



Legislation Details (With Text)

File #: 160245. **Version:** 1 **Name:**
Type: Staff Recommendation **Status:** Passed
File created: 7/27/2016 **In control:** City Attorney
On agenda: 8/4/2016 **Final action:** 8/4/2016
Title: INCREASE THE SCOPE AND MAXIMUM FEES FOR WINSTON & STRAWN LLP, TO CONTINUE REPRESENTATION OF THE CITY OF GAINESVILLE D/B/A GAINESVILLE REGIONAL UTILITIES (GRU) IN GAINESVILLE RENEWABLE ENERGY CENTER, LLC'S ARBITRATION AGAINST THE CITY D/B/A GRU (B)

Sponsors:

Indexes:

Code sections:

Attachments: 1. 160245_GREC dispute_20160804.pdf

Date	Ver.	Action By	Action	Result
8/4/2016	1	City Commission	Approved as Recommended	Pass

INCREASE THE SCOPE AND MAXIMUM FEES FOR WINSTON & STRAWN LLP, TO CONTINUE REPRESENTATION OF THE CITY OF GAINESVILLE D/B/A GAINESVILLE REGIONAL UTILITIES (GRU) IN GAINESVILLE RENEWABLE ENERGY CENTER, LLC'S ARBITRATION AGAINST THE CITY D/B/A GRU (B)

On March 10, 2016, Gainesville Renewable Energy Center ("GREC") filed an Arbitration Demand with the American Arbitration Association ("AAA"), AAA Case No. 01-16-0000-8157, to resolve a dispute between GREC and GRU concerning GREC's decision not to take a Planned Maintenance Outage in April of 2016. The City Attorney's Office worked with the General Manager for Utilities to select qualified outside counsel to represent the City d/b/a GRU in the arbitration proceedings.

On March 17, 2016, the City Commission approved the retention of Winston & Strawn LLP to represent the City d/b/a GRU in the GREC arbitration. At that time, Winston & Strawn counsel estimated that if the arbitration went to a full two week hearing, the legal expenses could be as high as \$900,000-\$1,000,000.

On June 17, 2016, pursuant to Section 24.1 of the PPA, GREC submitted a Notice of Claim regarding four additional claims against GRU for (1) Shutdown Charges, (2) Available Energy Payments During Startup, (3) Withholding of Previously Paid Amounts, and (4) Purported Payment Decrease. On July 21, 2016, GREC proposed amending their arbitration claim to include the four additional claims to the ongoing arbitration. While it is unknown how many hours of work will be required, Winston & Strawn counsel estimates that if the arbitration is amended to include the four additional claims, the legal expenses could be as high as \$2,300,000-\$2,500,000.00. However, the alternative, GREC bringing these four additional claims as separate arbitration (s), is anticipated to be far more costly.

The rates quoted by Winston & Strawn LLP are hourly rates of \$310-\$935. While it is unknown how many hours of work will be required, Winston & Strawn counsel estimates that if the arbitration is amended to include the four additional above-identified claims, the legal expenses could be as high as \$2,300,000-

\$2,500,000.00. The City Attorney's Office will remain engaged in this matter, and assist outside counsel, in an effort to contain costs. Funding for outside counsel will be paid either from GRU budgeted funds for legal expenses or from unanticipated cost savings that GRU realizes.

Authorize the Office of the City Attorney, on behalf of the General Manager for Utilities, to amend the retention letter with Winston & Strawn LLP to provide for the increased scope of representation and increased maximum fees.