



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authority to advertise Contract 19-366-11 for public tender of bids a 39-year lease on 19.67 acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01. The minimum initial annual rental bid shall be established at \$514,000.00, subject to proration as set forth herein

Sponsors:

Indexes:

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Attachments: 1. Contract 19-366-11 Main Channel Parcel 31.01 Aerial View.pdf

Date	Ver.	Action By	Action	Result
9/5/2019	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 5, 2019

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authority to advertise Contract 19-366-11 for public tender of bids a 39-year lease on 19.67 acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01. The minimum initial annual rental bid shall be established at \$514,000.00, subject to proration as set forth herein

Dear Sir:

On October 19, 2017, the Board of Commissioners (“Board”) authorized the commencement of statutory procedures to lease the subject District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01, for a 39-year term. The site was advertised for bid in February 2018 but no bids were received at the bid opening on March 13, 2018.

The acreage available for lease has been updated due to the District’s Intergovernmental Agreement (“IGA”) with the Illinois State Toll Highway Authority (“ISTHA”) for its I-294 Mile Long Bridge Project (“Project”), which the Board approved on April 18, 2019. The IGA provided for the sale of 17.033 acres of Main Channel Parcel 31.01 and granted permanent and temporary easements to ISTHA to complete its Project. The total compensation approved by the Board for these property interests (\$4,066,500.00) has been paid by ISTHA. Included in the IGA was the grant of a temporary easement to ISTHA comprised of 6.945 acres for construction access and staging that expires after five years. Because this 6.945 acres will not be available immediately to the successful bidder, it is recommended that the rent under any lease awarded be prorated so that the tenant does not pay rent therein during ISTHA’s use. Accordingly, upon expiration of ISTHA’s temporary easement, this area will become available to the tenant and the annual rental increased.

The lead applicant, Heidner Property Management Co. (“Heidner Properties”), has resubmitted its request to

lease the site for truck parking and is aware of these terms.

Pursuant to statute, Heidner Properties submitted two appraisals and the Law Department obtained a third appraisal as follows:

<u>Appraiser</u>	<u>Value</u>
CohnReznick, LLP Patricia L. McGarr, MAI (District's Appraiser)	\$5,140,000.00
Property Valuation Advisors, Inc. Brian D. Flanagan, MAI	\$4,000,000.00
Kelly Appraisal Consultants, Inc. Patrick M. Kelly, MAI	\$3,425,000.00

It is recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$5,140,000.00, and that the minimum initial annual rent be established at 10% of the property's fair market value or \$514,000.00. It is further requested that the annual rent be prorated for the duration of ISTHA's five-year, 6.945-acre temporary easement, as only 12.73 acres will be available to the tenant during this time (65% of the whole parcel).

It is further recommended that the Executive Director recommend to the Board of Commissioners that it authorize and approve the issuance of the following orders:

1. The real estate comprising 19.67 acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01, as depicted in the exhibit attached hereto, be declared surplus and not needed for the District's corporate purposes and available for lease as set forth herein.
2. The fair market value of the 19.67 acres of real estate be established at \$5,140,000.00, and that the minimum initial annual rental be established at 10% thereof or \$514,000.00, subject to proration for the duration of ISTHA's five-year, 6.945-acre temporary easement.
3. The Director of Procurement and Materials Management be authorized to advertise said 19.67 acres of real estate as available for lease for a term of thirty nine (39) years at the minimum initial annual rental bid of \$514,000.00, subject to proration for the duration of ISTHA's five-year, 6.945-acre temporary easement, and report the results of the bidding to the Board of Commissioners for further action.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize the Director of Procurement and Materials Management to advertise Contract 19-366-11 for public tender of bids a 39-year lease on 19.67 acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01. The minimum initial annual rental bid shall be established at \$514,000.00, subject to proration as set forth herein.

Requested, Susan T. Morakalis, General Counsel, STM:JJZ:BJD:vp
Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for September 5, 2019

Attachment