



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 MARCH 16, 2017

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authority to advertise Contract 17-360-12 (REBID) for public tender of bids a 10-year lease on 5.95 acres of District real estate located at 3154 S. California Avenue in Chicago, Illinois; Main Channel Parcels 42.05 and 42.16. The minimum initial annual rental bid shall be established at \$117,000.00

Dear Sir:

On December 1, 2016, the Board of Commissioners ("Board") authorized the advertisement of Contract 17-360-11 for the public tender of bids a 10-year lease on 5.95 acres of District real estate located at 3154 S. California Avenue in Chicago, Illinois and known as Main Channel Parcels 42.05 and 42.16 for a minimum initial annual rental bid of \$195,000.00. The minimum bid represented 10% of the highest of the three appraised values, pursuant to Board policy. The bid opening was on January 24, 2017, and no bids were received. As no bids were received, it is recommended that the site be re-advertised as available for lease at the statutory minimum of 6% of the highest of the three appraised values. Accordingly, a waiver of Board policy requiring that the minimum acceptable annual rental bid amount be established at 10% of the established fair market value is requested..

Connelly-GPM, Inc. ("Connelly") leases the property under two separate leases. The lease on Parcel 42.05 comprises 4.63 acres, commenced May 1, 1918, and expires April 30, 2017. The annual rent is \$1,410.00. The lease on Parcel 42.16 comprises 1.32 acres, commenced February 1, 1999, and expires April 30, 2017. The current annual rent under this lease is \$41,004.00. Connelly uses the property to operate an iron sponge manufacturing business.

Pursuant to statute, the lead applicant, Connelly, 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)	\$1,950,000.00
Sterling Valuation Thomas W. Grogan, MAI	\$1,250,000.00
Madison Appraisal, LLC Joseph J. Calvanico, MAI	\$1,000,000.00

It is recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$1,950,000.00 and that the minimum initial annual rental bid be established at

6% of the property's fair market value or \$117,000.00.

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 5.95 acres located at 3154 S. California Avenue in Chicago, Illinois, and known as Main Channel Parcels 42.05 and 42.16 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 5.95 acres of real estate be established at \$1,950,000.00 and that the minimum initial annual rental be established at 6% thereof or \$117,000.00.
3. The Director of Procurement and Materials Management be authorized to advertise said 5.95 acres of real estate as available for lease for a term of ten (10) years at the minimum initial annual rental bid of \$117,000.00 and report the results of the bidding to the Board of Commissioners for further action.
4. A waiver of Board policy requiring that the minimum acceptable annual rental bid amount be established at 10% of the established fair market value be approved.

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 17-360-12 (REBID) for public tender of bids a 10-year lease on 5.95 acres of District real estate located at 3154 S. California Avenue in Chicago, Illinois; Main Channel Parcels 42.05 and 42.16. The minimum initial annual rental bid shall be established at \$117,000.00.

Requested, Ronald M. Hill, General Counsel, RMH:SM: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 March 16, 2017

Attachment