



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authorization to execute the fourth amendment to the Hanson Material Service Corporation Agreement to continue the use of the Lower West Lobe of the Thornton Quarry at the Thornton Transitional Reservoir through December 31, 2022, Contract 77-235-2F Thornton Composite Reservoir, Calumet Service Area, in an amount not to exceed \$1,100,000.00 annually, Account 401-50000-645720

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Date	Ver.	Action By	Action	Result
10/15/2020	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 15, 2020

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authorization to execute the fourth amendment to the Hanson Material Service Corporation Agreement to continue the use of the Lower West Lobe of the Thornton Quarry at the Thornton Transitional Reservoir through December 31, 2022, Contract 77-235-2F Thornton Composite Reservoir, Calumet Service Area, in an amount not to exceed \$1,100,000.00 annually, Account 401-50000-645720

Dear Sir:

On June 18, 1998, the Board of Commissioners authorized the execution of an agreement (Agreement) with Material Service Corporation, now Hanson Material Service Corporation (Hanson), for development of the Thornton Composite Reservoir in the North Lobe of the Thornton Quarry, Contract 77-235-2F.

Under the terms of the Agreement, Hanson granted the District a temporary easement to use the Lower West Lobe of the Thornton Quarry as the site for the District's Thornton Transitional Reservoir (Transitional Reservoir) for temporary storage of flood water from the Thorn Creek drainage basin. The District agreed to complete construction of the Thornton Composite Reservoir (Composite Reservoir) in the North Lobe of the Thornton Quarry and decommission the Transitional Reservoir in the Lower West Lobe within two (2) years after completion of all mining in the North Lobe of the Thornton Quarry. Mining of the North Lobe was completed on March 1, 2014, requiring the Transitional Reservoir to be decommissioned by March 1, 2016.

On April 23, 2015, the Board of Commissioners authorized the execution of an amendment to the Agreement for an extension of the use of the Lower West Lobe of the Thornton Quarry as the Transitional Reservoir through December 31, 2020, for annual fee of \$750,000. This time extension allowed the District to evaluate how the Calumet Tunnel System and Composite Reservoir operate during differing storm conditions, while

allowing the Thorn Creek floodwaters to continue to be held in the Transitional Reservoir.

During the approximately five (5) years that the Composite Reservoir has been operational, it has been highly successful in preventing combined sewer overflows in the Calumet Service Area and has not reached its full capacity. However, as more frequent large and intense storms occur in the area, we expect that in the future there will be instances where we completely fill the Composite Reservoir, and therefore recognize the value of having additional storage volume that is currently provided by the Transitional Reservoir.

Staff has discussed various long-term arrangements with Hanson that would allow us to have additional storage volume in either the West Lobe or Main Lobe of the quarry. Unfortunately, Hanson has expressed that storing water on their property hinders their mining operations and they have other more profitable plans for their property. However, they are willing to allow the District to continue to use the Transitional Reservoir until December 31, 2022, which will allow the District enough time to divert the Thorn Creek flows to the Composite Reservoir and decommission the Transitional Reservoir.

Hanson has requested the payment of an annual fee of \$1,100,000.00 from the District for the use of the Lower West Lobe, for each year 2021 and 2022. The significant increase in cost is due to their proportional increase in real estate taxes paid on the property and the fact that they will not be able to mine the Lower West Lobe during this period.

The amendment is being recommended to complete the work at the Composite and Transitional Reservoirs.

It is hereby requested that the Executive Director recommend to the Board of Commissioners that it authorize and direct the Chairman of the Committee on Finance, Executive Director, Director of Procurement and Materials Management, and Clerk to execute the fourth amendment to the Material Service Corporation Agreement to continue the use of the Lower West Lobe of the Thornton Quarry at the Thornton Transitional Reservoir through December 31, 2022.

Funds are available in Account 401-50000-645720.

Requested, Catherine A. O'Connor, Director of Engineering, KMF

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 15, 2020