



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 17-0943, Version: 1

TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 14, 2017

COMMITTEE ON PROCUREMENT

David St. Pierre, Executive Director

Authority to advertise Contract 17-365-11 for public tender of bids a 20-year lease on 23.95 acres of District real estate located at 4801 South Harlem Avenue in Forest View, Illinois; Main Channel Parcel 37.04. The minimum initial annual rental bid shall be established at \$590,000.00

Dear Sir:

On February 2, 2017, the Board of Commissioners authorized the commencement of statutory procedures to lease 23.95 acres of District real estate located at 4801 South Harlem Avenue in Forest View, Illinois, and known as Main Channel Parcel 37.04, for a 20-year term. The site is currently occupied by Petroleum Fuel & Terminal Company ("PF&T") pursuant to a lease that commenced January 1, 1993, and expires December 31, 2018. PF&T seeks to continue leasing the property for the purpose of operating and maintaining an oil terminal and storage facility. PF&T's rent under its current lease is \$299,619.00.

Pursuant to statute, the lead applicant, PF&T, 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)	\$5,900,000.00
Pillar Appraisal, Inc. John R. Pogacnik, MAI	\$1,750,000.00
Real Estate Analysis Corporation Alan R. Geerdes	\$2,730,000.00

It is recommended that the subject real estate's fair market value be based upon the highest of the three appraisals and established at \$5,900,000.00, and that the minimum initial annual rental bid be established at 10% of the property's fair market value or \$590,000.00.

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 23.95 acres of District real estate located at 4801 South Harlem Avenue in Forest View, Illinois, and known as Main Channel Parcel 37.04, 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 23.95 acres of real estate be established at \$5,900,000.00, and that the minimum initial annual rental be established at 10% thereof or \$590,000.00.
3. The Director of Procurement and Materials Management be authorized to advertise said 23.95 acres of real estate as available for lease for a term of 20-years at the minimum initial annual rental bid of \$590,000.00, 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 17-365-11 for public tender of bids a 20-year lease on 23.95 acres of District real estate located at 4801 South Harlem Avenue in Forest View, Illinois; Main Channel Parcel 37.04. The minimum initial annual rental bid shall be established at \$590,000.00.

Requested, Susan T. Morakalis, Acting General Counsel, STM:CMM: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 September 14, 2017

Attachment