



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authorization to accept initial annual rental bid for Contract 14-366-11 Proposal to Lease for 39-years on approximately 11.66 acres of District real estate located at 3301 S. California Avenue in Chicago, Illinois; Main Channel Parcel 42.03 from Ameropan Oil Corporation in the amount of \$607,010.00

Sponsors:

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Date	Ver.	Action By	Action	Result
9/3/2015	1	Board of Commissioners	Approved	Pass
9/3/2015	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 3, 2015

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to accept initial annual rental bid for Contract 14-366-11 Proposal to Lease for 39-years on approximately 11.66 acres of District real estate located at 3301 S. California Avenue in Chicago, Illinois; Main Channel Parcel 42.03 from Ameropan Oil Corporation in the amount of \$607,010.00

Dear Sir:

At its meeting of September 18, 2014, the Board of Commissioners ("Board") authorized the Director of Procurement and Materials Management to advertise for public tender of bids a lease of approximately 11.66 acres of District real estate located at 3301 S. California Avenue in Chicago, Illinois and known as Main Channel Parcel 42.03. The minimum acceptable annual rental bid was established at \$601,000.00.

The initial bid opening for the subject lease was held on November 18, 2014, and the bids received were as follows:

Bidder	Annual Rental Bid
Ameropan Oil Corporation (current tenant)	\$607,010.00
Gardner-Gibson, Inc.	\$776,000.00

At its meeting of March 5, 2015, instead of accepting either bid, the Board authorized the Executive Director to solicit amended bids from the two bidders as permitted under the District's leasing statute with the amended minimum acceptable initial annual rental bid being established at \$814,800.00 which was 5% higher than the highest bid of \$776,000.00.

The opening for the amended bids was held on April 14, 2015, and one bid was received by Gardner-Gibson, Inc. ("Gardner") in the amount of \$841,000.00. Ameropan Oil Corporation ("Ameropan") declined to amend its bid. Thereafter, on June 4, 2015, the Board accepted the amended bid of Gardner. A lease was tendered to Gardner but it failed to sign the lease within the required time frame as the parties were unable to agree upon the terms of the lease. As a result, a companion Board transmittal letter is on today's agenda seeking authority to rescind the Board Order of June 4, 2015, accepting Gardner's bid. With the Board rescinding its orders accepting Gardner's bid, it is recommended that a lease be awarded to the second highest bidder, Ameropan, in the amount of \$607,010.00 (10.10% of the established fair market value).

The Finance Department has reviewed Ameropan's financial information and has reported that it has demonstrated the ability to meet its financial obligations under the new proposed lease.

Ameropan currently occupies the site under a permit that was issued upon its lease expiration on September 30, 2014. Ameropan proposes to continue to use the site for the same purposes as under its lease and under its current permit; the operation of a liquid asphalt and petroleum terminal.

It is requested that the Executive Director recommend to the Board of Commissioners that it accept the initial annual rental bid for Contract 14-366-11 Proposal to Lease for 39-years on approximately 11.66 acres of District real estate located at 3301 S. California Avenue in Chicago, Illinois; Main Channel Parcel 42.03 from Ameropan Oil Corporation in the amount of \$607,010.00.

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 the lease agreement after it has been approved by the General Counsel as to form and legality.

Requested, Ronald M. Hill, General Counsel, RMH:STM: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 3, 2015

Attachment