



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 10-0345, Version: 1

TRANSMITTAL LETTER FOR THE BOARD MEETING OF MARCH 18, 2010

COMMITTEE ON REAL ESTATE

Mr. Richard Lanyon, Executive Director

Issue Orders Authorizing (1) the Early Surrender by Oakton-McCormick LLC of its Lease, dated December 7, 2000, by and between the District, as Lessor, and Oakton-McCormick LLC, as Lessee, for a 10-Year Term that Commenced on January 1, 2001 and Expires on December 31, 2010, on 2.52 Acres of Land Located at 3219 Oakton Street in Skokie, Illinois; North Shore Channel Parcels 6.06 and 6.07 and (2) Issuance of a 33-Month Permit to Monarch Asphalt Company for the Continued Use of 4.51 Acres of District Land located at 3219 Oakton Street, Skokie, Illinois; North Shore Channel Parcels 6.11, 6.06 and 6.07, consideration shall be an initial monthly fee of \$8,000.49

Dear Sir:

Monarch Asphalt Company leases 1.99 acres of District land (North Shore Channel Parcel 6.11) under a lease (L-120) which expires on April 14, 2010. Oakton-McCormick LLC leases an adjoining 2.52 acres of District land (North Shore Channel Parcels 6.06 and 6.07) under a lease (L-237) which expires on December 31, 2010. Tenants are entities owned by the same principals and these adjoining sites are used together for the operation of an asphalt plant and ancillary operations thereto.

Tenants were advised that their leases would not be renewed as they were not in conformity with District policy relating to the North Shore Channel Leasing Criteria (wherein land is only to be used for green space and public recreational purposes). However, the sites are environmentally contaminated as a result of the Tenants' operations during the lease term. Because Tenants' leases do not expire simultaneously, the early surrender of the Oakton-McCormick lease is being recommended so that Tenants can remediate their leaseholds under one comprehensive Permit that commences upon the expiration of the Monarch Asphalt Company lease. Tenants are requesting to remain on site to remediate and vacate beyond the lease expiration dates, i.e., until December 31, 2012. Tenants are also requesting to continue to operate during remediation activities to the extent such is possible.

Tenants currently pay a combined monthly rent of \$6,703.20 for all parcels. Oakton-McCormick has paid its rent under its lease through December 31, 2010. Accordingly, the Permit fee for the remainder of 2010 reflects the current FMV rental on the Monarch leasehold, based on comparable appraisals of nearby sites. Under the Permit, Tenants will pay \$4,179.85 from April 14 to April 30, 2010, \$8,000.49 per month for May through December 2010, and \$18,008.43 per month in 2011 and 2012 which represents an \$11,303.43 monthly increase over its current rent. Additionally, Tenants will be required to post a \$750,000.00 bond as security for insuring that they remediate and vacate the site properly.

The Site Remediation Section has approved the remediation plan and the proposed clean-up schedule. Any Permit that is given to Tenants will require that the property be vacated and remediated to TACO Tier 1 residential standards.

It is requested that the Executive Director recommend to the Board of Commissioners that it (1) authorize the

early surrender of Oakton-McCormick's lease and (2) issue a 33-month Permit to Monarch Asphalt Company for the continued use of approximately 4.51 acres of District real estate located at 3219 Oakton Street, Skokie, Illinois; North Shore Channel Parcels 6.11, 6.06 and 6.07. Consideration shall be an initial monthly fee of \$8,000.49.

It is also respectfully requested that the Executive Director recommend to the Board of Commissioners that it authorize and direct the Chairman of the Committee on Finance and the Clerk to execute the District's consent to early surrender of the lease and any other termination documents and said Permit Agreement on behalf of the District after it is approved by the General Counsel as to form and legality.

Requested, Frederick M. Feldman, General Counsel, FMF:CL:STM:BOC:jvs

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 March 18, 2010

Attachment