

DATE:

November 25, 2008

TO:

Planning & Public Works Committee

158m

FROM:

Brian McGownd, PWD\CE

SUBJECT: MSD response to flooding-Hurricane Ike

Attached, is a letter dated November 20, 2008 from MSD's Executive Director, Jeff Theerman. Mr. Theerman explains MSD's process regarding the claims that were filed, and states that 64 of the 85 calls received from Chesterfield residents regarding basement flooding were found to be the result of an overcharged sewer system; therefore, they will be eligible for the surcharged sewer insurance program. The remainder of the calls received were related to overland flooding, or other non-MSD related issues, and are not eligible for the insurance program.

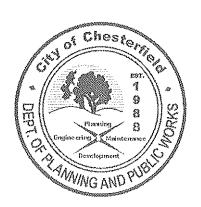
We have also contacted MSD to set up a meeting to discuss the list of projects they have planned within Chesterfield. The program manager in charge of these projects has been on vacation, and has recently returned. We hope to set up this meeting within the next couple of weeks, and will report back to the Committee at a later date.

If you need additional information or have any questions please advise.

attachments

cc:

Mike Geisel, Director of Planning & Public Works





Metropolitan St. Louis Sewer District

2350 Market Street St. Louis, MO 63103-2555 (314) 768-6200



NOV 2 4 2008

November 20, 2008

Mr. Brian K. McGownd, P.E. Public Works Director City of Chesterfield 690 Chesterfield Pkwy W Chesterfield MO 63017

Dear Mr. McGownd:

Thank you for your letter dated October 28th regarding the flooding events on September 14, 2008. This event was catastrophic to the MSD service area and in particular those areas situated to the west and north.

Normally, after a heavy rain, MSD may receive up to several hundred calls regarding basement backups. These backups may be related to problems with our sanitary sewer system. In over half of the cases, the cause of wet weather basement backups is defects in the homeowner's private lateral.

After the September 14th event, MSD has received over 6,800 calls regarding basement backups. In an effort to expedite adjustment of claims we immediately attempted to determine the cause and adjust claims that pertained to MSD's sewer system. As you are probably aware, the District provides overcharged sewer insurance to its customer. The insurance is limited to \$2,500 with a \$100 deductible and pertains to actual losses experienced by the customer. A condition of our overcharged insurance program is that overland flooding is not included in the coverage.

The practical application of this condition is that if the damage is solely related to flooding coming from the building sanitary sewer connection (i.e. basement floor drain), a claim can be processed. However, if the flooding is related to water entering the home through windows, doors, etc. the claim will be denied due to overland flooding.

The initial letter customer received from Corporate Claims Management, Inc. indicated that they were attempting to adjust damages resulting from the surcharged system. The letter also states that damages related to overland flooding could not be covered. In some cases, after the original letter was sent, the District had accumulated enough evidence to lead to the conclusion that the area had experienced overland flooding. In these cases, a second denial letter was sent to inform the homeowner of that conclusion.

Due to the large number of claims being processed and the possibility of incomplete data, the denial letter also offers an appeal process whereby the customer can supply additional facts if they believe we have drawn the wrong conclusions.

We have been processing customer claims as expediently as possible and just completed reviewing all of the appeals we have received to-date. In the city of Chesterfield, we received 85 calls about basement backups related to the September 14th event. We have determined that 64 of the water backup claims were the result of the District's mains becoming overcharged and will be addressed under the surcharged sewer insurance program. Of the balance of 21 calls, 15 were determined to be the related to overland flooding and the remaining 6 were due to other non-MSD related issues; and therefore will not be eligible for the surcharged sewer insurance program.

This is certainly a complex matter involving thousands of the District's customers. This letter may have inspired more questions. We would be happy to meet with you and your staff to answer any additional questions and hear your concerns.

Sincerely,

Jeff Theerman, P.E.

Executive Director

Metropolitan St. Louis Sewer District

cc: Mayor John Nations

Josef Sheerman

Michael G. Herring

Mike Geisel