



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 23, 2015

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to execute the third 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, 2020, Contract 77-235-2F, Thornton Composite Reservoir, Calumet Service Area, in an amount not to exceed \$750,000.00 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.

In addition, per Section 17.01 of the Agreement, the District agreed to reimburse Hanson its payment for the real estate taxes attributable to the Lower West Lobe for as long as the District has the right to use it. The District's contribution for the 2013 real estate taxes was \$470,898.92. Because the real estate taxes are collected one year in arrears, the District will continue to pay taxes for any time it is using the Lower West Lobe until it is decommissioned, in conformance with the Agreement.

Hanson is now willing to allow the District to continue to use the Transitional Reservoir until December 31, 2020. By extending the use of the Transitional Reservoir for Thorn Creek floodwater storage, the Composite Reservoir can be used strictly for combined sewer overflow capture from TARP tunnels over the next five (5) years. Thorn Creek flood water would continue to be diverted to the Transitional Reservoir.

Hanson has requested the payment of an annual fee of \$750,000.00 from the District for the use of the Lower West Lobe, starting in 2015 and as long as the District continues to use it as the Transitional Reservoir through 2020. Beginning in 2015, and throughout the remaining term of the Agreement, Hanson will be responsible for all real estate taxes attributable to the Lower West Lobe.

The amendment is being recommended by the Engineering Department, as this is a relatively small fee in comparison to the more than 4 billion gallons in capacity that the transitional reservoir will be able to store.

Accordingly, it is hereby recommended that the Executive Director recommend to the Board of Commissioners to authorize and direct the Chairman of the Committee on Finance, the Executive Director, the Director of Engineering, and the Clerk to execute the third 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, 2020, for an annual fee not to exceed \$750,000.00

Funds are available in Account 401-50000-645720.

Requested, Catherine A. O'Connor, Director of Engineering, WSS: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 April 23, 2015