



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 14-0313, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 17, 2014

COMMITTEE ON JUDICIARY

Mr. David St. Pierre, Executive Director

Authority to settle disputed claims of Rausch Construction Company, Inc. relating to Contract No. 01-353-2M Rehabilitation of Existing Influent Pumping Station, James C. Kirie Water Reclamation Plant, Des Plaines, Illinois

Dear Sir:

The Metropolitan Water Reclamation District of Greater Chicago, (District), Rausch Construction Company, Inc., (Rausch), and Safeco Insurance Company, (Safeco), have reached an agreement relating to Contract No. 01-353-2M entitled, "Rehabilitation of Existing Influent Pumping Station, James C. Kirie Water Reclamation Plant, Des Plaines, Illinois" (Contract) to terminate for convenience and settle all disputes between the parties relating to the Contract thereby avoiding costly and protracted litigation.

The District awarded the Contract to Rausch on May 25, 2005. From its inception, this project has experienced numerous issues leading to a significant delay in the Contract's specified 2008 completion date. Currently, three of the six pumps required under the Contract have been installed and are functioning. On March 21, 2013, the Board of Commissioners authorized the retention of Stephen W. Heil and the law firm of Cray Huber Horstman Heil & Van Ausdal, LLC, to assist the District in resolving the ongoing dispute with Rausch. That assistance included the retention of a forensic accounting firm, McGovern & Greene LLP, to perform an exhaustive audit of Rausch's project records and the records of Rausch's prime subcontractor, Independent Mechanical Industries, Inc.

Negotiations between the parties have resulted in an agreement in which Rausch has accepted \$4,123,920.00 in full settlement and compromise of all claims known and unknown related to the Contract, including all claims for breach of contract, time extensions, additional scope of work items, extended general conditions, change orders and any and all other claims pertaining to the Contract. Rausch shall be responsible for the payment of all liens and claims of its subcontractors. The agreement requires Rausch to pay Independent Mechanical Industries, Inc., \$1,000,000.00 from the amount paid to Rausch for work performed on Rausch's behalf under the Contract. The parties will execute a settlement agreement indicating approval of this matter on the aforementioned terms and conditions contemporaneous with the Board of Commissioners' approval of the proposed settlement.

Therefore, the General Counsel requests that the Board of Commissioners grant authority to settle the disputed claims of Rausch Construction Company, Inc. relating to Contract No. 01-353-2M entitled Rehabilitation of Existing Influent Pumping Station, James C. Kirie Water Reclamation Plant, Des Plaines, Illinois, and for authority to execute such documents as may be necessary to effectuate this settlement.

Requested, Ronald M. Hill, General Counsel, RMH:LLD:JJZ:EMA
Requested, Catherine A. O'Connor, Director of Engineering, CAO

Recommended by David St. Pierre, Executive Director
Respectfully Submitted, Mariyana Spyropoulos, 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 April 17, 2014