

June 15, 2005

To the Honorable Committee
on Judiciary and Legislation of the
Common Council of the City of Milwaukee
Room 205 – City Hall

Re: Tower Automotive Products Company, Inc. v. City of Milwaukee
Case No. 04CV004983

Dear Committee Members:

Attached is an original resolution for your consideration, which would authorize settlement of the above-noted lawsuit. We make the following recommendation related to the proposed settlement:

This case involves the inadvertent shutdown of the water supply to the Tower Automotive Manufacturing plant located in the vicinity of North 27th Street and West Hopkins Avenue.

In May of 2003, street reconstruction work was being performed in the vicinity of the Tower Automotive facilities. The Water Department notified Tower Automotive that its regular water supply would be turned off and we would provide an alternative water source so that the plant could continue its manufacturing operation. On May 13, 2003 the Water Department established a temporary water source from a fire hydrant. Later that same day, a different Water Department crew disconnected the temporary water supply from the fire hydrant, apparently under the belief that the Tower Automotive plant was being supplied by other sources. As a result, the two major manufacturing lines at Tower Automotive were shutdown for a period of 1-2 hours. The laser equipment used to cut steel forms for automobile frames was damaged and manufacturing lines were shut down pending repairs. In addition, the remainder of the manufacturing lines were shut down due to the lack of water needed for the assembly process.

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The laser equipment was covered by a manufacturer's warranty and no claim was made for it. The two main line shutdowns resulted in a claimed loss of \$124,000 in lost sales and production time.

Our accountant expert verified damages in the area of \$50,000-\$85,000, depending upon the interpretation of supporting documentation and the use of various accounting methods.

Tower Automotive has agreed to settlement of this matter for \$50,000. In addition, Tower Automotive will receive a credit in the amount of \$30,344.82 against its outstanding balance owed to Water Works for its water bill.

Because there are no appeal issues and a negotiated settlement is favorable to the City, we recommend payment of this proposed amount. The proposed original resolution reflects this recommendation and is provided for your convenience.

Very truly yours,

GRANT F. LANGLEY
City Attorney

MICHAEL G. TOBIN
Assistant City Attorney

GFL:MGT:enm
Encs.

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