



**Request for City Council Committee Action
From the City Attorney's Office**

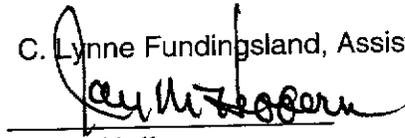
Date: December 2, 2003
To: Ways & Means/Budget Committee
Referral to:

Subject: Sustainable Resources Center, Inc. v. City of Minneapolis
Hennepin County District Court File No.: CT 03-12076

Recommendation: That the City Council approve settlement of the above-referenced matter in the amount of \$108,171.00 payable to Sustainable Resources Center, Inc. and their attorney, Shirley Lerner, payable from Fund/Org 690 150 1500 8500 and further authorize the City Attorney's Office to execute all documents necessary to finalize the settlement.

Previous Directives:

Prepared by: C. Lynne Fundingsland, Assistant City Attorney Phone: 673-3339

Approved by: 
Jay M. Heffern
City Attorney

Presenter in Committee: Jay M. Heffern, City Attorney

<p>Financial Impact (Check those that apply)</p> <p><input type="checkbox"/> No financial impact - or - Action is within current department budget. (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input checked="" type="checkbox"/> Other financial impact (Explain): \$108,171.00 payable from Fund/Org. 690 150 1500 8500</p> <p><input type="checkbox"/> Request provided to the Budget Office when provided to the Committee Coordinator</p>

<p>Community Impact: City Goals: Build Community</p>

Background/Supporting Information

In June 2001, the City issued a call for bids for lead abatement for moderate income homeowners in the City of Minneapolis. Sustainable Resources Center, Inc. (SRC) was awarded a two-year contract to perform these services. The City had obtained a grant from HUD for the lead abatement project.

In late 2002, City officials managing the project with SRC observed some discrepancies with the invoices SRC was providing to the City. In 2003, while City employees and SRC attempted to resolve the problem, the City quit paying on the contract to SRC. SRC continued its lead abatement work nonetheless. On June 30, 2003, SRC brought a lawsuit against the City, claiming breach of contract and unjust enrichment for the work that it had performed without being paid under the contract. Plaintiff sought \$204,580.82 in damages.

Following the lawsuit being filed, parties for SRC and the City met several times and exchanged hundreds of documents which set forth hourly rates, hours worked by SRC, materials paid for by SRC, and invoices submitted to the City of Minneapolis. Following many discussions regarding this matter, the parties were able to reach a proposed settlement in the amount of \$108,171.00. This amount not only reimburses SRC for the amount of work performed, but represents a full and complete settlement of the lawsuit against the City.

The City Attorney recommends that the Finance Officer be authorized to issue a settlement check to Sustainable Resources Center, Inc. and its attorney, Shirley Lerner, in the amount of \$108,171.00 payable from Fund/Org. 690 150 1500 8500 and further recommends that the City Attorney's Office be authorized to execute any documents necessary to finalize the settlement.