



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 NOVEMBER 4, 2010

COMMITTEE ON REAL ESTATE

Mr. Richard Lanyon, Executive Director

Ratification of the Executive Director's execution of a 5-day Permit for Ford Motor Company to enter unto a portion of District land c/k/a "Stony Island Drying Beds" to do site preparatory work; and, authority to amend the permit to extend the term by 6-months and to allow Ford to use the property for the temporary storage of new vehicles manufactured at the Ford Motor Company Assembly Plant located at 12600 S. Torrence Avenue in Chicago, consideration for the amended permit shall be a monthly permit fee of not less than \$59,400.00, said monthly fee subject to upward adjustments in accordance with the terms and conditions stated herein

Dear Sir:

The District is in receipt of a request from Ford Motor Company ("Ford") to use a portion of the District's Stony Island Drying Beds, located west of Torrence Avenue and north of the Calumet River, for the temporary storage of new vehicles to be built at the nearby Ford Assembly Plant at 12600 S. Torrence Avenue, Chicago, Illinois. The Stony Island Drying Beds historically have been used by the District for activities related to processing bio-solids, including drying, topsoil blending, and "cake" storage. For operational and identification purposes the site is divided into 7 cells with six of the cells further divided into north and south sections. A map depicting same is attached hereto.

Ford has indicated that it will be re-launching its new Ford Explorer over the next few months. This vehicle will be manufactured at its Torrence Avenue plant in large numbers and their on-site storage capacity cannot accommodate all of the new vehicles before they are shipped to the dealers. Ford reports that a temporary storage site for the new vehicles is critical to keeping its assembly lines at full production. The proximity of the subject District land to the Ford Plant, the size of the parcel, and its flat surface satisfies all of Ford's needs for a temporary storage area. Thusly, Ford has requested that the District permit it to temporarily store between 5,000 and 8,000 new vehicles at the subject location.

The District's M&O Department has indicated that a portion of the site could be made available for Ford's use during the requested time period (November thru April). A District contractor will require use of the easternmost cells (a/k/a Cell Nos. 5, 6 and 7) for topsoil blending operations, and possible "cake" storage and therefore those cells would be unavailable. Because the contractor's work would not be incompatible with the requested use, the remainder of the site could be made available as it is not scheduled for use by the District during the relevant time period. There are no technical objections to making the unused cells available for the requested use.

It is anticipated that Ford will require the use of a minimum of 27 acres of the subject site, possibly more. The 27 acres would include Cell # 1 south (5 acres), Cell #2 (14 acres), and Cell #3 north (8 acres). A permit fee for use of the land calculated in accordance with Board policy and assigning a market value at the high end of the value range would result in a permit fee of \$59,400.00 per month (\$2,200 per acre x 27 acres - monthly). If Ford needed to use any portion of the additional available cells it would be required to pay rental for the entire cell. Accordingly, if any part of Cell 3 south, 4 north, or 4 south was used, the monthly fee would

increase by \$17,600 per cell or part of the cell used (each of the remaining cells are 8 acres; accordingly, fee per cell equals 8 [acres] x \$2,200 or \$17,600). In sum, the minimum monthly fee would be \$59,400.00 with a possible maximum monthly fee of \$112,200.00 if Ford used all the available land. Ford will also be required to reimburse the District for any incidental costs the District incurs as a result of Ford's use of the premises, e.g., utility costs.

The permit agreement would allow for early termination by either party. The permit will further contain the District's standard permit terms including the required insurance coverage and indemnification. Ford would be required to provide its own security staff, who would be permitted to use District washroom facilities located at the site. Ford would further be permitted to temporarily install a remote computer and DSL line in the District's building at the site. No other use of the building is contemplated. Upon expiration or termination of the permit Ford will be required to remove its property and restore the premises to its former or better condition.

The Board is first requested to ratify the Executive Director's execution of a 5-day permit that was issued to allow Ford to access the site to do advance work to prepare the site. This was necessitated by the fact that Ford is operating under a very strict timeline and will be in crisis mode if it does not have a storage site ready for the vehicles during the first week of November. In order for the District site to be considered a viable option, the advance preparatory work needed to take place prior to the Board meeting of November 4th. Accordingly, a 5-day permit was executed by the Executive Director to allow Ford limited access to do the necessary preparatory work. This preparatory work includes removal of weeds, painting stripes for parking, the placement of jersey barriers for security purposes, and bringing temporary lighting unto the site. M&O had no objections to the proposed prep work. Ford was assessed a document preparation fee of \$2,000.00.

Ford understands that the issuance of the 5-day permit to do advance work does not constitute approval of its request to store vehicles at the site. The 5-day permit agreement clearly sets forth in bold letters that any work done to prepare the site is done at Ford's sole expense, risk, and peril and with full understanding that the District has not yet decided whether its request to store vehicles will be granted, and, that no permit may issue for the requested storage unless and until the request is considered and approved by the District's Board of Commissioners. It has been further advised that is in the Board's sole discretion as to whether it will be permitted to use the site as requested regardless of its preparatory work. Provided the Board ratifies the permit, it is also requested that it authorize the amendment of same to allow for the use requested by Ford as stated herein.

It is requested that the Executive Director recommend that the Board of Commissioners:

1). Ratify the Executive Director's execution of a 5-day permit for Ford Motor Company to enter unto a portion of District land c/k/a "Stony Island Drying Beds" to do site preparatory work - consideration is a document preparation fee of \$2,000.00; and, 2.) authorize and approve an amendment to the permit to extend the term by 6-months and to allow Ford to use a portion of property for the temporary storage of new vehicles manufactured at the Ford Assembly Plant at 12600 S. Torrance Avenue, Chicago, Illinois. Consideration for the amended permit shall be a monthly permit fee of not less than \$59,400.00 and subject to the terms and conditions stated herein.

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 amendment to permit agreement after it is approved by the General Counsel as to form and legality.

Requested, Frederick M. Feldman, General Counsel, FMF:CL: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 November 4, 2010

Attachment