



TO: Board of Directors **DATE: June 7, 2024**

FROM: Jim Derwinski, CEO/Executive Director

SUBJECT: Harvey Warehouse Report and Information

In the folder, you will find two warehouse-related documents. The first file, titled “Harvey Warehouse June Board 060724 R10-1 final”, contains slides with answers to questions that have been asked about the warehouse project since the May 2024 board meeting.

The “Warehouse Search 5.28.24 r1” file is a spreadsheet summarizing information on several warehouses currently on the market in the Chicago area that could possibly be alternatives to the Harvey location. This is based on an initial search by the Metra Real Estate team, as was requested.

We caution that no inspections or evaluations have been performed. This means that the costs of any additional improvements needed to ensure these buildings meet the user needs, meet the local building/zoning codes, and are in a state of good repair, are not known and not included.

CAPITAL DELIVERY HARVEY WAREHOUSE JUNE BOARD REPORT

June 12, 2024 revision 1



BUILDING INFORMATION

1. Building's purpose

- Provide securing, storing & staging of materials for capital projects and equipment overhaul
- Support "Hub and Spoke" system to centralize receiving functions

2. Building purchase amount

- \$6.83M

3. Building square footage

- Warehouse building: 153,945 sf
- Total site: 455,773 sf



VILLAGE OF HARVEY PERMIT AND ZONING REQUIREMENTS

4A Permits

- City of Harvey permits for paving, fencing, etc.: \$26K
- Occupancy permits
- Buildout permits

4B Zoning

- Site is currently partially in Light Manufacturing (LM) and partially in Highway Commercial (HC) boundaries
- City of Harvey has taken the position that site must be rezoned for warehouse use because warehousing is allowable by LM zoning but not HC zoning
- Request made to City (April 9, 2024) to rezone as LM. City is continuing through the formal process to respond
- Improvements will be designed to address zoning code requirements
- Zoning must be complete prior to application for building construction permits



ROOFING AND HEATING

5. Roof replacement and heating units

- Roof replacement (construction mgmt. & contractor): \$6.4M
 - New roofing was completed Q1, 2023.
- Gas fired heaters (purchased and mounted): \$31.9K
 - 9 new heaters (gas lines and vents are not yet connected)
 - 4 existing heaters remain operational



SIGNAGE, FENCING, AND PARKING

6. Replacement/new exterior lighting

- Exterior light post removal: \$13K
- Exterior lighting: \$5.6K

7. Signage

- Property sign repair & installation: \$26.9K

8. Fence installation

- Perimeter fence: \$70.2K

9. Parking lot pavement

- Parking lot resurfacing: \$702K



PAINTING, LIGHTING, AND CAMERAS

10. Painting

- Exterior paint: \$7K

11. Lighting fixtures

- Interior fixtures & associated electrical: \$130.8K

12. Cameras and motion detection system

- Camera and Motion Detection Installation: \$9.6K
 - 1 Door access panel
 - 2 Interior cameras
 - 1 Exterior camera
 - 7 Motion detectors
 - 30 Door contact sensors
 - Emergency exit & overhead doors wired to alarm panel



FIRE SUPPRESSION & SPRINKLING SYSTEMS

13. Repair to the Fire Suppression/ Sprinkling System, and all other repairs made, e.g. plumbing to resolve flooring issue

Pressure testing of the fire system identified leaks in underground piping. Repairs were completed January 2024.

- Fire alarm and suppression: \$44K
- Fire controller: \$91K
- Fire sprinkler and alarm control panel updates under way



MAIN UNDERGROUND ROOF DRAIN

14. Repair to main underground roof drain

Water was found to be backing up onto warehouse floor during heavy rain events. Metra Engineering with PMO repaired a failed underground drain Dec 2023. Comprehensive drainage analysis will be included in design scope.

- Repair to main underground roof drain: Costs included in Metra Labor cost on next slide



BUILD-OUT AND LABOR HOURS

15. Buildouts

- Materials for office build-out: \$118K
- Pallet racking (material): \$464.3K

16. Labor hours related to build-out

- Pallet racking installation: \$93K
- Metra Labor (various activities): \$1.85M
- General Construction (interior): \$136.3K



PRELIMINARY DESIGN

17. PMO team preliminary design

In late 2020, the PMO was directed to develop alternatives for an upgraded or new warehouse:

1. *Existing building (base option) with extensive rehabilitations: \$33.8M*
 2. *New build of base option: \$41.5M*
 3. *New build of optimized size (reduced footprint): \$37M*
 4. *Base option with only selective refurbishments: \$26.6M*
- The PMO was also directed to prepare engineering concept documents for later use by contractors
 - Cost of this work: \$688K
 - The concept documents represent 10% level of design. Preliminary design, which reflects about 30% level of design, is the next step
 - If the project advances, contractors (not PMO) will perform preliminary design, final design, and reconstruction



EQUIPMENT PURCHASED

18. Equipment purchased

- 26-Foot electric scissor lift: \$21K
- Hybrid floor scrubber: \$63K



OUTSIDE COUNSEL FEES

19. Any outside counsel fees including the land surveying companies

- Metra In-House Counsel handled acquisition and closing (zero outside cost)
- Outside counsel support: \$22.6K
 - Assisted with the zoning application
 - Addressed associated fine
 - Active from 7/2023 - 1/2024



DEMOLITION OF BUILD-OUT

20. Demolish previous build-outs - including but not limited to storage rack and any other materials removed e.g. flooring

- Office space not yet demolished, will be included in construction contract
- Storage racking not yet removed, but will be removed for building construction, then will be re-installed
- No flooring has been removed except related to water repairs previously described



30% DESIGN ESTIMATE

21. Estimation to get to 30% Design

Estimate for consultant to perform Preliminary Engineering: \$700K - \$1 million



EXPENDITURES TO DATE

22. What did the \$17 million spent so far cover

Property Acquisition	\$6.83M	Office Build-Out	\$118K
Permit Fees	\$26K	Fire Alarm and Suppression	\$44K
Parking Lot Resurfacing	\$702K	Fire Controller	\$91K
Roof Replacement	\$6.03M	Warehouse Equipment	\$84K
CM for Roof Replacement	\$383.8K	Pallet Rack Materials	\$464.3K
Gas Fired Heaters (purchase only)	\$31.9K	Pallet Rack Installation	\$93K
Exterior Light Post Removal	\$13K	Asbestos Abatement Design	\$53K
Property Sign Repair and Installation	\$26.9K	Abatement	\$95.4K
Exterior Lighting	\$5.6K	2021 Concept Design PMO	\$688.2K
Exterior Paint	\$7K	Labor (Metra)	\$1.85M
Perimeter Fence	\$70.2K	Expended to Date	\$17.9M
Interior Electrical and Lighting	\$130.8K	Committed, Not Spent	\$47K
Cameras and Motion Detection	\$9.6K		
General Construction	\$136.3K		

BUDGET INFORMATION

23. Budget

Board approved:

- 2020 Capital Program: \$10M of Rebuild IL Bonds
 - Approved in February 2020 Capital Program Amendment
- 2021 Capital Program: \$4M of FTA Funds
 - \$2M Approved in the original 2021 Capital Program (Nov 2020)
 - \$2M Transferred through a budget revision (Oct 2021)
- 2022 Capital Program: \$4.7M of FTA Funds
 - \$1.7M Approved in the original 2022 Capital Program (Nov 2021)
 - \$3M Approved in June 2022 Capital Program Amendment
- 2023 Capital Program: \$1M of FTA Funds and \$18M of METCAP
 - \$1M Approved in the original 2023 Capital Program (Nov 2022)
 - \$18M Approved in November 2023 Capital Program Amendment

	2020	2021	2022	2023
Rebuild IL	\$10M			
FTA		\$4M	\$4.7M	\$1M
METCAP				\$18M
			TOTAL	\$37.7M



SCHEDULING

24. Scheduling (subject to board direction)

- Design consultant preliminary design tentative start date: Q3, 2024
- Anticipated start of construction: Q4, 2025



PROPERTY

25. Who identified the property prior to Executive Leadership Team (ELT) approving the purchase?

- We do not know at this time
- Multiple sites were discussed
- Specific staff is not known



OUTDOOR STORAGE

26. As we have learned that outdoor storage will not be permitted does this site still meet our original needs? If not, are there other needs the site could fulfill with minor improvements? And if so, what could/would the outdoor acreage be used for?

- The site does meet the requirements without outdoor storage
- The possibility of outdoor storage was originally discussed with the City to explore temporary use before and during reconstruction
- Outdoor storage is not currently planned



COMMERCIAL REAL ESTATE

27. Reaching out to Commercial Real Estate experts, what is the current value of the site as is and is there a current market for the sale of said site?

- A Metra appraiser spoke with commercial brokers and determined that the property would sell in its current "as is" condition between \$9.2M and \$10.4M
- The appraiser stated that the property's strengths are its location with direct access to the expressway system, proximity to the Canadian National Railway Intermodal Terminal, up to 30-foot-high ceilings, and its loading doors
- Brokers interviewed were fairly confident that a market exists for the property



TRANSACTION HISTORY

28. A full list of all transactions between Metra and Summit Laboratories, including those preceding, simultaneous with, and after the purchase of the Harvey Warehouse, including dates, amounts, and items purchased. This should include transactions falling within Derwinski's spending authority but not rising to the level of requiring board approval.

There were two contracts with Summit Laboratories, Inc. and the property purchase:

Real Estate

- Property Purchase 10/8/20 \$6.83 million

Purchase Orders and Payment History:

PO#	Date	Description	Amount	Comments
• PO0072953	3/26/20	125,184 Bottles of Hand Sanitizer	\$249,958.80	N/A
• PO0073396	3/31/20	256,392 Bottles of Hand Sanitizer	\$499,964.40	Note: This

was done as an emergency procurement.



METRA AND SUMMIT LABORATORIES

29. Whether any individuals employed by Summit Laboratories, subsidiaries, affiliates, or businesses holding the same address have done business with Metra and, if so, the details.

- IT ran a query and to the best of Metra's knowledge, there were no other contracts with Summit Laboratories, Inc. or related entities



METRA AND SUMMIT LABORATORIES

30. An accurate description of the relationship between Metra and Summit Laboratories which led to the purchase, including any professional or non-business relationships among Derwinski, McCann, and those affiliated with Summit Laboratories.

- There are no known relationships other than the purchase of hand sanitizer, and the purchase of the property (led by Metra Real Estate and Legal)



DECISION REGARDING ORIGINAL PROPOSAL

31. It was reported that Operations made the decision not to accept the PMO's original proposal. Who in Operations made the decision and what factors were considered in the decision?

- It is not clear who made that decision in 2021
- Factors considered:
 - Timeline
 - Limited budget available



THE RECOMMENDATIONS REQUESTED FROM STAFF SHOULD INCLUDE:

- A.** Sell the building "As Is" and walk away? Or continue to invest to bring the building into code to meet our needs?
- B.** Investigate buying a new building to meet our needs that doesn't require a major buildout? If so, where and at what cost?
- C.** Scrap what has been done so far and tear down and build a new building on the current site? If so, at what cost?



STAFF RECOMMENDATION

Staff recommends that the current design be advanced to 30% level, which will provide more clarity on expected construction costs

This approach makes best use of funds already invested because:

- The Harvey warehouse has not been put into service, which means there has been zero depreciation of grantor investments. If the warehouse is sold, the full amount may be due back to grantors. It is uncertain if a portion of the amount can be retained and spent on another project.
- The building size and good highway access make the Harvey location suitable for use as centralized warehousing





INVESTIGATE NEW BUILDING - OPTION B

Investigate buying a new building to meet our needs that doesn't require a major buildout. If so, where and at what cost?

- The Real Estate team has done a search of available properties on the market:
 - Search parameters obtained from the user group (*70,000+ SF*)
 - Currently, only a limited number of properties this size are available for purchase on the market
 - 5 potential properties identified (currently on market within approximately 30-miles of downtown Chicago)
 - See next slide and attached spreadsheet for details of the five (5) available properties
- Extensive investigation is required to identify any additional work needed to accommodate the centralized warehouse needs, perform any required upgrades, and meet building codes.
- In addition, Metra owns two vacant parcels in Lisle (Walnut Ave. and Burlington Ave.). A use restriction exists on both parcels, so DuPage County Health Dept. approval would be needed to construct a building on the site.

INVESTIGATE NEW BUILDING - OPTION B BACKGROUND

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END



