

February 27, 2026

Mayor Jacque and City Council Members  
City of Dyersville  
Memorial Building  
340 1st Avenue East  
Dyersville, IA 52040

RE: Sewer Backup Claim: Quincy Wilgenbusch and Savannah Salow  
Task 62471

Dear Honorable Mayor Jacque and Council Members:

I am writing to inform you about a property damage claim submitted to the city and to provide important information on how these claims are handled. The property owners, Quincy Wilgenbusch and Savannah Salow, experienced a sewer backup at their home on December 13, 2025, which caused damage to their property. They filed a claim with our insurance company, EMC Insurance Companies, seeking compensation for the damage. EMC Insurance completed its investigation and denied the claim on January 28, 2026, finding that the city was not legally liable for the incident. The property owners have now submitted a letter to the city expressing their disagreement with this decision and requesting that the matter be placed on a future city council agenda so the council can consider paying the claim directly.

I want to provide you with a thorough explanation of this situation, including the facts of what happened, the standards that apply to these types of claims, the city's established practices for handling liability claims, and the potential consequences of changing those practices. My goal is to provide you with the information you need to make an informed decision on how the city should respond to this request.

On December 13, 2025, the property owners experienced a sewer backup in their home. Our public works staff responded to the emergency call and investigated the issue. They opened manholes to locate the blockage and called a vendor to pump out the wastewater. Our staff then jetted the sewer line to clear the blockage. Following the incident, we filed the required reports with the Iowa Department of Natural Resources, including the 24-hour initial report and the five-day follow-up report. Our public works department also conducted further investigation to determine the cause of the backup and documented their maintenance activities in our Asset Management System under Task 62471.

The property owners submitted a claim to EMC Insurance and sent a detailed letter to the city outlining their perspective on the incident. In their letter, they raised several concerns, including their belief that recent repairs to one of our lift stations may have contributed to the problem, that cold weather may have caused freezing in the sewer lines, and that our response time could have been faster. They also expressed frustration with what they perceived as inadequate communication from city staff during the emergency.

EMC Insurance conducted a thorough investigation of the claim, including reviewing our maintenance records, examining the circumstances of the incident, and analyzing whether the city was legally liable for the damages. On January 28, 2026, EMC issued its denial letter, stating that it found no liability on the city's part. The investigation determined that the city performs regular and appropriate maintenance on the sewer system and that the lift station repairs the property owners mentioned were unrelated to this incident, as that particular lift station serves an entirely different part of the city and is not directly connected to the sewer line serving their property. Based on these findings, EMC concluded that the city was not negligent and that there was no legal basis for paying the claim.

Iowa law provides a framework for these situations, which is important for understanding why EMC reached this conclusion and why I concur with their determination. In Iowa, municipalities can be held liable for damages caused by negligence. People can sue the local government if they are injured or if their property is damaged due to the city's negligence. However, the law also recognizes that the local government should not be held responsible for every bad thing that happens, and it provides several protections and limitations on when a city can be sued.

Under Iowa law, municipalities must exercise ordinary and reasonable care to keep sewers free of obstructions and functioning properly. This means cities must maintain their sewer systems responsibly and fix problems as they arise. However, the law does not require cities to build perfect sewer systems that can handle every possible situation. For example, a city is not required to build a sewer system so large that it can carry away all the water from even the heaviest rainstorms. The law recognizes that sewer systems have limitations and that backups or overflows can still occur even when a city has done everything reasonably expected of it.

To hold a city legally liable for a sewer backup, the property owner must prove the city was negligent. This means they must show that the city failed to exercise ordinary and reasonable care, that this failure directly caused the backup, and that the city either knew about the problem or should have known about it but failed to fix it. If a city has a regular maintenance program, responds appropriately to problems when they occur, and follows generally accepted practices for managing sewer systems, the city is usually not considered negligent even if a backup occurs.

In this case, our maintenance records show that the city regularly maintains the sewer system. We have documented cleaning and inspection activities, and when this incident occurred, our staff responded to investigate and address the problem. The investigation by EMC Insurance found that we met the standard of ordinary and reasonable care. Additionally, the property owners' specific concern about the lift station was investigated and found to be unrelated to their sewer line. Our public works staff determined that the sewer line in question includes an inverted siphon, constructed in 1964 under the engineering standards of the time. The blockage occurred

in a section of pipe that is difficult to inspect with standard camera equipment because of the angle and size of the pipe. While this was an unfortunate situation for the property owners, the evidence shows that the city took reasonable measures to maintain the sewer system and that there was no negligence on our part.

The city has an established practice for handling these types of claims, as they are an important part of our risk management approach. For many years, the City of Dyersville has followed a consistent process when someone files a liability claim against the city. We immediately forward the claim to our insurance company, EMC Insurance, for professional investigation and determination. EMC employs trained claims adjusters who are experienced in evaluating liability and have no personal interest in the outcome other than making a fair and accurate determination based on the facts and the law. They investigate the circumstances, review our records, interview relevant parties, and determine whether the city is legally liable. The city then follows the insurance company's determination. If EMC determines the city is liable and agrees to pay a claim, the claim is paid. If EMC determines the city is not liable and denies a claim, the city does not pay the claim.

This practice serves several important purposes. First, it ensures that claims are evaluated fairly and consistently by professionals with expertise in liability law and claims investigation. Second, it protects the city from making emotional decisions or being influenced by factors other than legal liability. Third, it treats all residents equally because the same process and standards apply to everyone who files a claim. Fourth, it protects taxpayer funds by ensuring that the city pays claims only when there is actual legal liability, not merely because someone experiences an unfortunate loss.

This practice is common among Iowa municipalities, and it is the standard approach used by most cities in Iowa because it is legally sound, fiscally responsible, and provides consistent treatment for all claimants.

There is one notable exception. The City of Davenport has taken a different approach by establishing a no-fault sewer backup reimbursement program. Under this program, Davenport will reimburse residential property owners up to \$9,000 per year per building for sewer backup damage. Davenport charges a mandatory user fee for this service for all residential sewer users. However, this is not a simple matter of paying claims whenever someone asks. Davenport created a formal, structured policy with very specific rules and requirements. Property owners must first file a claim with their own homeowner's insurance. The city's reimbursement is secondary to any insurance coverage the property owner has. Property owners must install a backflow prevention device at their own expense and sign a full release of all claims against the city. Reimbursement for personal property is limited and subject to an annual cap. The program was formally adopted by the city council, is included in the city's budget, and applies equally to everyone under the written rules.

I mention the Davenport program to illustrate that if a city council wants to assist residents who experience sewer backups, there is a way to do so, but it must be done through a formal policy with clear rules that apply to everyone, not by making individual exceptions to the normal claims

process. The Davenport program is very different from simply paying a single claim that the insurance company has denied. Just paying an individual denied claim creates serious problems.

If the city council were to pay the Wilgenbusch claim despite EMC Insurance's proper denial based on a finding of no liability, it would set a very dangerous precedent for the city. The word precedent means a previous action or decision that serves as an example or guide for future situations. Once the city pays a claim that the insurance company denied, every future property owner whose claim is denied will point to this payment and argue that the city should pay their claim, too. They will say it is unfair for the city to pay one person's denied claim but not theirs. This creates an equal protection problem: the city treats similarly situated people differently without a good reason. The city would face pressure to pay more denied claims, and if the city refuses to pay some but not others, those property owners could sue the city, claiming they are being treated unfairly compared to the Wilgenbusch claim.

Paying a denied claim also undermines the purpose of liability insurance. The entire point of purchasing insurance is to transfer the risk of liability to a professional insurance company that will investigate claims and make objective determinations about whether the city is liable. If the city council overrides those professional determinations and pays claims anyway, the insurance becomes almost meaningless. The insurance company will have denied the claim, meaning they are not paying anything, so the city would pay 100% of the cost out of our general fund. This is taxpayer money that could be used for streets, parks, public safety, and other city services. Instead, it would be used to pay for damage that our insurance company has determined we are not legally responsible for causing.

There is also a practical fiscal concern. Our insurance coverage protects the city's financial resources by capping our liability. When we pay claims outside the scope of the insurance determination, we risk unlimited potential liability. If we pay the Wilgenbusch claim, how can we refuse the next denied claim, or the one after that? Over time, the city could end up paying tens of thousands or even hundreds of thousands of dollars for claims where no legal liability exists. This is not sustainable and is not a responsible use of public funds.

I want to be very clear that I understand this is a difficult situation for Mr. Wilgenbusch and Ms. Salow. They reported property damage, and I am sure it was stressful and expensive to address. Nobody wants to see residents suffer losses, and I genuinely sympathize with their situation. However, sympathy and legal liability are different. The city has a responsibility to all taxpayers to manage public funds carefully and pay claims only when we are legally obligated to do so. If we start paying claims based on sympathy or hardship rather than liability, we are essentially asking all taxpayers to cover the costs of incidents the city did not cause and is not responsible for. That is not fair to the broader community, and it is not good government practice.

It is also important to understand that homeowners can protect themselves against these incidents by purchasing sewer backup coverage as an add-on to their homeowner's insurance policy. Most standard homeowner's insurance policies do not cover sewer backups, but insurance companies offer optional endorsements or riders that provide this coverage. Property owners concerned about the risk of sewer backups can purchase this additional coverage at a relatively modest cost. This way, if a backup occurs, their own insurance will cover the damage, regardless of who was

at fault. The city cannot and should not be expected to serve as the insurer for every property owner in Dyersville.

I also want to point out that just because EMC Insurance has denied this claim does not mean the property owners are without options. If Mr. Wilgenbusch and Ms. Salow genuinely believe the city was negligent and legally liable for their damages, they have the right to file a lawsuit against the city. The court would independently evaluate all the evidence and determine whether the city was negligent and whether we are legally liable. This is the proper forum for resolving disputed claims. The city council should not be put in the position of acting as both the defendant and the judge in a liability dispute. That is not the council's role, and it creates an inappropriate situation in which the council is essentially deciding whether the city should be held liable using standards different from those required by law.

For reasons as stated above, I offer my recommendations. First, I concur with EMC Insurance's determination. I have reviewed their denial letter, examined our maintenance records and the facts of the incident, and agree that the city was not negligent and is not legally liable for the damages. The city performed regular maintenance on the sewer system, responded appropriately to the emergency, and exercised ordinary and reasonable care in managing our infrastructure. The property owners' concerns about the lift station were investigated and found to be unrelated to their sewer line. I believe EMC reached the correct conclusion, and I recommend that the city council support this determination.

Second, if the city council is considering paying this claim despite the lack of legal liability, I strongly recommend that we first obtain a formal legal opinion from our legal counsel. This is a significant decision with potentially far-reaching legal and financial consequences, and the council should benefit from independent legal advice before taking action. Our attorney can provide guidance on the legal implications of paying a denied claim, the precedent it may set, the equal protection concerns it may raise, and any other legal risks associated with this decision. I believe it would be imprudent to make a decision of this magnitude without first consulting legal counsel.

Third, if the city council is interested in exploring a policy like the City of Davenport's no-fault sewer backup reimbursement program, I would support that conversation as a potential option for the future. However, I want to emphasize that this would need to be developed as a formal, structured policy with clear eligibility criteria, specific limitations and requirements, a proper funding mechanism, and equal application to all residents. It would need to be carefully drafted with input from our attorney, formally adopted by the council, and included in the city's budget. It would also need to apply prospectively, meaning it would cover only incidents that occur after adoption, not past incidents like the Wilgenbusch claim. Developing such a policy would take time and careful consideration, but if the council believes this type of program would benefit the community, I am willing to work with staff and legal counsel to explore the possibility. I want to be clear, though, that adopting such a policy in the future would not justify paying the Wilgenbusch claim now outside of that policy framework.

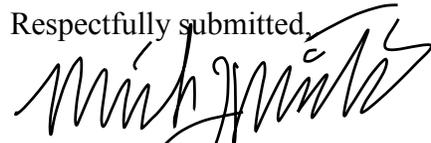
Fourth, I recommend that we send a formal written response to Mr. Wilgenbusch and Ms. Salow explaining the city's position. The letter should be respectful and professional, acknowledge the

difficulty of their situation, and explain the city's process for handling liability claims. It should state that the claim was properly filed with our insurance company, that EMC conducted a thorough investigation and determined the city is not liable, and that the city concurs with this determination. It should also explain that while we understand their frustration and disappointment, the city has a responsibility to all taxpayers to manage public funds carefully and maintain consistent practices in handling claims. Finally, the letter should inform them that if they disagree with this determination and believe the city is legally liable, they have the right to pursue legal action in the appropriate court.

I want to close by emphasizing the importance of consistency in how we handle these matters. The city has a well-established practice of deferring to our insurance company's professional judgment on liability claims. This practice protects the city and taxpayers and ensures fair and equal treatment for all residents. Deviating from this practice for one claimant, no matter how sympathetic their situation may be, would undermine the entire system and expose the city to significant legal and financial risks. The question before you is not whether the property owners suffered damage, because they clearly did. The question is whether the City of Dyersville is legally liable for that damage. Our insurance company says we are not, and I agree with that assessment. I urge you to support this determination and maintain our established practices.

I am available to discuss this matter further with you at any time and happy to answer any questions you may have. I appreciate your consideration of this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mick Michel", written over the typed name below.

Mick J. Michel,  
City Administrator