



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 09-1870, Version: 1

TRANSMITTAL LETTER FOR BOARD MEETING OF JANUARY 7, 2010

COMMITTEE ON REAL ESTATE

Mr. Richard Lanyon, Executive Director

Authority to issue a 5-year permit extension to Shore Community Services, Inc. for it to continue to operate a school for the developmentally disabled on approximately 2.58 acres of District real estate located at 2525 Church Street, in Evanston, Illinois, c/k/a North Shore Channel Parcel 3.04. Consideration shall be a nominal fee of \$10.00 (*Deferred from the December 17, 2009, Board Meeting*) "AS AMENDED BY FILE #09-1870A, THIS DATE"

Dear Sir:

Since 1959, Shore Community Services, Inc. ("Shore") has operated a school for the developmentally disabled on approximately 2.58 acres of improved District property located at 2525 Church Street, Evanston (c/k/a North Shore Parcel 3.04). The subject land is improved with a building that houses the school and administrative offices. Shore initially occupied the property under a 50-year lease that expired in February 2009. Upon expiration of the lease, the Board authorized the issuance of a 12-month permit to allow Shore to continue to occupy the site while certain options were considered with respect to Shore's request for a new long term lease for continued use of the property. The current 12-month permit expires February 28, 2010. The consideration for the lease and the permit was a nominal fee.

After review of Shore's request for a new long term lease the Law Department opined that Shore could be considered an "academic institution of learning" as that phrase is used in the District's leasing statute. For such institutions, state law allows the District to issue a lease without competitive bidding, and such an offer was extended to Shore. Customarily, the annual rental for academic institutions is established at 4% to 6% of the property's appraised fair market value (fmv) instead of the minimum of 10% of fmv required for leases to private parties. Shore indicates it is unable to even afford the reduced rental typically required of academic institutions. There were no other viable alternatives that would allow Shore to be issued the long term lease it desired.

Shore has requested that in view of the afore-stated facts that the District allow it a period of time to pursue an alternative and more affordable locations or option for the operation of its school. Toward that end, it is proposed that Shore be issued a final 5-year permit extension to occupy the site during which time it must find a new location. Upon the end of the 5-year term, Shore will be required to have vacated the site. This matter has been discussed with Shore and it understands the District's position and lack of alternatives. It is proposed that the consideration for this final 5-year permit remain the same as for the lease and permit, i.e., a nominal fee of \$10.00.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize and approve the issuance of a 5-year permit extension to Shore Community Services, Inc. for approximately 2.58 acres of District real estate located at 2525 Church Street, in Evanston, Illinois, c/k/a North Shore Channel Parcel 3.04, to locate an alternate location and vacate the permit premises. Consideration shall be a nominal fee of \$10.00.

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

Requested, Frederick M. Feldman, General Counsel, FMF:CL:JCC:rg

Recommended, Richard Lanyon, Executive Director

Respectfully Submitted, Terrence J. O'Brien, 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 January 7, 2010

Attachment