



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 17-1098, Version: 1

TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 19, 2017

COMMITTEE ON REAL ESTATE

Mr. David St. Pierre, Executive Director

Authority to issue a six (6) month permit extension to Connelly-GPM, Inc. on approximately 5.95 acres of District real estate located at 3154 S. California Avenue in Chicago, Illinois; Main Channel Parcels 42.05 and 42.16. Consideration shall be \$97,500.00

Dear Sir:

Connelly-GPM, Inc. ("Connelly") previously leased approximately 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 under two separate leases. The lease on Parcel 42.05 comprised 4.63 acres, commenced May 1, 1918, and expired April 30, 2017. The annual rent was \$1,410.00. The lease on Parcel 42.16 comprised 1.32 acres, commenced February 1, 1999, and expired April 30, 2017. The annual rent under this lease was \$41,004.00. Connelly uses the sites to operate an iron sponge manufacturing business. Connelly was in the process of selling its business but requested that the new entity continue leasing the site for a 10-year term. Connelly currently occupies the parcels under an interim permit that commenced May 1, 2017 and, as extended, expires October 31, 2017. The permit fee is \$16,250.00 per month.

As a result of Connelly's request, the Board of Commissioners ("Board") authorized the advertisement of Contract 17-360-11 for the public tender of bids a 10-year lease on the subject property for a minimum initial annual rental bid of \$195,000.00. The bid opening was January 24, 2017, and no bids were received. As no bids were received, on March 16, 2017, the Board authorized the re-bid of the site at the statutory minimum initial annual rental bid of 6% of the highest of the three appraised values and established the minimum initial annual rental bid amount at \$117,000.00. The bid opening was set for April 18, 2017, and one bid was submitted by Connelly-GPM Environmental, LLC ("CGPM"), the potential purchaser of Connelly. The bid was rejected as being non-responsive. CGPM requested that the site be re-advertised again to allow it the opportunity to re-bid. The site was again re-advertised as available for lease for a minimum bid of \$117,000.00. The bid opening was June 4, 2017. CGPM submitted a bid in the amount of \$118,000 (6.05% of the appraised fair market value), which the Board accepted on July 6, 2017. Connelly has advised that the sale of its business to CGPM is not proceeding, and CGPM has, therefore, elected not to proceed with the lease. Connelly, therefore, has requested that the site be re-advertised again to allow it the opportunity to bid.

As Connelly's permit expires October 31, 2017, a six (6) month permit extension allowing continued occupancy of the site is recommended. This six (6) month permit extension will provide time for the re-bid of the lease, and will provide Connelly the additional time to vacate the site, if not the successful bidder.

A permit fee of \$97,500.00 is recommended as such fee represents the pro-rata share of 10% of the site's current appraised fair market value of \$1,950,000.00.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize the issuance of a six (6) month permit extension to Connelly-GPM, Inc. on approximately 5.95 acres of District real

estate located at 3154 S. California Avenue in Chicago, Illinois; Main Channel Parcels 42.05 and 42.16. Consideration shall be \$97,500.00.

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

Requested, Susan T. Morakalis, General Counsel, STM:CMM:vp

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, David J. Walsh, 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 October 19, 2017

Attachment