination on an as needed basis.
- H. The determination as to whether to make payment for loss under this Policy shall be based on the following criteria:
 - 1. Whether an eligible claimant suffered an otherwise uninsured property loss, caused by breach or backup of a Utility-owned sanitary sewer line, under circumstances where the claimant acted responsibly to avoid the loss, and if so, whether the extent of the loss has been adequately substantiated.
 - 2. The following shall result in the denial of a claim:
 - a. Claim not timely submitted;
 - b. Loss fully covered by private insurance;
 - c. Claimant ineligible under the terms of this Policy;
 - d. Loss caused by an irresponsible act of the claimant, claimant's employee or agent, or member of claimant's household;
 - e. Loss eligibility is unsubstantiated;
 - f. Any other conditions or criteria determined as appropriate by the Utility.
 - 3. The following shall result in reduction of payment:
 - a. Loss partially covered by private insurance;
 - b. Loss exceeds funding limits of this Policy/Resolution;
 - c. Verification of loss inadequate or incomplete;

- d. Claimant did not cause the problem but failed to act responsibly to minimize the loss;
- e. Property sewer bills are not current;
- f. There exist outstanding amounts owed to the Utility associated with the property or property owner;
- g. Loss for an occurrence exceeds financial parameters established by the Utility Commission;
- h. Any other conditions or criteria as determined appropriate by the Utility.

4.2. Reporting, Claims, and Cleanup

- A. Upon discovering a break, leak, backup or other failure of Utility facilities, or any damage resulting from the same, a property owner shall immediately notify the Utility of such event.
- B. Upon notification of the occurrence of the event, the Utility will take the following actions:
 - 1. Utility personnel will ask the property owner questions about the backup timing, location, the property, etc.
 - 2. Utility personnel will check for blockages in the main line. If found, the blockage will be immediately cleared.
 - 3. If the main line is not blocked, the property owner will be advised to call a plumbing or sewer contractor to check the property owner's lateral line. Maintenance and repair of the lateral line is the owner's responsibility.
 - 4. Any other action(s) as determined appropriate and as resources allow.
- C. To request reimbursement for damaged property or other loss, related to a sewer backup, the property owner must complete a Notice of Claim form and file it with the Finance Director. Once the claim is filed, the Utility Commission or its agents will review and investigate the claim, and determine compensability.
- D. In the event the property owner engages the services of a cleanup/mitigation contractor the Utility may reimburse the property owner for actual expenses incurred by the property owner, but only up to the amount the Utility or its agents determine is reasonable and appropriate. All documentation of loss, damage, and mitigation expenses must be provided to the Utility or its agents in a media and format requested by the Utility or its agents.
- E. This Policy does not cover alleged damages for personal injury.

- F. In no event shall the reimbursement total exceed \$7,500 per lateral for cleanup, other mitigation services, repair, and damaged real or personal property.
- 4.3. This is a one-time sewer backup reimbursement. This reimbursement applies to a building and the property owner(s) at the time of the event. Subsequent sewer backups at building, while owned by the same property owner(s), will not be eligible for reimbursement.
- 4.4. Payment does not imply liability:
- A. Any payment made under this Policy shall not be construed as an admission of nor does it imply any negligence or responsibility on the part of the Utility for such damage. Any payment made under this Policy is strictly voluntary on the part of the Utility.
 - B. Any payment made under this Policy and accepted shall constitute a full and complete release of any and all claims against the Utility, its officers, employees and agents arising from the incident. No payments shall be made unless the appropriate parties sign a release, approved by the Utility's Attorney, of all claims against the Utility.
- 4.5. Notwithstanding any other provisions of this Policy, no claim shall be accepted from the United States or any of its departments or agencies, the state or any political subdivision, or any other taxing district.

Passed and approved this 9th day of April, 2018