



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authority to enter into a two-year payment plan with, CPC Laboratories, Inc. for unpaid User Charges for the year 2009 and the period January through October 2010 in the total amount of \$178,582.58 and to freeze the accrual of interest

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Date	Ver.	Action By	Action	Result
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12/2/2010	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF DECEMBER 2, 2010

COMMITTEE ON JUDICIARY

Mr. Richard Lanyon, Executive Director

Authority to enter into a two-year payment plan with, CPC Laboratories, Inc. for unpaid User Charges for the year 2009 and the period January through October 2010 in the total amount of \$178,582.58 and to freeze the accrual of interest

Dear Sir:

The Metropolitan Water Reclamation District of Greater Chicago ("District") and CPC Laboratories, Inc. ("CPC") have reached a tentative payment plan agreement regarding unpaid User Charges for the year 2009 and the period January through September 2010. CPC took over operations of the Liquid Packaging facility in 2009, but failed to pay its User Charge liability to date.

Recent discussions with CPC have resulted in a proposal whereby CPC has agreed to pay its outstanding User Charge liability. CPC will pay a total of \$103,469.43, which represents all of its User Charge liability for the year 2009 (including actual User Charges assessed plus accrued interest through October 2010). For the period January through September 2010, CPC will pay a total of \$75,113.15 (which represents all of its User Charge liability for the period January through September 2010 including estimated monthly payments plus accrued interest through September 2010). The total CPC will pay is \$178,582.58.

So that CPC is able to clear its delinquent accounts, no interest will be assessed as to 2009 User Charges from October 2010 forward. No interest will be assessed as to 2010 User Charges as of September 2010 forward. However, should CPC fail to meet its payment obligations, all frozen interest would be due. The amount of interest at issue is approximately \$18,000.00.

Through its Chief Financial Officer, Amit Shukla, CPC has orally represented that it cannot make a total lump

sum payment to the District and has, therefore, requested a payment plan. Under the terms of the payment plan, CPC will make an initial payment of \$10,000.00 and then twenty-four (24) consecutive monthly payments in the amount of \$7,024.27.

In support of its contention that it cannot make a lump sum payment of its current arrearages for the years 2009 and period January through September 2010, CPC submitted financial statements for the 11 months ending December 31, 2009. Those financial records were reviewed by the District's Finance Department. The Finance Department confirmed that, based upon the submitted information, CPC is currently in financial distress.

CPC will be submitting its RD-925 for the year 2010, which is due on or before February 20, 2011. The RD-925 will be reviewed by the Monitoring and Research Department and cleared in an amount the District deems to be the actual User Charges owed for the year 2010. CPC understands that the monthly payment under the aforementioned payment plan may increase or decrease depending on whether the estimated payments were higher or lower than CPC's actual assessed User Charges for the year 2010.

CPC will pay its monthly User Charge payment timely and in full for the months October, November and December 2010. Furthermore, CPC must remain current with its monthly estimated User Charges during the pendency of the payment plan. Failure to do so will be considered a breach of the payment plan.

Acceptance of this proposal will eliminate the need to initiate costly court proceedings to collect User Charges for the years 2009 and 2010. Moreover, liens are in place and will not be released until all outstanding liability is paid in full.

Based upon the foregoing, the Acting General Counsel respectfully requests that the Executive Director approve the proposed payment of outstanding User Charges for the year 2009 and the period January through September 2010 due and owing the District by entering into a payment plan and freezing interest as set forth herein and for authority to execute such documents as may be necessary to effectuate this agreement.

Requested, Alan J. Cook, Acting General Counsel, AJC:RMH:MTC:jvs
Respectfully Submitted, Terrence J. O'Brien, Chairman Committee on Judiciary
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for December 2, 2010