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City of Hiawatha

Finance Director's Office
319-393-1515

Memo:

To: Mayor and Council Members
From: Cindy Kudrna, Finance Director
Date: December 15, 2017
Re: Disposal/Salvage/Retainage of #810

Last weekend one of our police squad cars #810 was involved in an accident and sustained damage. The insurance adjuster came to look at the car and determined the car has an estimate of $7,000 damage, the car is worth $12,300. The damage is about 64% of the value and ICAP (insurance company) had deemed the car totaled. Anything 60% and higher will be a totaled vehicle, especially a squad car, because more times than not there is more damage once the repairs start. They determined the frame is tweaked and is a concern if not straightened the car will wear through tires quickly. Another concern is the car at best could only be covered at liability only. At worst it would have no coverage at all. The underwriters would have knowledge of the reported as a total loss and have to determine if it would be covered and potentially would not since it is a safety issue.

After talking to our insurance representative, the car is valued at $12,300 and are willing to pay us $2,800 to keep the car, so we are basically buying the car back for $9,500.

Our 3 options are:

1) let the insurance company take over and receive a check for $12,300,

2) keep the car and receive check from insurance for $ 2,800 and retain car to sell at an auction

3) keep the car and receive a check from insurance for $2,800 and repair the car for a minimum of $7,000 to use as a "backup" vehicle, (this option is highly NOT recommended from ICAP, in fact her response was "This is a terrible idea.") We certainly do not want to put any of our employees at risk if driving this car.

If you have any questions, please call me prior to the meeting.