



Legislation Text

File #: 21-426, **Version:** 1

City Council Meeting Date: July 20, 2021

To: Mayor and City Council
City Administrator

From: Justin Wagner, Utilities Manager
David Bennett, P.E., Public Works Director/City Engineer

Consider Approval of Agreement to Close Out Fire Claim with League of Minnesota Cities Insurance Trust.

Action Requested:

The Northfield City Council considers a Motion approving the Agreement to close out the fire claim with the League of Minnesota Cities Insurance Trust.

Summary Report:

The City Council is asked to approve the agreement to close out the fire claim with the League of Minnesota Cities Insurance Trust (LMCIT). The fire claim began on May 29, 2018 when a fire took place at the City's Wastewater Treatment Plant (WWTP).

As part of the fire claim, the City was approved for \$5,207,102.69 from LMCIT and with approval of the action requested tonight, an additional \$64,285.71 will be paid to the City.

The entire project, from the fire to project completion, cost \$7,409,361.84, which includes temporary equipment, sludge hauling, sludge treatment and demolition of the existing equipment.

In 2016, the City of Northfield had a Wastewater Treatment Plant Facility Study completed. As part of the Facility Study, the biosolids processing equipment was reviewed and identified as needing to be replaced. In 2016, the cost identified for the biosolids equipment, roof, sludge storage tank modifications and HVAC units, that were upgraded as part of the project, were \$3,900,000.00. With the cost that was reimbursed through LMCIT, the City paid roughly \$2,137,000.00 for upgrading the equipment. The total project cost savings, for the City, was \$1,763,000.00.

Alternative Options:

The City Council could decide to not go into this agreement and would not receive the additional insurance compensation for the WWTP fire claim, which staff does not recommend.

Financial Impacts:

The City will receive final payment of \$64,285.71 from LMCIT for the WWTP fire claim.

Tentative Timelines:

Upon approval by the City Council, the City will go into the agreement with the LMCIT. The final payment to

the City will be within five business days of LMCIT receiving the completed and signed agreement.