



Metropolitan Water Reclamation District of Greater Chicago

Errata Correction

100 East Erie Street
Chicago, IL 60611

File Number: 20-0865

File Key: 20-0865

Type: Agenda Item

Status: To Be Introduced

Version: 1

Reference:

Controlling Body: Real Estate
Development
Committee

File Created Date : 10/06/2020

File Name:

Final Action:

Title label: Authority to enter into a 39-year lease with the Village of Stickney on 71± acres of District real estate located east of Ridgeland Avenue, south of 39th Street to 41st Street, including Lombard Avenue between 39th and 43rd Street, in Stickney Illinois, and commonly known as Main Channel Parcels 38.01, 38.02, 38.04, 38.05, 38.06, and 38.08. Consideration shall be a nominal fee of \$10.00 (*As Revised*)

Notes: ERRATA CORRECTION:

The word "Illinois" has been removed in the title before "Consideration."

Sponsors:

Enactment Date:

Attachments: RE - 39 year Lease in Stickney - Aerial.pdf

Enactment Number:

Contact:

Hearing Date:

Drafter:

Effective Date:

Related Files:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File 20-0865

Authority to enter into a 39-year lease with the Village of Stickney on 71± acres of District real estate located east of Ridgeland Avenue, south of 39th Street to 41st Street, including Lombard Avenue between 39th and 43rd Street, in Stickney Illinois, and commonly known as Main Channel Parcels 38.01, 38.02, 38.04, 38.05, 38.06, and 38.08. Consideration shall be a nominal fee of \$10.00 (*As Revised*)

Dear Sir:

The Village of Stickney ("Stickney") has requested a 39-year lease on 71± acres of District real estate located east of Ridgeland Avenue, south of 39th Street to 41st Street, including Lombard Avenue between 39th and 43rd Street, in Stickney Illinois, and commonly known as Main Channel Parcels 38.01, 38.02, 38.04, 38.05, 38.06, and 38.08. These parcels are currently leased by Stickney under a five-year lease expiring on November 19, 2020. Stickney is requesting to continue leasing these

parcels for public recreational use, including a public park, baseball field, dog park, and Veterans War Memorial. Stickney will also use the premises for a Village Festival and other similar community events including a carnival and fireworks displays no more than three times per year.

The District's technical departments have reviewed this lease request and have indicated that the subject site is not currently needed for corporate use and that they have no technical objections to Stickney's lease request. Under 70 ILCS 2605/8c(11), the District may terminate the lease upon service of a one-year notice to Stickney if the property becomes essential to the District's corporate needs.

A nominal fee of \$10.00 is recommended since the site will be used for open space in furtherance of Stickney's public recreational use. In the event revenue or profits are ever derived from the leasehold, the lease will contain a provision requiring rent to be an additional annual fee of 25% of the net profits derived from the site.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize the District to enter into a 39-year lease with the Village of Stickney on 71± acres of District real estate located east of Ridgeland Avenue, south of 39th Street to 41st Street, including Lombard Avenue between 39th and 43rd Street, in Stickney Illinois, and commonly known as Main Channel Parcels 38.01, 38.02, 38.04, 38.05, 38.06, and 38.08. Consideration shall be a nominal fee of \$10.00.

It is also requested that the Executive Director recommend to the Board of Commissioners that it authorize and direct the Chairman of the Committee on Finance and the Clerk to execute said lease agreement after it is approved by the General Counsel as to form and legality.

Requested, Susan T. Morakalis, General Counsel, STM:EMA:NOC:vp

Recommended, Brian A. Perkovich, Executive Director

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 15, 2020

Attachment



Metropolitan Water Reclamation District of Greater Chicago

Errata Correction

100 East Erie Street
Chicago, IL 60611

File Number: 20-0880

File Key: 20-0880

Type: Agenda Item

Status: To Be Introduced

Version: 1

Reference:

Controlling Body: Real Estate
Development
Committee

File Created Date : 10/07/2020

File Name:

Final Action:

Title label: Authority to grant a 50-year non-exclusive easement to Peoples Gas Light and Coke Company for continued operation and maintenance of a natural gas pipeline and to remediate District property located west of Pulaski Road and North of the Main Channel in Chicago, Illinois known as Main Channel Parcels 40.07, 40.04 and 40.02 and to settle *The Metropolitan Water Reclamation District of Greater Chicago v. Peoples Gas Light and Coke Company*, Case No. 18 CH 12041, currently pending in the Circuit Court of Cook County, Illinois (As Revised)

Notes: ERRATA CORRECTION:

Additional sentence added after 1st sentence in 3rd paragraph "The last permit and lease for the pipeline expired in October 2016." Paragraph 6, 2nd sentence after "pipeline" "to commence retroactively as of November 1, 2016" is added. Paragraph 8, Item 1 after "Company" "to commence retroactively to November 1, 2016" is added.

Sponsors:

Enactment Date:

Attachments: RE - Peoples' Gas Crawford, easement and
settlement - Aerial.pdf

Enactment Number:

Contact:

Hearing Date:

Drafter:

Effective Date:

Related Files:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File 20-0880

Authority to grant a 50-year non-exclusive easement to Peoples Gas Light and Coke Company for continued operation and maintenance of a natural gas pipeline and to remediate District property located west of Pulaski Road and North of the Main Channel in Chicago, Illinois known as Main Channel Parcels 40.07, 40.04 and 40.02 and to settle *The Metropolitan Water Reclamation District of Greater Chicago v. Peoples Gas Light and Coke Company*, Case No. 18 CH 12041, currently

pending in the Circuit Court of Cook County, Illinois (*As Revised*)

Dear Sir:

The Peoples Gas Light and Coke Company ("Peoples Gas") leased 27.38 acres of District land located west of Pulaski Road and north of the Main Channel in Chicago known as Main Channel Parcel 40.04 ("Parcel 40.04") and Main Channel Parcel 40.07 ("Parcel 40.07"). The lease commenced in 1916 and expired on January 31, 2015. During the first half of the lease term, Peoples Gas used both parcels for operations ancillary to its adjacent Manufactured Gas Plant ("Crawford Station"). Thereafter, Peoples Gas operated a natural gas pipeline and appurtenances related thereto only on Parcel 40.07. The lease was later amended to account for this change in use and released Parcel 40.04 (comprising 17.67 acres) from the leasehold, thereby reducing the size of the leased premises to only Parcel 40.07 comprising 9.71 acres.

In addition to its use of Parcels 40.04 and 40.07, Peoples Gas historically leased 4.46 acres of District land located east of Cicero Avenue and north of the Main Channel known as Main Channel Parcel 40.02 ("Parcel 40.02") for the same use and pipeline. That lease expired on October 31, 2016. Parcel 40.02 is now leased to ExxonMobil Corporation, but Peoples Gas' pipeline still runs under the northern portion of Parcel 40.02.

Upon expiration of the leases, the Board authorized a series of permits to Peoples Gas to allow for the continued operation of the existing pipeline on Parcels 40.02 and 40.07 and for environmental remediation and testing on Parcels 40.02, 40.04 and 40.07 and in the Main Channel. The last permit and lease for the pipeline expired in October 2016. One of these permits was issued at the request of the United States Environmental Protection Agency (USEPA) to facilitate Peoples Gas' obligations under a 2007 Consent Decree for Crawford Station and the surrounding area including Parcels 40.04 and 40.07 (Parcel 40.02 is not part of the Consent Decree). The District issued these permits with the understanding that after the environmental testing was completed, the parties would enter into a long-term occupancy agreement and with a comprehensive environmental remediation plan.

After Peoples Gas refused to enter into any long-term occupancy agreement or a satisfactory comprehensive environmental remediation plan, the District filed a declaratory judgment action against Peoples Gas in the Circuit Court of Cook County in a matter entitled *The Metropolitan Water Reclamation District of Greater Chicago v. Peoples Gas Light and Coke Company*, Case No. 18 CH 12041 to ensure that District land is remediated in accordance with the lease terms. In its Complaint, the District asked the Court to declare the parties' rights under the lease agreements and sought damages for trespass, nuisance, and a holdover tenancy.

The parties have engaged in extensive settlement negotiations. These negotiations have resulted in a proposed resolution of both the occupancy and remediation issues on Parcels 40.02, 40.04, and 40.07. The General Counsel finds the proposed settlement to be reasonable and acceptable. This settlement avoids the cost and uncertainty of trial and ends the long-term unauthorized use of District land and presence of environmental contamination on District land.

Under the proposed settlement, Peoples Gas will pay \$824,068.32 to the District for its holdover use of Parcels 40.02, 40.04 and 40.07 to operate its pipeline. Next, Peoples Gas requests a 50-year easement for continued operation and maintenance of this pipeline to commence retroactively as of November 1, 2016. The Easement will initially encompass all of Parcels 40.04 and 40.07 and a portion of 40.02, comprising approximately 28.18 acres. The initial annual easement fee based upon a fair market value appraisal is \$552,384.36.

Within this initial easement area, Peoples Gas has agreed to remediate Parcels 40.04 and 40.07 to residential levels and in accordance with the Consent Decree. Parcel 40.02 requires no remediation. Once the remediation is complete and is deemed acceptable by the District's Engineer of Site Remediation, the District will release all but the portion of the easement that is necessary for Peoples Gas' continued operation and maintenance of the pipeline. The annual easement fee will be calculated on a pro-rata basis for this reduced easement acreage. In exchange for the foregoing, the District will dismiss the litigation.

Therefore, it is requested that the Executive Director recommend to the Board of Commissioners that it adopt the following orders:

1. Authority to grant a 50-year non-exclusive easement to Peoples Gas Light and Coke Company to commence retroactively as of November 1, 2016 for continued operation and maintenance of a natural gas pipeline and to remediate District property located west of Pulaski Road and North of the Main Channel in Chicago, Illinois known as Main Channel Parcels 40.07, 40.04 and 40.02 for an initial annual easement fee of \$552,384.36;
2. Authority to settle The Metropolitan Water Reclamation District of Greater Chicago v. Peoples Gas Light and Coke Company, Case No. 18 CH 12041, currently pending in the Circuit Court of Cook County, Illinois in the amount of \$824,068.32 for its holdover tenancy on Parcels 40.02, 40.04 and 40.07; and
3. Authority and Direction for the General Counsel to execute and deliver all other documents and take such other actions as may be necessary to effectuate said easement grant and settlement.

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

Recommended, Brian A. Perkovich, Executive Director

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 15, 2020

Attachment