



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 SEPTEMBER 15, 2016

COMMITTEE ON REAL ESTATE

Mr. David St. Pierre, Executive Director

Authority to enter into a 10-year lease agreement with the Village of Willow Springs on approximately 2.13 acres of District real estate located west of Willow Springs Road and south of the Main Channel in Willow Springs, Illinois and known as Main Channel Parcel 29.04 for use as a parking lot. Consideration shall be an initial annual rental fee of \$12,000.00

Dear Sir:

The Village of Willow Springs ("Willow Springs") previously leased 2.13 acres of District real estate located west of Willow Springs Road and south of the Main Channel for use as a Metra commuter parking lot from January 1, 1989 to December 31, 2014. The annual rent under the lease was 80% of the gross parking receipts or approximately \$2,000.00 a year. Willow Springs requested a new lease upon expiration of its lease.

Pursuant to Willow Spring's request, on December 4, 2014, the Board of Commissioners ("Board") authorized a 39-year lease agreement to Willow Springs for continued use of the parking lot for Metra commuters. The initial annual rent was established at \$12,000.00, pursuant to a fair market value appraisal and in accordance with Board policy that the annual rent under leases to government entities leasing District real estate for public non-recreational use be assessed at 6% of the appraised fair market value.

Thereafter, Willow Springs decided that it would not enter into a new lease on Parcel 29.04 as it indicated that it would expand an existing commuter parking lot on its own land and no longer had a need for a new lease on the District's property. Accordingly, on February 19, 2015, the Board issued a six (6) month permit effective January 1, 2015 until the new parking lot could be completed and the site restored to its original condition. The permit, as extended, expired December 31, 2015. At this same meeting, the Board rescinded its Order of December 4, 2014, authorizing a 39-year lease to Willow Springs.

Willow Springs has re-evaluated its parking needs at this location and has resubmitted its request to lease the parking lot on Main Channel Parcel 29.04. The current request is for 10-years, rather than the 39 years originally requested.

In connection with the initial lease request the parties obtained appraisals on the site as follows:

<u>Appraiser</u>	<u>Value</u>
Appraisal Associates William J. Enright, MAI (District's Appraiser)	\$200,000.00
The Gorman Group, Ltd. Robert Gorman, MAI	\$111,444.00

Robert C. Wessel Associates, Ltd.

Robert Wessel

\$28,000.00

It is District policy to assess the annual rent based on 6% of the site's highest appraisal when leasing District real estate to a governmental entity for public non-recreational purposes. It is therefore recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$200,000.00, and that the initial annual rent be established at 6% of the property's fair market value or \$12,000.00.

Under 70 ILCS 2605/8c(11), said lease will be terminated upon one year notice if it is determined that the premises become essential to the District's corporate purposes.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize a 10-year lease agreement with the Village of Willows Springs for use as a parking lot on approximately 2.13 acres of District real estate located west of Willow Springs Road and south of the Main Channel in Willow Springs, Illinois and known as Main Channel Parcel 29.04. Consideration shall be an initial annual rent of \$12,000.00.

It is further requested that the Executive Director recommend to the Board of Commissioners that it authorized and direct the Chairman of the Committee on Finance and the Clerk to execute said lease agreement 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 September 15, 2016

Attachment