



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 SEPTEMBER 16, 2010

COMMITTEE ON REAL ESTATE

Mr. Richard Lanyon, Executive Director

Authority to advertise for public tender of bids for a 7-year lease of approximately 3.78 acres of improved District real estate at 4801 S. Harlem Avenue in Forest View, Illinois, and known as Main Channel Parcel No. 37.11. The minimum initial annual rental bid shall be established at \$120,000.00.

Dear Sir:

SPI Petroleum ("SPI"), LLC, occupies approximately 3.78 acres of District land located at 4801 S. Harlem Avenue in Forest View, Illinois, (c/k/a Main Channel Parcel 37.11) to operate a trucking and bulk liquid storage warehouse terminal. SPI's occupancy is pursuant to a permit that expires February 28, 2011. The subject site is improved with a warehouse, office building, and liquid storage tanks. Upon expiration of the lease for the property, a permit and extensions thereof was authorized by the Board of Commissioners ("Board") to allow continued use of the site pending completion of the statutory leasing procedures and the award of a new lease.

A new lease for the site was previously advertised but the Board rejected the sole bid because, after careful review, the bidder was deemed not to be a financially responsible entity. The Board had established the initial minimum annual rental bid at \$110,000.00 - the rejected bid was in the amount of \$120,000.00. The rejected bidder was an entity related to the permittee but without the resources and longevity of the permittee.

At its meeting on December 3, 2009, the Board authorized the re-advertisement of a new lease of the subject site. Because the lead applicant remained the permittee, a condition of the re-advertisement was that the minimum bid be established at the amount previously bid, or 10% of the appraised value, whichever is greater. At the December 3, 2009 meeting the Board determined the fair market value of the property to be \$1,000,000.00 (highest appraised value) and the minimum initial annual rental was established at 12% or \$120,000.00 for reasons previously stated. Because of the lapse of time and other issues related to the appraisals, the property was not advertised and the appraisals were subsequently updated. The results of the updated appraisals are as follows:

<u>Appraiser</u>	<u>Value</u>	
1. Byrnes, Houlihan & Walsh, LLC (Kevin Byrnes)	\$1,170,000.00	(District) (Increased)
2. Konrath & Company (John P. Konrath)	\$ 700,000.00	(No change)
3. S.A.S. Inc. (Robert W. Schlitz)	\$ 650,000.00	(No change)

In accordance with District policy, it is recommended that the new fair market value of the property be established at the highest of the three appraisals or \$1,170,000.00, instead of the previous amount of \$1,000,000.00. And, that the minimum initial annual rental bid is established at 10.25% of the property's fair market value, or \$120,000.00. This percentage is recommended instead of the customary 10% for the reasons earlier stated.

It is requested that the Executive Director recommend to the Board of Commissioners that it authorize the following orders.

1. That the improved real estate consisting of approximately 3.78 acres located at 4801 S. Harlem Avenue in Forest View, Illinois, and known as Main Channel Parcel No. 37.11, as depicted in the Exhibit attached hereto, remains surplus and not currently required for the District's corporate purposes and available for lease as set forth herein.
2. That the fair market value of the approximately 3.78 acres of improved real estate be established at \$1,170,000.00 and the minimum initial annual rental be established at 10.25% of \$1,170,000.00 or \$120,000.00.
3. The Director of Procurement and Materials Management be authorized and directed to advertise the said approximately 3.78 acres of improved real estate as available for lease for a term of 7-years at the minimum initial annual rental bid of \$120,000.00 and report the results of the bidding to the Board of Commissioners for further action.

It is recommended that the tentative schedule for this lease be as follows:

Advertise	October 19, 2010
Bid Opening	November 16, 2010
Award	January 20, 2011

It is also requested that the Executive Director recommend to the Board of Commissioners that it authorize and direct the Director of Procurement and Materials Management to advertise for public tender of bids for a 7-year lease the approximately 3.78 acres of improved District real estate at 4801 S. Harlem Avenue in Forest View, Illinois, and known as Main Channel Parcel 37.11. The minimum initial annual rental bid shall be established at \$120,000.00.

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

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management and 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 September 16, 2010

Attachment