



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 18-1333, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF DECEMBER 20, 2018

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authority to advertise Contract 19-361-11 for public tender of bids a 99-year lease on 24.69± acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01. The minimum initial annual rental bid shall be established at \$750,000.00

Dear Sir:

On October 19, 2017, the Board of Commissioners ("Board") authorized the commencement of statutory procedures to lease the subject District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01 for a 39-year term. The site is currently vacant. The lead applicant, Heidner Property Management Co. ("Heidner Property"), had requested to lease the parcel for a 39-year term, but withdrew its request. A new lead applicant, Ala Carte Entertainment ("Ala Carte"), now requests to lease the parcel for a 99-year term for use in conjunction with its business operations of developing, owning and managing restaurants, banquet facilities, pubs, nightclubs and entertainment venues in the Chicagoland area. A lease term longer than 39 years is requested to allow Ala Carte to obtain the necessary financing for the development of this site.

On July 16, 1958, the Illinois State Toll Highway Authority ("Tollway") obtained a permanent easement from the District allowing the Tollway to construct and maintain part of the I-294 Tri-State Route ("I-294") on District land located adjacent to Parcel 31.01. The Tollway seeks to expand the number of I-294's lanes under a project known as the I-294 Central Tri-State Corridor Project ("Tollway Project"). Under the Tollway Project, which is expected to commence in 2019, the Tollway will be seeking to acquire from the District approximately 5 acres of the southwest portion of Parcel 31.01, and to use an additional approximately 6 acres of Parcel 31.01 for construction staging purposes under a 5-year permit. Accordingly, any lease of Main Channel Parcel 31.01 would be subject to any sale or permit to the Tollway authorized by the Board at a subsequent Board meeting.

Pursuant to statute, Heidner Property 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)	\$7,500,000.00
Property Valuation Advisors, Inc. Brian D. Flanagan, MAI	\$5,375,000.00
Kelly Appraisal Consultants, Inc. Patrick M. Kelly, MAI	\$4,265,000.00

It is recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$7,500,000.00, and that the minimum initial annual rental bid be established at 10% of the property's fair market value or \$750,000.00.

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 24.69± acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01, 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 24.69± acres of District real estate be established at \$7,500,000.00, and that the minimum initial annual rental be established at 10% thereof or \$750,000.00.
3. The Director of Procurement and Materials Management be authorized to advertise said 24.69± acres of real estate as available for lease for a term of ninety nine (99) years at the minimum initial annual rental bid of \$750,000.00, 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 19-361-11 for public tender of bids a 99-year lease on 24.69± acres of District real estate located between I-294 and LaGrange Road in Willow Springs, Illinois; Main Channel Parcel 31.01. The minimum initial annual rental bid shall be established at \$750,000.00.

Requested, Susan T. Morakalis, General Counsel, STM:CMM:BJD: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 December 20, 2018

Attachment