



DATA SHEET
Agenda Item No. 16.

Meeting Date: February 2, 2012

Agenda Item:

Review progress in a dispute about failure of certain facilities at the Harpool Water Treatment Plant, and take appropriate action.

Placement: <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Individual Consideration <input type="checkbox"/> Executive Session
Vote: <input type="checkbox"/> Non-Weighted <input type="checkbox"/> Regular Weighted Capital <input checked="" type="checkbox"/> Special Weighted Capital
Recommending Department: Administration

Background:

With staff briefings from time to time, the Board is aware of the widespread failure of membrane units that function as high tech filters for water produced at the Harpool Plant. The membrane units were provided by GE/Zenon, who have been engaged since last summer in an investigation into the cause of failure and the applicable warranty provisions.

There has been an on-going dispute with GE/Zenon about the cause of the failures, the responsible party and the proper remedy. In the meantime, the Board has authorized two of the plant's membrane "trains" to be replaced at District expense to assure reliability of plant operation.

Financial:

Based on contract and warranty provisions, the total cost exposure (depending on warranty coverage or settlement) is up to three million dollars.

Recommendation:

In Executive Session, staff will present a report of investigation and findings. Staff will also discuss possible courses of action.

After discussion of the dispute in Executive Session, staff expects to have sufficient information to make a recommendation for the Board's consideration in regular session.

Submitted By: 
Thomas E. Taylor, Executive Director

Date: January 27, 2012