



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 17-0113, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF FEBRUARY 2, 2017

COMMITTEE ON PROCUREMENT

David St. Pierre, Executive Director

Authority to advertise Contract 17-364-11 for public tender of bids for a 39-year lease on 7.43 acres of District real estate located at 4100 South Laramie Avenue in Stickney, Illinois; Main Channel Parcel 39.07. The minimum initial annual rental bid shall be established at \$260,000.00

Dear Sir:

On September 1, 2016, the Board of Commissioners authorized the commencement of statutory procedures to lease 7.43 acres of District real estate located at 4100 South Laramie Avenue in Stickney, Illinois, known as Main Channel Parcel 39.07. The site is presently leased by Koppers Industries, Inc. ("Koppers"), under a 74-year lease agreement that expires on August 14, 2018. As the lead applicant for a new lease, Koppers intends to continue using the site for the primary purpose of storing and distributing oil and petroleum products.

In the event Koppers is the successful bidder, it has agreed to participate in a pilot program to be designed and overseen by Argonne National Labs whereby trees will be installed and cultivated onsite in an effort to remediate existing surface and subsurface contamination at the site. After twenty years, the parties will evaluate the progress of the program. If the program has not accomplished remediation objectives to the District's satisfaction (i.e., at that point, accomplishing TACO Tier I Residential Standards does not appear likely to occur by the end of the lease's 39-year term), then the parties will either continue with the program, renegotiate the lease, or terminate the lease, at each party's own election. If Koppers is not the successful bidder, then the party who is awarded a lease will be given the option of either participating in this pilot program, including the twenty-year reevaluation/termination option, or, alternatively, electing to enter into the District's standard lease requiring TACO Tier I Residential Standards. A waiver of the Board policy requiring a tenant to remediate its expiring leasehold site to TACO Tier I Residential levels is therefore requested if the tenant participates in the pilot program.

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

<u>Appraiser</u>	<u>Value</u>
Appraisal Associates William J. Enright, MAI (District's Appraiser)	\$2,600,000.00
Real Estate Counselors International, Inc. Robert A. Wilson, MAI	\$2,080,000.00
Integra Realty Resources	\$1,630,000.00

Eric L. Enroe, MAI

It is recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$2,600,000.00 and that the minimum initial annual rental bid be established at 10% of the property's fair market value of \$260,000.00.

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 consisting of 7.43 acres of District real estate located at 4100 South Laramie Avenue in Stickney, Illinois, known as Main Channel Parcel 39.07, 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 7.43 acres of District real estate be established at \$2,600,000.00, and that the minimum initial annual rental be established at 10% thereof or \$260,000.00.
3. The Director of Procurement and Materials Management be authorized to advertise said 7.43 acres of District real estate as available for lease for a term of 39 years at the minimum initial annual rental bid of \$260,000.00, and report the results of the bidding to the Board of Commissioners for further action.
4. That the Board policy requiring a tenant to remediate its leasehold to TACO Tier I Residential levels be waived if the tenant participates in the pilot program.

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 17-364-11 for public tender of bids for a 39-year lease on 7.43 acres of District real estate located at 4100 South Laramie Avenue in Stickney, Illinois; Main Channel Parcel 39.07. The minimum initial annual rental bid shall be established at \$260,000.00.

Requested, Ronald M. Hill, General Counsel, RMH:SM:CMM: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 February 2, 2017

Attachment