



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 19-1098, Version: 1

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 7, 2019

COMMITTEE ON JUDICIARY

Mr. Brian A. Perkovich, Executive Director

Authority to settle *Chicago Transit Authority v. Walsh Construction Company II, LLC., et al.*, Case No. 18 L 07251, arising out of a May 17, 2015 embankment collapse, in the amount of \$585,000.00, Account 901-30000-667220

Dear Sir:

On May 17, 2015, an embankment near the Terrence J. O'Brien Water Reclamation Plant in Skokie, Illinois collapsed. The Chicago Transit Authority ("CTA") leases this embankment from the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") to operate a portion of its elevated rail system commonly known as the Yellow Line. At the time of the collapse, Walsh Construction Company II, LLC ("Walsh") was performing substantial excavation work near the embankment as part of MWRD Contract No. 11-054-3P, Disinfection Facilities at Terrence J. O'Brien Water Reclamation Plant. The design engineer for this project was Greeley & Hansen LLC ("Greeley").

There were no injuries resulting from the collapse. However, the CTA was unable to operate its Yellow Line for several months. The CTA, through its insurer, filed suit in the Circuit Court of Cook County, Illinois against Walsh, Greeley, the MWRD, and several subcontractors in a matter entitled *Chicago Transit Authority v. Walsh Construction Company II, LLC., Case No. 18 L 07251* (the "Litigation"). The CTA sought \$4,800,000.00 for lost revenue and other expenses related to the collapse.

The Law Department reviewed all documents submitted in support of the CTA's alleged damages. After extensive negotiation and two private mediations, the CTA has agreed to settle the Litigation. The MWRD would pay \$585,000.00 toward a global settlement amount. Upon execution of agreements between all parties and receipt of all payments, the CTA will dismiss this Litigation.

The General Counsel finds the proposed settlement to the MWRD to be reasonable and acceptable. The settlement offer takes into account both the nature of the collapse and the CTA's reported damages.

Therefore, it is recommended that the Board of Commissioners authorize payment in the amount of \$585,000.00 toward a global settlement of the Litigation and the settlement of this case and authority to execute such documents as may be necessary to effectuate this settlement.

Requested, Susan T. Morakalis, General Counsel, STM:EMA:nm

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 7, 2019