



City of Chicago



Or2014-637

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 12/10/2014

Sponsor(s): Fioretti (2)
Hairston (5)
Sawyer (6)
Munoz (22)
Arena (45)
Waguespack (32)
Foulkes (15)

Type: Order

Title: Budget Director and Corporation Counsel directed to prepare contingency plan in event claim by Chicago Loop Parking takes place within 2015 Budget

Committee(s) Assignment: Committee on Committees, Rules and Ethics

Subject

ORDER

WHEREAS, In a recent ruling, the Illinois Appellate Court has affirmed that the City of Chicago owes close to \$58 million as a result of a binding arbitration award due to what the court described as "a series of mistakes and unsuccessful strategic choices" made by the City of Chicago's Corporation Counsel, past and present; and,

WHEREAS, In November 2006, the City of Chicago and Chicago Loop Parking (CLP), entered into an agreement whereby CLP paid the city \$563 million in exchange for the city granting a 99-year lease and concession to operate the four underground garages in Grant and Millennium Parks. This agreement contained a clause stipulating that CLP was entitled to compensation in the event the city authorized any new competition by allowing any new public parking facility to open in a defined area in the immediate vicinity of CLP's leased garages; and

WHEREAS, Shortly after entering into this arrangement, the city approved a site plan for a new building (the Aqua) that included a 1,273-space public parking garage. On May 1, 2009, after construction of the Aqua was substantially completed, the city issued a public garage license to Standard Parking Corporation, the garage operator for the Aqua, situated approximately one block from the CLP garages and well within the competing parking area; and

WHEREAS, On August 20, 2009, CLP submitted a claim to the City for compensation. The city eventually conceded liability but disputed the amount of damages it owed CLP. As per their concession agreement, the city and CLP proceeded to binding arbitration in 2011 for a determination of damages. In 2013, after an eight-day evidentiary hearing, the three-member arbitration panel issued its final and binding award of nearly \$58 million in damages; and

WHEREAS, The city conceded there were no grounds on which to vacate or modify the award but tried to mitigate the damages. Five months after the arbitration award was entered, the City filed to stay and modify the judgment. The circuit court dismissed the city's petition but the city appealed. Now, in its affirmation of the lower court's ruling, the Appellate Court unequivocally states there is no legal or equitable remedy available to the city to undo the arbitration award and, furthermore, there are no grounds for vacating or modifying the court judgment confirming the arbitration award; and

WHEREAS, This recent court decision may have an extremely adverse impact on the recently passed 2015 City of Chicago budget and impels this legislative body to ask for a briefing on contingency plans should the city's Corporation Counsel exhaust its legal remedies in this fiscal year; now therefore it is

ORDERED, The City of Chicago Budget Director and the Corporation Counsel are hereby authorized and directed to expeditiously prepare and draft a contingency plan in the event that this deficit-producing event takes place within the 2015 fiscal year to brief the City Council so that its members may make informed decisions on what course of remedial legislative action they may deem necessary.

Lester A. Houston 5TH
Rob A. [unclear] (6TH)
Rob M. [unclear] 2ND

[Signature]
ROBERT W. FIORETTI
Alderman - 2ND Ward

[Signature] 45
[Signature]
[Signature]