



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 OCTOBER 19, 2017

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authority to advertise Contract 17-366-11 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 September 1, 2016, the Board of Commissioners ("Board") authorized the commencement of statutory procedures to lease the subject property located at 3154 S. California Avenue in Chicago, Illinois and known as Main Channel Parcels 42.05 and 42.16. Connelly-GPM, Inc. ("Connelly") previously leased the site 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 used the property under both leases to operate an iron sponge manufacturing business. Since expiration of the leases, Connelly has occupied the site pursuant to a District permit that commenced May 1, 2017 and, as extended, expires October 31, 2017. The permit fee is \$16,250.00 per month. The Board previously authorized advertising a lease of the site for public tender of bids at 6% of the appraised fair market value, but the successful bidder, Connelly-GPM Environmental, LLC ("CGPM") elected not to proceed with the lease. A companion transmittal letter is on this agenda seeking to rescind the Board Order that had authorized the Director of Procurement and Materials Management to accept the initial rental bid submitted by CGPM. Another companion transmittal letter is on this agenda seeking to extend Connelly's permit an additional 6 months, until April 30, 2018, for a permit fee of \$97,500.00.

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.

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 17-366-11 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, Susan T. Morakalis, General Counsel, STM:CMM:vp

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Recommended, David St. Pierre, Executive Director

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 October 19, 2017

Attachment