



## MEMORANDUM

TO: MAYOR & CITY COUNCIL

THRU: JESUS MEREJO, ICMA-CM, CITY MANAGER *Jm* TERESA LAMAR-SARNO, AICP, ICMA-CM, CHIEF ASSISTANT CITY MANAGER *TL*

FROM: KEVIN R. MATYJASZEK, DIRECTOR *km*

SUBJECT: LIME SOFTENING PLANT PRODUCTION WELL #12 AND POTENTIAL LITIGATION

DATE: SEPTEMBER 10, 2025

On August 8, 2022, the City Council gave approval to participate in the City of Sunrise Bid #19-10-12-VA and piggyback their contract with Aquifer Maintenance Performance Systems, Inc. (AMPS) for the Utility Systems Department's (USD) annual wellfield maintenance program. The USD was familiar with AMPS because they had performed rehabilitation and repair work at several of USD's production wells.

Well #12 is a 110' deep GDC-era shallow aquifer well that was drilled in the early 1970's. The well is located on NW Floresta Drive near the easternmost driveway for Northport K-8 School.

While USD staff was performing routine maintenance on Well #12's pump and motor, they discovered portions of the well's inner casing were severely corroded in areas above the waterline. It was determined that approximately 40' of the casing would need to be removed and replaced. The USD does not have the necessary equipment or manpower to perform that type work, thus it was determined that using the above noted contract with AMPS would be the best course of action.

On April 2, 2023, AMPS submitted a quote for \$98,666 to perform the rehabilitation of Well #12. AMPS's quote was for cutting the casing below the corrosion, removing approximately 40' of the pipe, and replacing it by sleeving in new steel pipe. A Notice to Proceed was issued to AMPS on April 25, 2023.

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AMPS commenced work on May 22, 2023. On or around October 1, 2023, while working at the site, a catastrophic drill pipe failure occurred when a drilling pipe being used by AMPS became lodged between the screened and non-screened portions of the casing, thus causing damage to the well. Attempts by AMPS to remove the stuck drill pipe were unsuccessful and Well #12 has remained out of service since that date.

After consulting with subject matter experts, USD's recommendation is to abandon existing Well #12 and drill a new replacement well. Preliminary estimates for drilling the well, for required hydrogeologic services, and for replacing the well house structure exceed \$460,000.

On January 9, 2024, Relation Insurance Services, on behalf of the City, wrote to AMPS's insurance carrier, Townsend Insurance Services, LLC, placing them on notice of the Relation's right of subrogation. On March 4, 2024, the Senior Executive General Adjuster for Engle Martin (representing Townsend Insurance Services) wrote stating, "we are expressly reserving all rights and defenses, which may now or later be available to The Companies per the insurance policies, Furthermore, The Companies reserve their right to deny coverage at any point during the investigation of this claim . . ."

Since then, Relation has worked diligently with representatives of multiple insurance carriers and third-party adjusters to resolve the claim to the City's benefit. Email communications on July 1, 2025, between Relation and an adjuster for yet another third-party (Allied World Insurance Company) indicated they were engaging a consulting engineer to help them "understand the causation and damages aspect" of the claim. They indicated access to Well #12 would be required. The USD provided the name and contact information needed to schedule a site visit. To date, there has not been any further communication from that adjuster. In fact, Relation reached out to the adjuster by email again today asking if he had completed his investigation.

I am compelled to advise you that a February 6, 2024, report by J. Robert Burgin, P.E., a Senior Project Engineer for Envista Forensics, concluded: "The damage to the well #12 inner casing resulting in the drill pipe stuck in the inner 8-inch well casing was due to poor workmanship by the City of Port St. Lucie, Florida vendor, Aquifer Maintenance Performance systems, Inc."

Based upon staff's diligence in reviewing the damage, including Mr. Burgin's report, staff believes the City has a claim against AMPS for causing the failure to Well #12. However, the statute of limitations on the City's claim against AMPS will expire on October 6, 2025.

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This memo is offered as a recommendation for the City to take all necessary action, including, but not limited to litigation, to protect and preserve its rights prior to the statute of limitations deadline for claiming damages to Well #12. To that end, it is the USD's intention to submit a request for this matter to appear on the September 22, 2025, City Council meeting agenda to seek Council's formal authorization and approval for the City to initiate and pursue all legal recourse prior to the October 6, 2025, statute of limitations deadline.

Should you have any questions or need additional information prior to the September 22<sup>nd</sup> City Council meeting, please do not hesitate to reach out to me.

c:     Richard Berrios, City Attorney  
          John Eason, PE, Assistant Utility Systems Director