



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Risk Management

CM/DCM/ACM: Frank Dixon

DATE: 1/7/2025

SUBJECT

Consider adoption of an ordinance approving an insurance claim payment from FM Affiliated insurance company for damage to property located at 1100 South Mayhill Road, and authorizing the city manager, or her Designee, to execute the same, and declaring an effective date.

BACKGROUND

At approximately 2:15 AM on July 17, 2024, the Water Reclamation Superintendent was notified by his team at the Water Reclamation plant that the power screen (model Phoenix 3300) for beneficial reuse had caught fire. The power screen was parked and powered off when the fire ignited. Denton Fire responded to the fire and completed an investigation to determine the cause of the loss. Due to the extent of damage, there was no ability to determine the cause of the fire and the equipment was unsalvageable.

The city is insured for machinery and equipment valued over \$100,000 through FM Property Insurance (FM). Risk Management presented a claim to FM for the total value to replace the equipment in the amount of **\$671,729.85**. FM presented an offer to settle the claim for the value of the power screen minus a \$100,000 deductible for a total settlement amount of **\$492,609.17**. This is based on the reasonable replacement value (like, kind, quality).

Total Claimed Damages:	\$671,729.885
Items Not Covered	-\$79,120.68
Self-Insured Retention (Deductible)	-\$100,000.00
Total Settlement:	\$492.609.17

Items that were declined coverage totaled \$79,120.68 included:

1. McCourt Recommended Critical Spares: \$40,877.16
2. 4-Year Master Service Agreement (Filters): \$23,243.52
3. 2-Year/3,000 Hour Extended Warranty: \$15,000.00

These items may be due a refund from the vendor for the unused warranty period and have been deferred to the department for request refund of any unused warranty.

OPTIONS

n/a

RECOMMENDATION

Staff recommends executing the settlement release and accepting the property carrier's offer of \$492,609.17, the cost to replace the equipment.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

None

FISCAL INFORMATION

Proceeds from the settlement will be deposited into the Risk Retention Fund object code 860002.6551.

EXHIBITS

1. Agenda Information Sheet
2. Settlement Offer
3. Ordinance
4. Claim Detail
5. Quotation

Respectfully submitted:
Tiffany Harris
Risk Manager

Prepared by:
Tiffany Harris
Risk Manager