

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 28, 2004

Subject

Settlement of Claim against PG&E for Emergency Repair of Sewer Main Line.

Recommendation

Authorize the City Manager to settle the City's claim against PG&E for an amount not less than \$15,190.00 for the cost to the City for the emergency repair of the sanitary sewer main line in the vicinity of 801 Woodside Road

Background

In late April 2003, Public Works Services responded to a PG&E call concerning a sanitary sewer overflow into their underground vault at 801 Woodside Road. After conducting an inspection and televising the line, it was determined that damage to the City's sewer line that resulted in the overflow was caused by PG&E. The City was asked by PG&E to identify a contractor to perform the repairs to the sewer main line. At that time, the Public Works Services supervisor informed PG&E that it would be held responsible for the cost of the repair. Public Works Services retained S.G. Barber, a local utility contractor, to make the emergency repair. After several logistical delays, work started on May 20, 2003, but stopped that day because S.G. Barber determined that the old PG&E vault needed to be removed and replaced. PG&E was summoned to the work site, but did not complete the new vault installation until November 2003. S.G. Barber resumed work on the sewer main line repair on November 17, 2003 and completed work on December 12, 2003. After some months of delay by PG&E, on March 19, 2004, PG&E informed the staff that they would settle the claim for the full cost of the repair, \$15,190.00.

PG&E advised staff that their internal claim settlement procedure would not allow the company to make direct payment to a contractor that performed work on utilities owned by others. In April 2004, the City proceeded to pay the S.G. Barber invoice of \$15,190.00 for the emergency repair work.

To complete the PG&E claims process and receive reimbursement, the City Council must take action to authorize the City Manager to make settlement with PG&E. Currently, under Resolution No. 14476, City Council has given the City Manager authority to settle claims against the City up to \$15,000. This request will grant specific authority to the City Manager to make settlement on behalf of the City's claim against PG&E and for an amount above \$15,000.00.

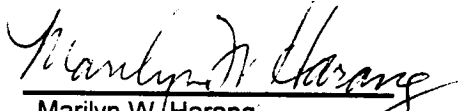
Alternative

There are no alternatives to following the PG&E claim settlement process, if the City is to be compensated for the cost of the repair. The contractor has been paid for completing the emergency repair.


6.3 - B.2

Fiscal Impact

Settlement of the claim will reimburse the Sewer Enterprise Fund for the cost of the emergency repair.



Marilyn W. Harang
Public Works Superintendent



Peter Ingram
Director, Public Works Services



Ed Everett
City Manager

Attachment