



Legislation Text

File #: 170442., **Version:** 1

THE CITY OF GAINESVILLE D/B/A GAINESVILLE REGIONAL UTILITIES (GRU) CLAIM FOR COMPENSATION IN REGARD TO THE DEERHAVEN SCRUBBER COLLAPSE (NB)

1) Authorize the Office of the City Attorney, on behalf of the General Manager for Utilities, to modify the retention letter for Holland & Knight LLP for an amount not to exceed \$250,000.00 and 2) authorize the General Manager for Utilities to pursue litigation or other resolution of the City's claim, including settlement if appropriate.

On September 29, 2016, the Unit 2 SO₂ dry scrubber vessel at Deerhaven partially collapsed. According to an independent engineering report by Thielsch Engineering, the partial collapse was due to "excessive longitudinal stresses in the vessel resulting from severe loss of wall thickness" and "the loss of wall thickness was due to erosion-corrosion that incurred during normal operation". The cost to decommission the damaged scrubber and replace and upgrade the new scrubber was approximately \$6,500,000.00.

In 2007, the City contracted with Babcock Power Environmental, Inc. and Lockwood Green E & C, Inc. to design and construct the scrubber. The scrubber was commissioned in 2009 and was expected to have a 30 year life.

After review and analysis of the Thielsch Engineering report, the Office of the City Attorney retained Holland & Knight (in an amount not to exceed \$50,000) to provide an initial assessment of legal issues relating to the partial collapse. As a result of the initial assessment, the General Manager for Utilities is desirous of pursuing a claim against Babcock Power.

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.