



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF JUNE 18, 2015

COMMITTEE ON REAL ESTATE

Mr. David St. Pierre, Executive Director

Authority to issue a 15-month permit extension to The Peoples Gas Light and Coke Company on approximately 9.71 acres of District real estate located west of Pulaski Road and north of the Main Channel in Chicago, Illinois, and known as Main Channel Parcels 40.04 and 40.07 for continued operation and maintenance of its natural gas pipeline and to perform environmental testing. Consideration shall be \$237,919.00

Dear Sir:

The Peoples Gas Light and Coke Company ("Peoples Gas") occupied approximately 9.71 acres of District real estate located west of Pulaski Road and north of the Main Channel in Chicago and known as Main Channel Parcel 40.07 under a 99-year lease that commenced in 1916, and as amended, expired on January 31, 2015, to operate a natural gas pipeline and appurtenances related thereto. The annual rent under the lease was \$41,873.00. On January 22, 2015, the Board of Commissioners authorized a six (6) month permit to allow continued use and occupancy of the leasehold site by Peoples Gas until July 31, 2015.

Peoples Gas requested to continue to occupy the subject land upon expiration of its lease. However, the property contains contamination as a result of migration from Peoples Gas' former Manufactured Gas Plant ("MGP") site located north of the leasehold and as a result of certain historical ancillary MGP operations on the subject site during the first half of Peoples Gas' lease term. Additionally, Peoples Gas has requested to enter Parcel 40.04 to perform environmental testing since it is adjacent to Parcel 40.07 to determine if migration of contamination is occurring.

Peoples Gas also leases approximately 4.46 acres of District real estate located east of Cicero Avenue and north of the Main Channel and known as Main Channel Parcel 40.02 ("Parcel 40.02") under a lease that commenced November 1, 1917, and expires on October 31, 2016, to operate a natural gas line and appurtenances related thereto. Parcel 40.02 also contains contamination as a result of migration from Peoples Gas' MGP site and as a result of certain historical ancillary MGP operations. A long-term occupancy agreement cannot be entered into until the site investigation plan and ultimate environmental remediation plan on all effected District property is determined.

Accordingly, a 15-month permit is recommended so that the permit on Parcels 40.04 and 40.07 can expire simultaneously with the lease on Parcel 40.02. At that time, the parcels can be combined into one long-term occupancy agreement with a comprehensive environmental remediation plan on the three parcels.

The technical departments have no objections to Peoples Gas' request for a permit extension. A permit fee of \$237,919.00 is recommended as such represents 10% of the appraised fair market value of the site.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize and approve the issuance of a 15-month permit extension to The Peoples Gas Light and Coke Company on

approximately 9.71 acres of District real estate located west of Pulaski Road and north of the Main Channel in Chicago, Illinois, and known as Main Channel Parcels 40.04 and 40.07 for continued operation and maintenance of its natural gas pipeline and to perform environmental testing. Consideration shall be \$237,919.00.

It is further requested that the Executive Director recommend to the Board of Commissioners that the Chairman of the Committee on Finance and the Clerk execute said permit extension after same is approved by the General Counsel as to form and legality.

Requested, Ronald M. Hill, General Counsel, RMH:STM:MLD:vp

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, Mariyana T. Spyropoulos, Chairman Committee on Real Estate Development

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for June 18, 2015

Attachment