



Approve write-off of uncollectible costs

Legal and Claims Committee

Item 7-3

December 10, 2019

Write-Offs

- Board authorization required by Administrative Code section 6434
- Four historic projects
- Totaling \$1,446,292.60
- Booked as reimbursable projects before confirming actual responsible party
- Determined to be uncollectible after much due diligence
- Should have been written off previously

Project No. 1

- Orange County Feeder leak investigation and repair (\$488,512.46)
- Leak discovered in 2004 in Costa Mesa
- Suspected as result of 1993 borings
- Lawsuit filed against suspected telecommunication company
- Discovery confirmed insufficient proof
- Settlement reported to Board in March 2009

Project No. 2

- Arroyo Seco contaminated soil removal (\$381,920.66)
- 1989 15,000 gallon UST removal and cleanup in Arroyo Seco property in City of Pasadena
- Property purchased for proposed water treatment plant from Pasadena in 1970 without knowledge of UST
- Extensive investigation determined insufficient proof to pursue any parties
- Reported to the Board in September 1992

Project No. 3

- Eagle Valley West cleanup of oil released from storage tank (\$354,958.62)
- 5,000 gallon oil spill from storage tank on Metropolitan property near Lake Mathews in 1995
- Cleanup costs incurred
- Researched and could not determine responsible third party

Project No. 4

- Orange County Feeder leak investigation and repair (\$220,873.86)
- Leak discovered in 2009 in Newport Beach
- Suspected as result of 1996 borings
- Submitted demands to suspected telecommunication companies
- Negotiations confirmed insufficient proof

Board Options

- Option #1

- Approve the determination that the four reimbursable projects discussed in this letter are not collectible; and approve the write-off of such claims in the current fiscal year

- Option #2

- Do not authorize write-offs

Staff Recommendations

- Option #1

