



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 18-0343, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 5, 2018

COMMITTEE ON REAL ESTATE

Mr. David St. Pierre, Executive Director

Consent to sublease between Lakeshore Recycling Systems, LLC and Ozinga Materials, Inc. of 6.75 acres of the Lakeshore leasehold located at 3151 South California Avenue in Chicago, Illinois; Main Channel Parcel 42.06. Consideration shall be an annual fee of \$34,883.46

Dear Sir:

On November 17, 2016, the Board of Commissioners awarded a 20-year lease to Lakeshore Recycling Systems, LLC ("Lakeshore") on 11.97 acres of District real estate located at 3151 South California Avenue in Chicago, Illinois and known as Main Channel Parcel 42.06 (the "Lease"). The leased premises are improved with a one-story office building ("office building"), a scale for weighing trucks ("scale"), and a dock area for loading and unloading barges ("dock area"). The Lease commenced June 1, 2017, and expires May 31, 2037. The current annual rent is \$387,000.00. Lakeshore uses the site as a recycling facility and concrete manufacturing business, and loads and unloads barges. The Lease allows Lakeshore to sublease, subject to the District's prior written consent.

Lakeshore has requested permission to sublease the eastern 4.35 acres of its leasehold, the office building and scale, and the dock area, for a total of 6.75 acres, to Ozinga Materials, Inc. ("Ozinga") for a period of ten (10) years, with the option to renew the sublease for another five (5) years. Ozinga proposes to use the subleased portions to operate a ready mix concrete plant, recycle concrete materials, concrete crushing, materials handling and transloading, materials stockpiling, barge fleeting, and barge cleaning. Such uses are in conformity with the permitted uses under Lakeshore's Lease. The proposed rent under the sublease is \$24,000.00 per month, or \$288,000.00 annually.

Under the Lease, the District is entitled to 50% of the rent received by Lakeshore from any sublease in excess of what Lakeshore is paying with respect to its proportionate share of rent for the subleased area. Lakeshore's proportionate share of the annual rent for the subleased area is \$218,233.08, whereas the proposed annual sublease fee from Ozinga is \$288,000.00. Because Lakeshore's profit is \$69,766.92, an annual fee of \$34,883.46 will be assessed. The technical departments have no objection to the proposed sublease to Ozinga.

It is requested that the Executive Director recommend to the Board of Commissioners that it consent to the sublease between Lakeshore Recycling Systems, LLC and Ozinga Materials, Inc. of 6.75 acres of the Lakeshore leasehold located at 3151 South California Avenue in Chicago, Illinois; Main Channel Parcel 42.06. Consideration shall be an annual fee of \$34,883.46.

It is also 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 Consent to Sublease on behalf of the District after it is approved by the General Counsel as to form and legality.

Requested, Susan T. Morakalis, General Counsel, STM:CMM:PS:vp

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, David J. Walsh, 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 April 5, 2018

Attachment