

Rails-to-Trails Settlement: Fair, Reasonable, and Adequate

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Until July 8, 2003, the Delaware and Hudson Railway Company, Inc., d/b/a Canadian Pacific Railway company, held easements for railroad purposes across land owned by 271 members of a class action pending in the U.S. Court of Federal Claims. Plaintiffs claimed that their property adjacent to a 9.14-mile rail corridor in Albany County, New York had been unconstitutionally taken when the United States authorized the conversion of the railroad rights-of-way into a recreational trail under the National Trails System Act, 16 U.S.C. § 1247 (d) (2000).

Following alternative dispute resolution, the parties reached a settlement agreement on the amount of just compensation owed to the plaintiffs and attorneys' fees and costs for a total of \$13,988,929.28 (plus additional interest).

In reviewing the proposed settlement agreement, the Court stated that it could not alter the terms of the proposed settlement, nor decide the merits of the case; rather, the Court may only "accept or reject the proposed settlement agreement in its entirety." In reviewing the proposed settlement, the Court looked to six factors: (1) relative strengths of the plaintiffs' case compared to the settlement, (2) recommendation of class counsel, (3) reaction of class members to the settlement, (4) fairness of the settlement to the entire class, (5) fairness of the provision for attorneys' fees, and (6) potential liability to the government if the settlement is not approved.

Based on its review of these six factors, the Court approved the proposed settlement as "fair, reasonable, and adequate."

Read Judge Sweeney's full opinion [here](#).