
1998 Annual Report

**West Grand
Redevelopment Project Area**



**Pursuant to Mayor's
Executive Order 97-2**

JUNE 30, 1999



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
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June 30, 1999

The Honorable Mayor Richard M. Daley, Members
of the City Council, and Citizens of the City of Chicago
City of Chicago
121 N. LaSalle Street
Chicago, Illinois 60602

Ladies and Gentlemen:

The attached information for the West Grand Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

Pursuant to the Executive Order, the Annual Report, presented in the form of the attached, will be filed with the City Clerk for transmittal to the City Council and be distributed in accordance with the Executive Order.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hill", written over a circular stamp.

Christopher R. Hill
Commissioner
Department of Planning and Development

A handwritten signature in black ink, appearing to read "Walter Knorr", written in a cursive style.

Walter K. Knorr
Chief Financial Officer



June 30, 1999

Mr. Christopher R. Hill
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the required annual report for the West Grand Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

The report includes the City's data methodology and interpretation of Executive Order 97-2 in addition to required information. The tables in this report use the same lettering system as the Executive Order in order to allow the reader to locate needed information quickly.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City departments.

Very truly yours,

Ernst & Young LLP

Ernst & Young LLP

**West Grand Redevelopment Project Area
1998 Annual Report**

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SECTION (4) OF THE MAYOR'S EXECUTIVE ORDER 97-2**

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West Grand Redevelopment Project Area 1998 Annual Report

Purpose of Report:

The purpose of the Annual Report for the West Grand Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the West Grand Redevelopment Project Area (Project Area).

Methodology:

In the process of providing information about the Project Area, care was taken to follow the organization of the Executive Order to allow the reader to locate needed information in an efficient manner. The Report reflects only TIF economic activity during 1998, also referred to in this report as "the prior calendar year." As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area are described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets are identified. For exact boundaries, the interested reader should consult the legal description of the Project Area boundaries found in the Redevelopment Plan (Attachment).

(b) Date of Designation and Termination

For purposes of this Report, the date of termination is assumed to occur 23 years from the date of designation, the maximum duration currently allowed under the Tax Increment Allocation Redevelopment Act.

(c) Copy of Redevelopment Plan

The Redevelopment Plan, as amended (if applicable), for the Project Area is provided as the Attachment at the end of the Report.

West Grand Redevelopment Project Area 1998 Annual Report

(d) Description of Intergovernmental and Redevelopment Agreements

Table D describes agreements related to the Project Area which are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector entities interested in redeveloping all or a portion of the Project Area. The date of recording of agreements executed by the City in 1998 and filed with the Cook County Recorder of Deeds is included in Table D (if applicable).

(e) Description of TIF Projects

Table E describes each TIF project in the Project Area that has already received approval by the Community Development Commission, and which received TIF financing during 1998. Those projects in discussion, pre-proposal stage with a developer, or being reviewed by Community Development Commission staff are not "projects" for purposes of the Report. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreements, if such agreements exist. Table E specifically notes:

- 1) the nature of the project;
- 2) the budgeted project cost and the amount of TIF assistance allocated to the project;
- 3) the estimated timetable and a statement of any change in the estimate during the prior calendar year;
- 4) total City tax increment project expenditures during the prior calendar year and total City tax increment project expenditures to date;
- 5) a description of all TIF financing, including type, date, terms, amount, project recipient, and purpose of project financing.

West Grand Redevelopment Project Area 1998 Annual Report

(f) Description of all TIF Debt Instruments

Table F describes all TIF debt instruments related to the Project Area in 1998. It should be noted that debt instruments issued without a security pledge of incremental taxes or direct payments from incremental taxes for principal and interest are not included in Table F, as such instruments do not qualify as TIF debt instruments as defined by the Executive Order. Table F includes:

- 1) the principal dollar amount of TIF debt instruments;
- 2) the date, dollar amount, interest rate, and security of each sale of TIF debt instruments and type of instrument sold;
- 3) the underwriters and trustees of each sale;
- 4) the amount of interest paid from tax increment during the prior calendar year (1998);
- 5) the amount of principal paid from tax increment during the prior calendar year (1998).

(g) Description of City Contracts

Table G provides a description of City contracts related to the Project Area, executed or in effect during 1998 and paid with incremental tax revenues. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. Table G does not apply to any contract or contract expenditure reported under (e)(5) of Section 4 of the Executive Order.

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include, but are not limited to, payments for work done to acquire, dispose of, or lease property within a Project Area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Table G does not report such noncontractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

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(h) Summary of Private and Public Investment Activity

Table H describes each TIF project in the Project Area that has been executed through an intergovernmental or redevelopment agreement in 1998, or that has been approved by the Community Development Commission in 1998.

To the extent this information is available to the Commissioner of Planning and Development on a completed project basis, the table provides a summary of private investment activity, job creation, and job retention within the Project Area and a summary for each TIF project within the Project Area.

Table H contains the final ratio of private/public investment for each TIF project. The private investment activity reported includes data from the intergovernmental or redevelopment agreement(s) and any additional data available to the Commissioner of Planning and Development. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

(i) Description of Property Transactions

Information regarding property transactions is provided in Table I to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. Specifically, the Executive Order requires descriptions of the following property transactions occurring within the Project Area during 1998:

- 1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;
- 2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;
- 3) every lease of real property to the City if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount;

West Grand Redevelopment Project Area 1998 Annual Report

- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the Project Area. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1998 financial summary for the Project Area audited by an independent certified public accounting firm. These statements were prepared in accordance with generally accepted accounting principles. These statements include:

- 1) the balance in the fund for the Project Area at the beginning of the prior calendar year;
- 2) cash receipts by source and transfers deposited into the fund during the prior calendar year;
- 3) transfer credits into the fund for the Project Area during the prior calendar year;
- 4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;
- 5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

(k) Description of Tax Receipts and Assessment Increments

Table K provides the required statement of tax receipts and assessment increments for the Project Area as outlined in the Executive Order. The amount of incremental property tax equals the incremental EAV from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts. Table K provides the following information:

- 1) for a sales tax Project Area, the municipal sales tax increment and state sales tax increment deposited in the fund during the prior calendar year;

West Grand Redevelopment Project Area 1998 Annual Report

- 2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;
- 3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;
- 4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) above.

All terms used in Table K relating to increment amounts and equalized assessed value (EAV) are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law. Unless otherwise noted, the EAV and property tax information were obtained from the Cook County Clerk's Office. All sales tax information was obtained from the City of Chicago.

(l) Certain Contracts of TIF Consultants

Table L provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Table L are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City in 1998. The Executive Order specifically applies to contracts that the City's tax increment advisors or consultants, if any, have entered into with any entity that has received or is receiving payments financed by tax revenues produced by the same Project Area.

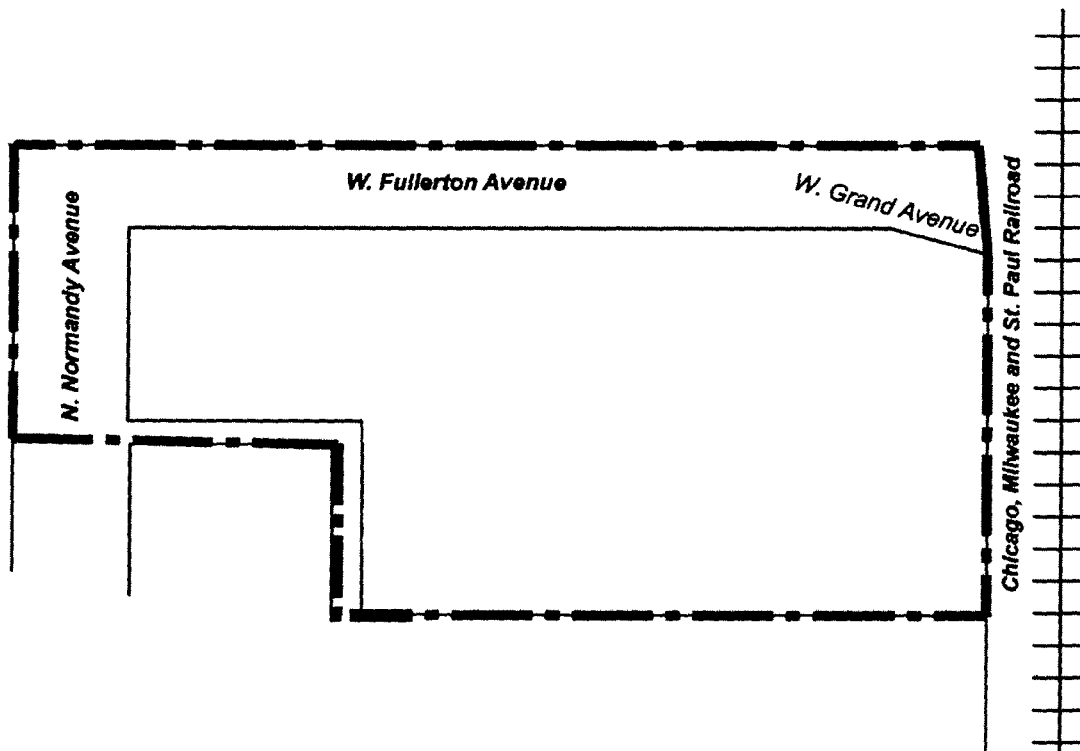
(m) Compliance Statement Prepared by an Independent Public Accountant

As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. Section (m) provides this statement.

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(a) GENERAL DESCRIPTION

The Project Area is generally bounded by West Grand/West Fullerton Avenue on the north; a public alley and private roadway easement on the south; the Chicago, Milwaukee, and St. Paul Railroad on the east; and Normandy Avenue on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



**West Grand Redevelopment Project Area
1998 Annual Report**

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on June 10, 1996. The Project Area may be terminated no later than June 10, 2019.

(c) COPY OF REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area, as amended (if applicable), is contained in this Report (Attachment).

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

During 1998, no new agreements were executed in the Project Area.

SCHEDULE OF CASH ACTIVITIES
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities		
Property taxes received	\$ 748	\$ 909
Payments for capital projects	(30)	-
Interest received	<u>9</u>	<u>-</u>
Increase in cash and investments	727	909
Cash and investments, beginning of year	<u>909</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 1,636</u>	<u>\$ 909</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities		
Revenues over expenditures	\$ 767	\$ 888
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities		
Changes in assets - (increase)		
Property tax receivable	(68,229)	(150,000)
Accrued interest receivable	(35)	(9)
Changes in liabilities - increase (decrease)		
Due to other City funds	(5)	30
Deferred revenue	<u>68,229</u>	<u>150,000</u>
	<u>\$ 727</u>	<u>\$ 909</u>

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)
(Continued)

Other Considerations

The City also initiated an assessment of mission critical vendors, which is being performed by a consultant with oversight from the executive committee to plan for continuity in the City's supply chain. Contingency planning for mission critical systems and other elements of the year 2000 project is scheduled to be completed by the end of September 1999.

The above description of the stages of work to address the year 2000 issues is not a guarantee those systems will be year 2000 compliant. Although the City is currently on schedule to meet its objectives for year 2000 compliance, there is no assurance that compliance will be achieved in a timely manner. Further, if the City successfully addresses its year 2000 issues, there is no assurance that any other entity or governmental agency (including governmental organizations or entities that provide essential infrastructure) with which the City electronically interacts will be year 2000 compliant. At this time, the City can not determine the potential impact of such noncompliance on the business and financial condition or the results of its operations.

SUPPLEMENTARY INFORMATION

**West Grand Redevelopment Project Area
1998 Annual Report**

(e) DESCRIPTION OF TIF PROJECT(S)

During 1998, there were no tax increment project expenditures within the Project Area.

**West Grand Redevelopment Project Area
1998 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

**TABLE G
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA**

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
City TIF Program Administration	1998	Studies/Plan/Admin.	\$25	100%

**West Grand Redevelopment Project Area
1998 Annual Report**

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

During 1998, there was no information available regarding public or private investment activity in the Project Area.

**West Grand Redevelopment Project Area
1998 Annual Report**

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

During 1998, the City did not take or divest title to real property within the Project Area. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1998.

**West Grand Redevelopment Project Area
1998 Annual Report**

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1998 AND 1997

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

C O N T E N T S

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HANSLEY AND KIENER, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying balance sheets of the West Grand Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Grand Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the results of its operations and changes in fund balance for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, in 1998 the West Grand Redevelopment Project of the City of Chicago, Illinois changed its method of accounting for investments.

The year 2000 information on pages 7 and 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the City of Chicago is or will become year 2000 compliant, that the City of Chicago's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Chicago does business are or will become year 2000 compliant.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 9 and the schedule of expenditures by statutory code on page 10, which are also the responsibility of the City of Chicago's management, are presented for purposes of additional analysis and are not a required part of the financial statements of West Grand Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Bensley and Kiener, L.L.P.

Certified Public Accountants

May 4, 1999

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

<u>A S S E T S</u>	<u>1998</u>	<u>1997</u>
Cash and investments	\$ 1,636	\$ 909
Property taxes receivable	218,229	150,000
Accrued interest receivable	<u>44</u>	<u>9</u>
Total assets	<u>\$219,909</u>	<u>\$150,918</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Due to other City funds	\$ 25	\$ 30
Deferred revenue	<u>218,229</u>	<u>150,000</u>
Total liabilities	218,254	150,030
Fund balance	<u>1,655</u>	<u>888</u>
Total liabilities and fund balance	<u>\$219,909</u>	<u>\$150,918</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Revenues		
Property tax	\$ 748	\$909
Interest	<u>44</u>	<u>9</u>
Total revenues	792	918
Expenditures		
Capital projects	<u>25</u>	<u>30</u>
Revenues over expenditures	767	888
Fund balance, beginning of year	<u>888</u>	<u>-</u>
Fund balance, end of year	<u>\$1,655</u>	<u>\$888</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The West Grand Tax Increment Redevelopment Project Area (Project) was established in June 1996. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Basis of Accounting

The Project is accounted for within the special revenue funds of the City.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

CITY OF CHICAGO, ILLINOIS
WEST GRAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

On January 1, 1998, the City adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Accordingly, the City values its investments at fair value, or amortized cost.

Property Taxes

Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)

The City's operations, like those of many other business entities, may be impacted by the inability of certain computer programs and electronic systems with embedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs and microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

The City formed an executive committee in May 1998, to oversee possible City-wide year 2000 impacts. The Department of Business and Information Services has been charged with managing the City's year 2000 project. The year 2000 issue is covered within the scope of the City's year 2000 project. The year 2000 project is divided into stages as follows:

Awareness Stage - Establishing a budget and project plan for dealing with the year 2000 issue.

Assessment Stage - Identifying the mission critical systems, equipment and individual components for which year 2000 compliance is needed.

Remediation Stage - Making changes to systems and equipment.

Validation/testing Stage - Validating and testing the changes that were made during the remediation stage.

The City committed approximately \$28.2 million and \$32.0 million in 1998 and 1999, respectively, for the repair and replacement of year 2000 compromised systems. As of December 31, 1998, the City entered into contracts for approximately \$17.7 million for the test plan development, audit stages and upgrade of certain software programs.

Mission Critical Applications

The City has identified one computer application, the Chicago Accounting and Purchasing System, as critical to conducting the operations for year 2000 compliance. As of December 31, 1998, the City completed the awareness and assessment stages, and the remediation stage was in process for the above mission critical component. This mission critical component is still subject to the validation/testing stage. The City-wide completion of all stages is scheduled for September 1999.

Embedded Systems

The awareness stage, including an inventory of embedded systems has been completed. Baseline assessment of mission critical functions involving embedded systems was substantially completed by the end of the first quarter of 1999. The City has retained outside consultants to manage and implement completion of this aspect of the year 2000 project by the end of September 1999.

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

<u>Code Description</u>	<u>1998</u>	<u>1997</u>
Costs of studies, surveys, development of plans and specifications implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, and marketing	<u>\$25</u>	<u>\$30</u>

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(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

**TABLE K
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$ 465,129	\$473,515	\$742

(1) N.A. - not applicable.

**West Grand Redevelopment Project Area
1998 Annual Report**

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

During 1998, no TIF consultant was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area.

**West Grand Redevelopment Project Area
1998 Annual Report**

**(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC
ACCOUNTANT**

During 1998, there were no tax increment expenditures within the Project Area. Therefore, no compliance statement was provided for this section.

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
FRANK S. GADZALA, C.P.A.
PAUL A. MERKEL, C.P.A.
THOMAS A. TYLER, C.P.A.
JOHN W. SANNEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.

Bansley and Kiener, L.L.P.

Certified Public Accountants

Established 1922

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with generally accepted auditing standards, the balance sheet of West Grand Redevelopment Project of the City of Chicago, Illinois as of December 31, 1998, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 4, 1999.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the West Grand Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 4, 1999

**West Grand Redevelopment Project Area
1998 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**

CITY OF CHICAGO

WEST GRAND REDEVELOPMENT PROJECT AREA

TAX INCREMENT FINANCE PROGRAM

REDEVELOPMENT PLAN AND PROJECT

**City of Chicago
Richard M. Daley
Mayor**

March 21, 1996

**Prepared by
LOUIK/SCHNEIDER & ASSOCIATES, INC.**

**REDEVELOPMENT PLAN AND PROJECT FOR
WEST GRAND REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM**

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INTRODUCTION

The West Grand Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located near the western boundary of the City of Chicago, Illinois on West Grand Avenue. The Redevelopment Project Area contains two parcels with improvements and is approximately 2.98 acres. The Redevelopment Project Area is generally bounded by West Grand/West Fullerton on the north, a public alley and private roadway easement on the south, the Chicago Milwaukee and St. Paul Railroad on the east, and Normandy Avenue on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are shown on Map 2.

The Redevelopment Project Area is adjacent to and abuts the Fullerton/Normandy TIF District along West Grand/West Fullerton Avenue. The Redevelopment Project Area shares many of the characteristics of the Fullerton/Normandy TIF District. The Fullerton/Normandy TIF District, for example, had industrial property which had been vacant for almost a decade; the Redevelopment Project Area is also characterized by vacant industrial property which is likely to remain vacant due to the evolution of the area as an emerging commercial/retail corridor.

Vacant industrial structures such as those present in the Redevelopment Project Area and the Fullerton/Normandy TIF District are in general characterized by certain conditions such as insufficient lot size, lack of ceiling height and an internal construction configuration which contribute to the structures' inefficiency for contemporary manufacturing standards. Redevelopment of this vacant industrial property for commercial use, however, requires extraordinary expenditures for demolition, environmental remediation and site preparation; these extraordinary costs result in a higher development cost per square foot and decrease the rate of return required to encourage a developer to move ahead with a proposed project.

The Redevelopment Project Area is located on the far west side of the City of Chicago and has good transportation access, particularly to nearby suburban communities. The major access to the Redevelopment Project Area is provided by Fullerton Avenue, Grand Avenue and Harlem Avenue. The Redevelopment Project Area is located within an area of the City of Chicago which now contains primarily retail and residential uses.

The Redevelopment Project Area is located within the Galewood/Montclare community which was originally settled in the late 1880s but did not grow substantially until the 1920s when the community became one of the first areas to be developed for residential use. The Galewood/Montclare community shares its southern border with Oak Park; Elmwood Park borders the community to the west.

The major north-south street, Harlem Avenue, has historically served as a commercial area. Within the last 20 years, a commercial area has also developed along Narragansett Avenue between Diversey and Fullerton Avenues. This area is the site of the largest enclosed regional shopping mall within the City of Chicago, the Brickyard Mall. Other retail centers exist throughout this area and include Brickyard Square and the newly constructed Home Depot store.

The Redevelopment Project Area contains two industrial/commercial buildings that were constructed in the 1920s. One large industrial building, owned by Paul Krone Die Cast Company and hereafter referred to as the Krone parcel, has been vacant for almost three years. Originally part of the Davies Supply Company located directly to the south, this die casting facility ceased manufacturing in January 1993 and was vacated in July 1993. The other property, a single story structure owned by Pride Car and Truck Rental and hereafter referred to as the Pride parcel, is currently used for a vehicle rental operation. Both parcels contain little, if any, paved parking areas or delivery access.

The purpose of the Redevelopment Plan is to create a mechanism to allow for the redevelopment of the existing buildings/parcels with new commercial/retail facilities. This redevelopment is expected to encourage economic revitalization within the community and surrounding area.

This Redevelopment Plan is solely the responsibility of Louik/Schneider and Associates, Inc. and does not necessarily reflect the views and opinions of potential developers or the City of Chicago. However, the City of Chicago is entitled to rely on the findings and conclusions of this plan and report in designating the Redevelopment Project Area as a redevelopment project area under the Act.

Tax Increment Allocation Redevelopment Act

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the State of Illinois tax increment financing legislation. The Redevelopment Project Area is characterized by conditions which warrant its designation as a "Conservation Area" within the definition set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74.4-1 et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for up-front costs which are required to stimulate the private investment in new redevelopment

and rehabilitation. Municipalities may issue obligations to be repaid from the stream of real property tax increments that occur within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (EAV) or the Certified EAV Base for all real estate located within the district and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The West Grand Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the Redevelopment Plan and Project.

This Redevelopment Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see West Grand Area Tax Increment Finance Program - Eligibility Study). The Redevelopment Project Area boundaries are described in Introduction of the Redevelopment Plan and shown in Map 1, Boundary Map.

After approval of the Redevelopment Plan, the City Council will then formally designate the Redevelopment Project Area.

The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

There has been no major investment in the Redevelopment Project Area for at least the last five years. The adoption of the Redevelopment Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. Public investments will create the appropriate environment to attract the investment required for the rebuilding of the area. But for the financial assistance provided by the City, the proposed developments would not be financially feasible and would not go forward.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take full advantage of the real estate tax increments attributed to the Redevelopment Project Area as provided in accordance with the Act.

REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located near the western boundary of the City of Chicago, Illinois on West Grand Avenue. The Redevelopment Project Area contains approximately 2.98 acres. The Redevelopment Project Area is generally bounded by West Grand/West Fullerton Avenue on the north, a public alley and private roadway easement on the south, the Chicago Milwaukee and St. Paul Railroad on the east, and Normandy Avenue on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map; the current land uses are shown on Map 2, Existing Land Uses. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Redevelopment Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit A

REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

General Goals:

- * Improve the quality of life in Chicago by improving the economic vitality of the Redevelopment Project Area.
- * Provide sound economic development in the Redevelopment Project Area.
- * Revitalize the Redevelopment Project Area to promote additional retail development to enhance the emerging commercial/retail redevelopment of the surrounding area and the City.
- * Create an environment within the Redevelopment Project Area which will contribute to the health, safety and general welfare of the City, and preserve or enhance the value of properties in the area.
- * Create a suitable location for commercial/retail activity and accompanying job opportunities that will bring new dollars to the City from surrounding suburban locations.
- * Achieve desirable changes of land use, through a coordinated public/private effort.

Redevelopment Objectives:

- * Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Conservation Area.
- * Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in new commercial/retail development.
- * Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, real estate values and job opportunities.
- * Provide needed incentives to encourage improvements and new development.

- * Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives:

- * Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- * Encourage coordinated development of parcels and structures in order to achieve attractive and efficient building design, off-street parking, adequate truck and service facilities, and appropriate access to nearby arterial streets.
- * Achieve development which is integrated both functionally and aesthetically with nearby existing development.
- * Ensure a safe and adequate circulation pattern, adequate ingress and egress and capacity in the Redevelopment Project Area.
- * Encourage a high-quality appearance of buildings, rights-of-way and encourage high standards of design.
- * Encourage development of usable commercial/retail space.

CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled "City of Chicago West Grand Area Tax Increment Financing Program Eligibility Study" and dated March 21, 1996, describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. The entire Redevelopment Project Area is characterized by the presence of structures more than 35 years of age and the presence of six factors listed in the Act for a Conservation Area. Summarized below are the findings of the Eligibility Report.

Summary of Factors

In addition to the age requirement, six criteria are present in varying degrees throughout the Redevelopment Project Area. The criteria have been identified as follows:

- | | |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Major extent | <ul style="list-style-type: none">• obsolescence• excessive vacancies• excessive land coverage• deleterious land-use or layout• depreciation of physical maintenance |
| Minor extent | <ul style="list-style-type: none">• deterioration |

The conclusions of each of the six factors are summarized below.

1. **Obsolescence**

Obsolescence, both functional and economic, is present in both parcels of the Redevelopment Project Area. The vacant industrial building is inappropriately configured on the Krone parcel and the Pride building and parcel, with its very small size, is also obsolete. Additionally, there is little or no parking available on either site, further contributing to their inability to be efficiently or economically reused according to contemporary standards.

2. **Deterioration**

Deterioration is present in the vacant industrial building on the Krone parcel which was found to have physical deficiencies requiring major treatment or repair. Several defects are present in both the primary and secondary building components.

3. **Excessive Vacancies**

Excessive vacancy was found to be present in 87% of the structural square footage in the Redevelopment Project Area. The industrial building on the Krone parcel has been vacant since July 1993 and is likely to remain vacant due to the evolution of the area as an emerging commercial/retail corridor.

4. **Excessive Land Coverage**

Excessive land coverage, manifested by the crowding of buildings and accessory facilities onto a site, is present throughout the Redevelopment Project Area. The factor is exhibited in both the Krone parcel, which is built lot line to lot line, and the Pride parcel, which has inadequate space for off-street loading and little off-street parking.

5. **Deleterious Land-Use or Lay Out**

Deleterious lay out includes parcels of inadequate size for contemporary development standards and poor lay out of buildings on parcels and in relation to other buildings. This factor was found to be present in both parcels in the Redevelopment Project Area.

6. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance, manifested by substantial deferred maintenance and lack of maintenance of buildings, parking areas and streets, is present to a major extent in both parcels in the Redevelopment Project Area.

CONCLUSION

The conclusion of the consultant team engaged to conduct the study is that the number, degree and distribution of factors as documented in this report warrant the designation of all of the Redevelopment Project Area as a Conservation Area within the definition set forth in the Act. Specifically:

- * The buildings and improvements meet the statutory criterion that requires 50 percent or more of the structures to be 35 years of age or older.

- * Of the 14 factors for a Conservation Area set forth in the law, six are present in the Redevelopment Project Area and only three are necessary for designation as a Conservation Area.
- * The conservation area factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- * All areas within the Redevelopment Project Area show the presence of conservation area factors.

Both buildings and parcels in the Redevelopment Project Area evidence the presence of some eligibility factors. The eligibility findings indicate that, without revitalization, the Redevelopment Project Area may become blighted and that designation as a redevelopment project area will contribute to the long-term well being of the City.

All factors indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City. No building permit requests were filed in the Redevelopment Project Area for the last 13 years and the equalized assessed value (EAV) of the Redevelopment Project Area has declined 46% from \$862,026 in 1992 to \$465,129 in 1994. It is clear from these indicators that the Area has experienced not only a lack of growth and investment, but a decline in values as well.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land use to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data; and

7. Analysis of the level of equalized assessed values (EAV) and building permits filed with the City of Chicago from 1991 to the present time in the Study Area.

Based upon the findings of the Eligibility Study for the West Grand Study Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. But for the financial assistance provided by the City, the proposed developments would not be financially feasible and would not go forward.

WEST GRAND REDEVELOPMENT PLAN AND PROJECT

A. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking some or all of the following actions:

1. **Assemblage of Sites.** To achieve the renewal of the Redevelopment Project Area, property identified in Map 4, Property Which May Be Acquired, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements, if any, and either (a) sold, leased or conveyed for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or facilities. The City may pay for a private developer's cost of land acquisition and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. The City may determine that to meet the renewal objectives of this Redevelopment Plan, certain property currently listed for acquisition should not be acquired. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own.

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.

2. **Provision of Public Improvements and Facilities.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

- a. Provision for new or reconstructed streets and public rights-of-ways;
 - b. Provision of utilities necessary to serve the redevelopment;
 - c. Public landscaping; and
 - d. Public landscape/buffer improvements, street lighting and general beautification improvements in connection with public improvements.
3. **Provision for Soil and Site Improvements.** Funds may be made available for improvements to properties for the purpose of making land suitable for development. These improvements may include, but are not limited to:
- a. Environmental remediation necessary for redevelopment of the Redevelopment Project Area;
 - b. Site Preparation - Utilities; and
 - c. Demolition.
4. **Analysis, Administration, Studies, Legal, et al.** Funds may be provided for activities including the long-term management of the Redevelopment Plan and Project as well as the costs of establishing the program and designing its components. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.
5. **Redevelopment Agreements.** The City may enter into Redevelopment Agreements with private developers which may include, but not be limited to, terms of sale, lease or conveyance of land, requirements for site

improvements, public improvements, job training and interest subsidies.

In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

B. REDEVELOPMENT PLAN

The Redevelopment Plan proposes the redevelopment of the Redevelopment Project Area to stimulate or stabilize the properties within the Redevelopment Project Area. The existing industrial building (Krone) and smaller commercial building (Pride), in their current configuration and condition, are not properly designed to take advantage of redevelopment opportunities; this is evidenced, for example, by the vacancy of the Krone building since July 1993. In order to accomplish the City of Chicago's objective of stimulating economic activity and redevelopment of unused or underutilized properties, this Redevelopment Plan will also make approximately 2.1 acres of land available for a new retail facility development and will allow for the economic and functional redevelopment of the parcels.

The Plan proposes the redevelopment of the existing property into a modern retail store. This location, with its proximity to other retail destinations and particularly to surrounding suburban communities with residents that shop in this Chicago neighborhood, is very appropriate for this type of use.

When completed, the Redevelopment Project Area will allow for the development of approximately 26,000 square feet of new retail facilities with the potential to create up to 50 full-time equivalent jobs and in excess of 25 temporary construction jobs. Additionally, the retail facility will have approximately 110 parking spaces on site to meet modern development standards and to alleviate any requirement for off-site parking.

The proposed Redevelopment Project Area may require the planning and programming of certain public improvements. The redevelopment agreement to be entered into with the proposed developer will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come directly from the incremental increase in tax revenues generated from the entire Redevelopment Project Area or the City's issuance

2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
3. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
8. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
9. Payment in lieu of taxes;
10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more

taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

11. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

- d. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of (i) costs paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.
12. Unless explicitly stated in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

The estimated Redevelopment Project costs are shown in Table 1. The total Redevelopment Project costs provide an upper limit on expenditures. Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan.

TABLE 1

ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 100,000
Site Preparation/Environmental Remediation/Demolition	\$ 650,000
Public Improvements	\$ 750,000
Planning, Legal, Professional	\$ 50,000
 TOTAL REDEVELOPMENT PROJECT COSTS*	 \$1,550,000

*Exclusive of capitalized interest, issuance costs and other financing costs

E. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project costs are to be derived principally from tax increment revenues and proceeds of municipal obligations which are secured principally by tax increment revenues and/or tax increment revenues from adjacent Tax Increment Financing Districts should the redevelopment plans of such adjacent Tax Increment Financing Districts so provide. There may be other sources of funds which the City may elect to use to pay for Redevelopment Project costs or the repayment of obligations issued, the proceeds of which will be used to pay for such costs, including but not limited to state and federal grants and land disposition proceeds generated from the district.

The primary revenue which may be used to secure municipal obligations or pay for eligible Redevelopment Project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed. All incremental revenues utilized by the City of Chicago will be utilized exclusively for the development of the Redevelopment Project Area.

Issuance of Obligations

To finance Redevelopment Project costs a municipality may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a municipality may pledge toward payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the Redevelopment Project Area; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years (by the year 2019) from the adoption of the ordinance approving the

Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Tax increment revenues may be used for the scheduled and/or early retirement of obligations and for reserves, bond sinking funds and Redevelopment Project costs, and, to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The total 1994 equalized assessed valuation for the entire Redevelopment Project Area is \$465,129. After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1999 when it is estimated that commercial development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated to be between \$1,100,000 and \$1,300,000. This estimate is based on several key assumptions, including: 1) all commercial redevelopment will be completed in 1999; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; 3) the most recent State Multiplier of 2.1135 as applied to 1994 assessed values will remain unchanged; and 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1994 level.

H. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education; Chicago School Finance Authority; Chicago Park District; Chicago Community College District; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

The proposed Redevelopment Plan involves the acquisition of underutilized land and new construction of commercial/retail buildings. Therefore, the financial burden of the Redevelopment Plan on taxing districts is expected to be negligible.

Non-residential development, such as retail, commercial and industrial uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Metropolitan Water Reclamation District and the City of Chicago. Replacement of underutilized land with active and more intensive uses will result in additional demands on services and facilities provided by the Metropolitan Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Additionally, any additional cost to the City of Chicago for police, fire protection and sanitation services will be minimal since the commercial/retail and industrial developments will privately pay for the majority of the costs of these services (i.e., sanitation services).

I. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in prior sections of this report, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty at this time and the demand for services provided by those taxing districts cannot be quantified at this time.

As indicated in Section D, Estimated Redevelopment Project Costs of the Redevelopment Plan and Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. It is likely that any potential improvements may mitigate some of

PROVISION FOR AMENDING ACTION PLAN

The Redevelopment Project Area Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

- B. Every developer will meet City of Chicago standards for participation of Minority Business Enterprise and Woman Business Enterprises as required in Redevelopment Agreements.

- C. This commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

SCHEDULING OF REDEVELOPMENT

The implementation of the Redevelopment Project will begin with the demolition of the improvements within the Redevelopment Project Area with construction to follow as soon thereafter as is practical. City expenditures for Redevelopment Project costs will be made on a proportional reimbursement basis to coincide with expenditures for redevelopment by private developers. The estimated date for completion of the Redevelopment Project shall be no later than 23 years from the adoption of the ordinance of the City Council of the City approving the Redevelopment Project Area.

**EXHIBIT A
LEGAL DESCRIPTION**

LOT 1 IN ROBERT VOLK'S SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 9, 1927 AS DOCUMENT NO. 9836413 TOGETHER WITH PART OF LOT 1 IN OWNERS DIVISION ACCORDING TO THE PLAT THEREOF RECORDED MARCH 16, 1926 AS DOCUMENT NO. 9208703 TOGETHER WITH ADJOINING STREETS AND ALLEYS ALL IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 TOWNSHIP 40 NORTH RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 24 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN ASSUMED AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG THE EAST LINE OF LOT 23 AND ITS NORTHERLY EXTENSION 174.01 FEET TO THE CENTERLINE OF FULLERTON AVENUE; THENCE ON AN AZIMUTH OF 90 DEGREES 00 MINUTES 31 SECONDS ALONG SAID CENTERLINE OF FULLERTON AVENUE 545.56 FEET TO THE WEST LINE OF THE EAST 50 FEET OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 179 DEGREES 18 MINUTES 04 SECONDS ALONG SAID WEST LINE 270.09 FEET TO A LINE DRAWN 10 FEET SOUTH OF AND PARALLEL WITH THE SOUTH FACE OF THE BRICK WALL OF A ONE STORY BRICK BUILDING ON LOT 1 IN OWNERS SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 18 SECONDS ALONG SAID LINE 366.00 FEET TO THE WEST LINE OF THE EAST 416 FEET OF THE NORTHWEST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG SAID WEST LINE 96.10 FEET TO THE NORTHEAST CORNER OF LOT 2 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 31 SECONDS ALONG SAID NORTH LINE AND ITS WESTERLY EXTENSION 179.56 FEET TO THE POINT OF BEGINNING, CONTAINING 2.986 ACRES OF LAND.

TABLE 1
ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 100,000
Site Preparation/Environmental Remediation/Demolition	\$ 650,000
Public Improvements	\$ 750,000
Planning, Legal, Professional	\$ 50,000
 TOTAL REDEVELOPMENT PROJECT COSTS*	 \$ 1,550,000

*Exclusive of capitalized interest, issuance costs and other financing costs

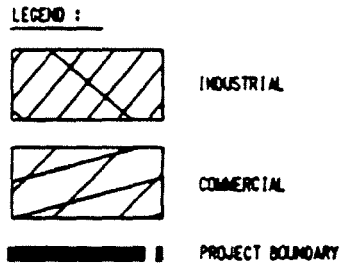
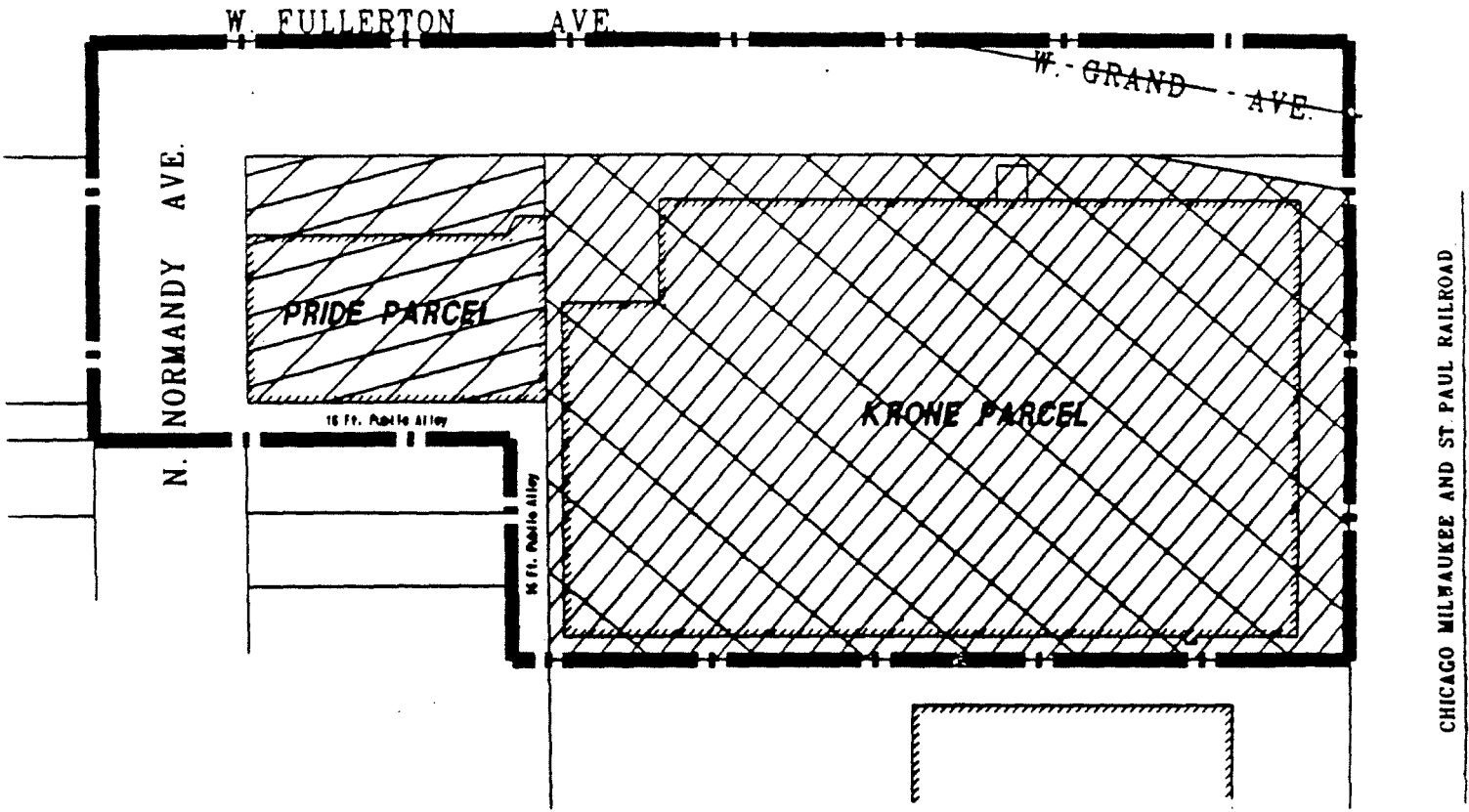
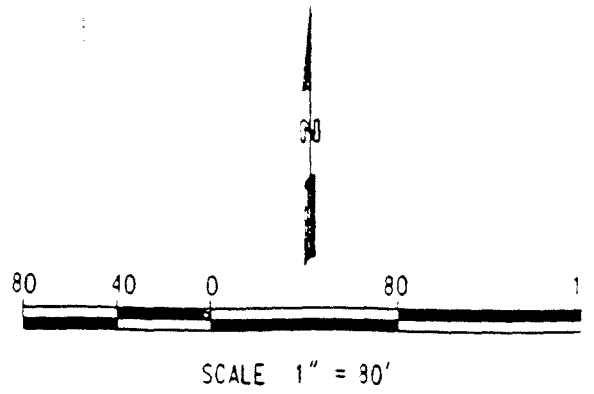
TABLE 2

1994 EQUALIZED ASSESSED VALUATION

<u>Perm Index</u>	<u>EAV</u>
13-31-204-001	\$210,321
13-31-205-032	\$254,808
TOTAL	\$465,129

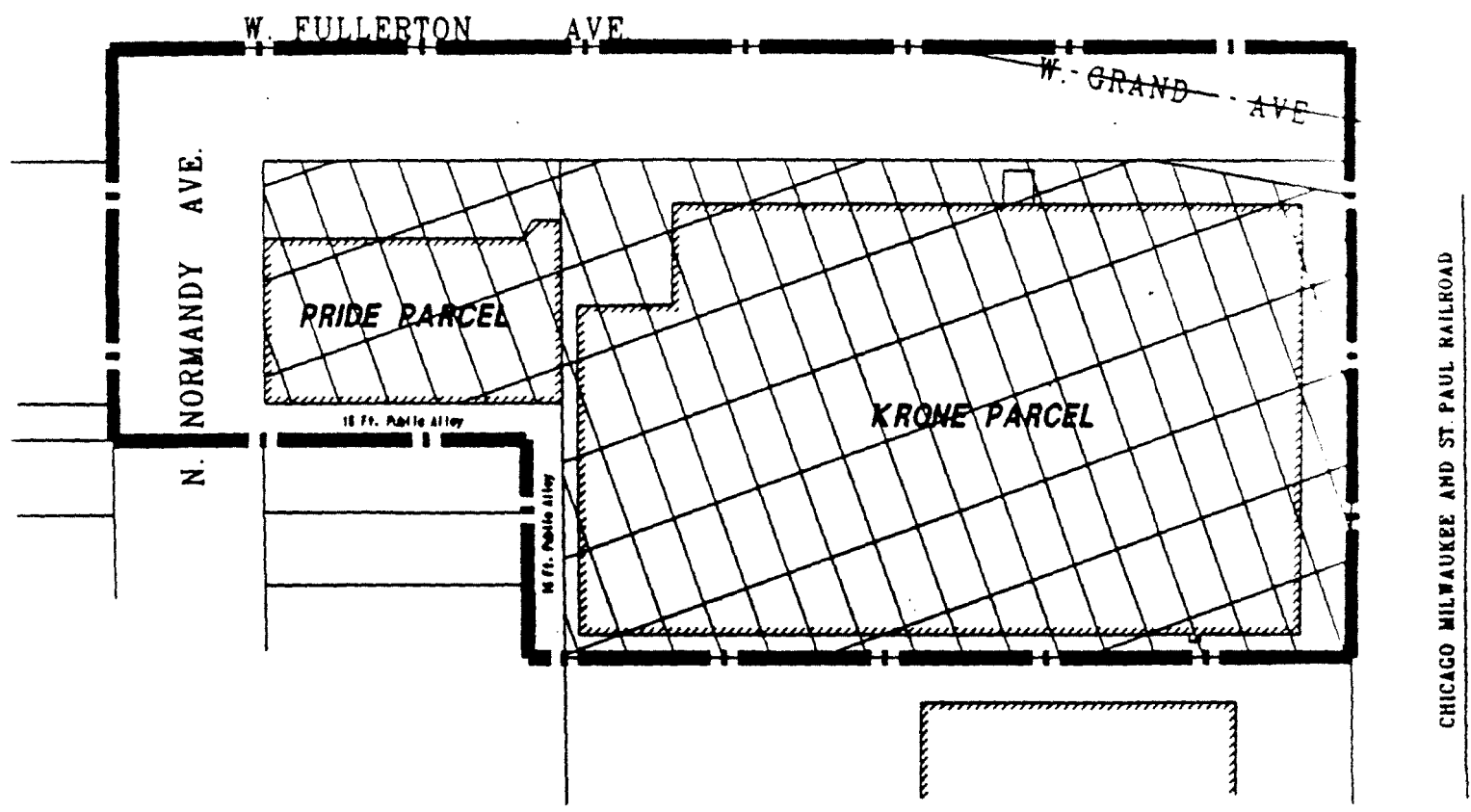
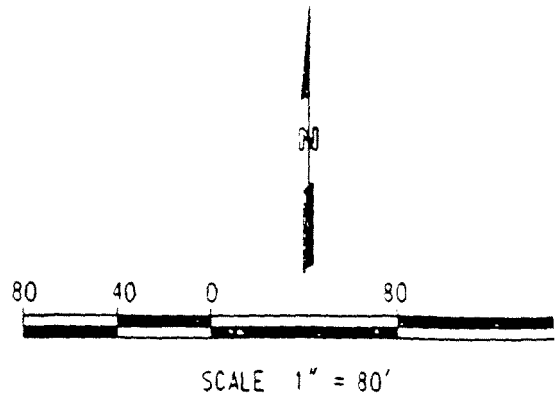
MAPS

- Map 1 Redevelopment Project Boundary
- Map 2 Existing Land Use
- Map 3 Proposed Land Use
- Map 4 Property Which May Be Acquired



MAP 2
EXISTING LAND USE
V. NORMANDY AVE. AND
V. FULLERTON AVE.



MACKIE CONSULTANTS, INC.
 9575 N. HIGGINS ROAD, SUITE 500, ROSEMONT, IL 60018
 PHONE 708-696-1400 FAX 708-696-1410



MAP 4

**PROPERTY WHICH
MAY BE ACQUIRED**

**N. NORMANDY AVE. AND
W. FULLERTON AVE.**

- LEGEND :**
-  MAY BE ACQUIRED
 -  PROJECT BOUNDARY

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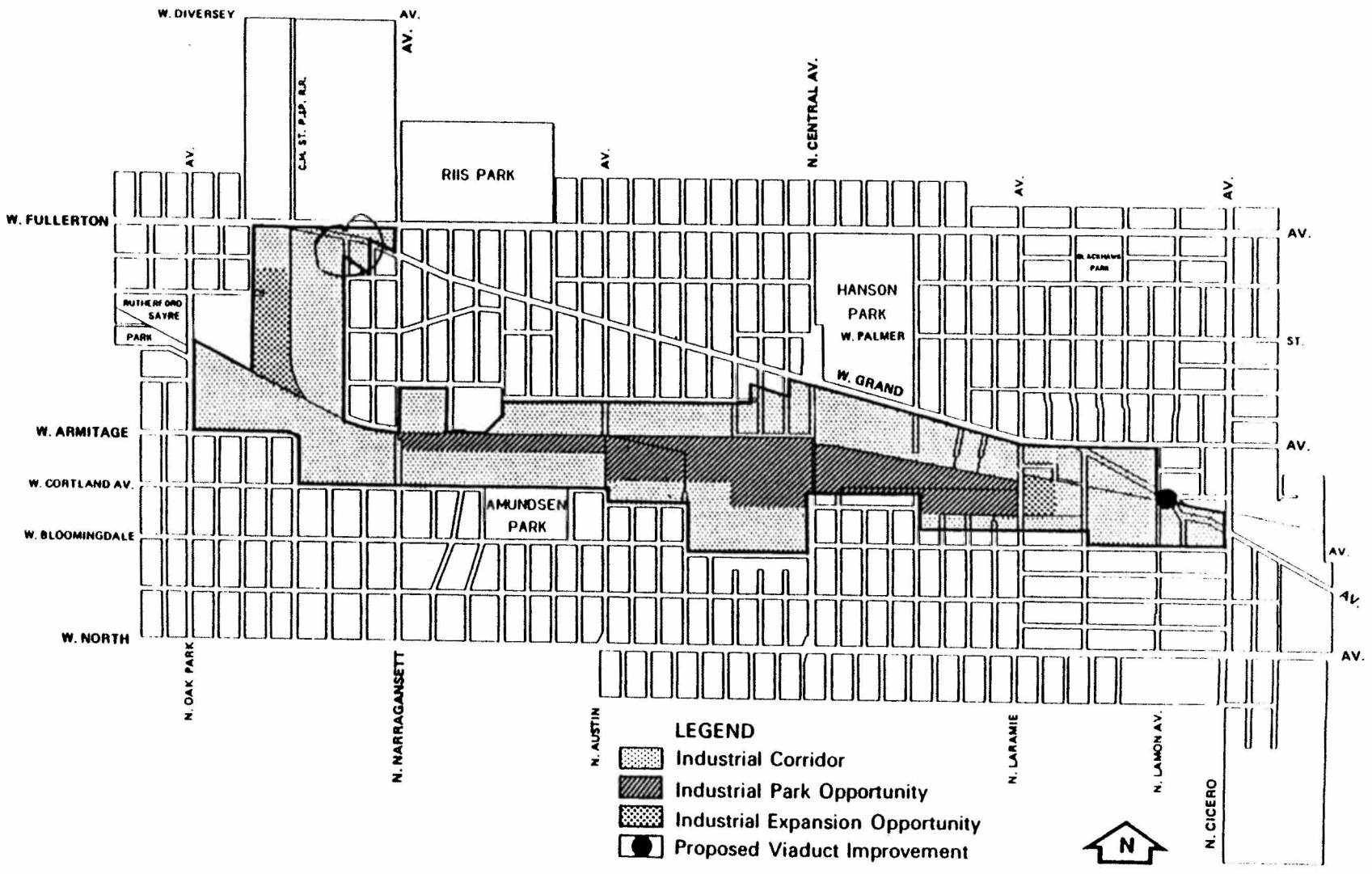
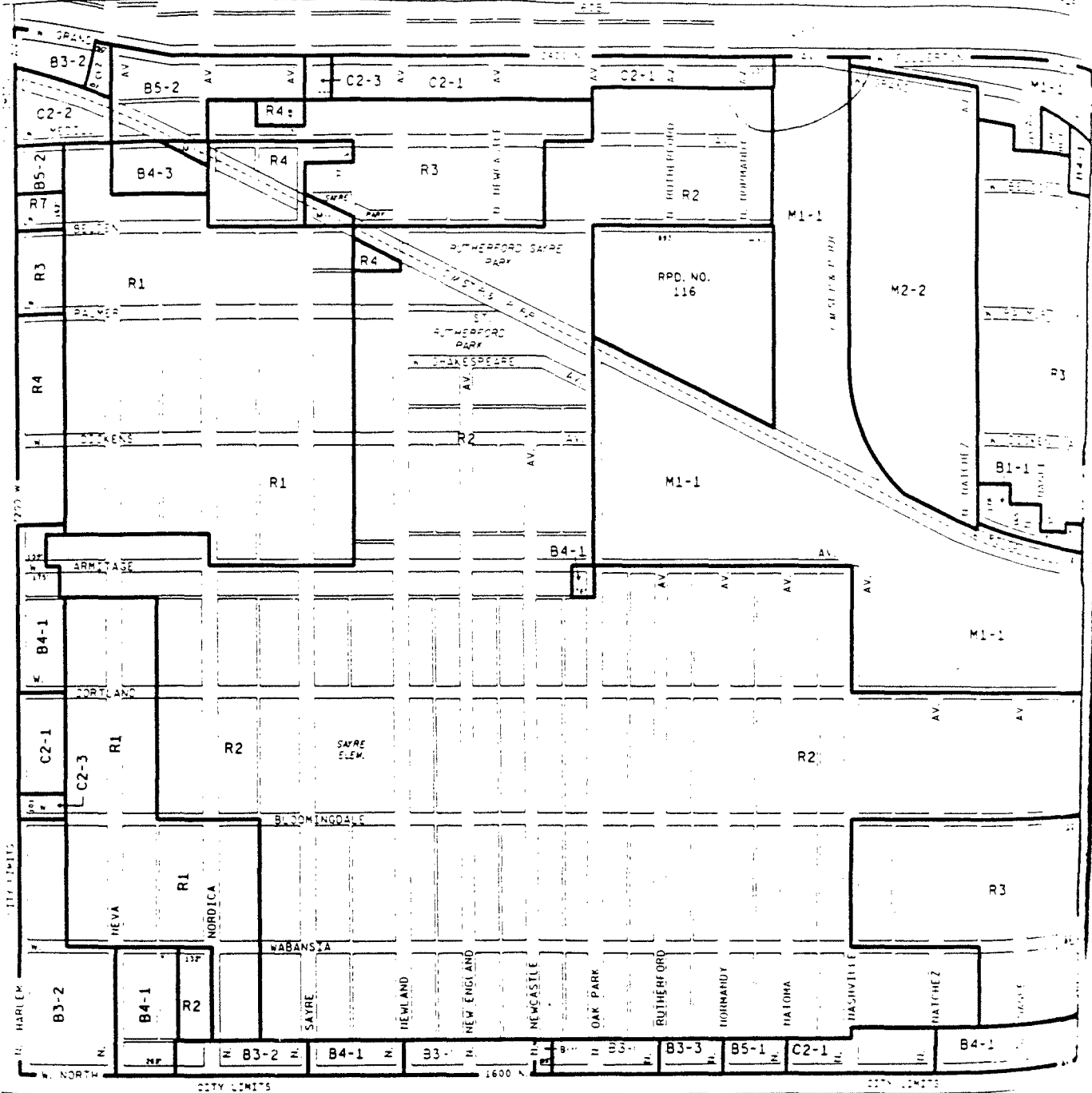


FIGURE 25: ARMITAGE CORRIDOR



RESIDENCE DISTRICTS

- R1 SINGLE-FAMILY RESIDENCE DISTRICT
- R2 SINGLE-FAMILY RESIDENCE DISTRICT
- R3 GENERAL RESIDENCE DISTRICT
- R4 GENERAL RESIDENCE DISTRICT
- R5 GENERAL RESIDENCE DISTRICT
- R6 GENERAL RESIDENCE DISTRICT
- R7 GENERAL RESIDENCE DISTRICT
- R8 GENERAL RESIDENCE DISTRICT

BUSINESS DISTRICTS

- B1-1 TO B1-5 LOCAL RETAIL DISTRICTS
- B2-1 TO B2-5 RESTRICTED RETAIL DISTRICTS
- B3-1 TO B3-5 GENERAL RETAIL DISTRICTS
- B4-1 TO B4-5 RESTRICTED SERVICE DISTRICTS
- B5-1 TO B5-5 GENERAL SERVICE DISTRICTS
- B6-6 AND B6-7 RESTRICTED CENTRAL BUSINESS DISTRICTS
- B7-5 TO B7-7 GENERAL CENTRAL BUSINESS DISTRICTS

COMMERCIAL DISTRICTS

- C1-1 TO C1-5 RESTRICTED COMMERCIAL DISTRICTS
- C2-1 TO C2-5 GENERAL COMMERCIAL DISTRICTS
- C3-5 TO C3-7 COMMERCIAL-MANUFACTURING DISTRICTS
- C4 MOTOR FREIGHT TERMINAL DISTRICT

MANUFACTURING DISTRICTS

- M1-1 TO M1-5 RESTRICTED MANUFACTURING DISTRICTS
- M2-1 TO M2-5 GENERAL MANUFACTURING DISTRICTS
- M3-1 TO M3-5 HEAVY MANUFACTURING DISTRICTS

FOR USE AND BULK REGULATIONS, RESIDENCE DISTRICTS, SEE ARTICLE 7
 FOR USE AND BULK REGULATIONS, BUSINESS DISTRICTS, SEE ARTICLE 8
 FOR USE AND BULK REGULATIONS, COMMERCIAL DISTRICTS, SEE ARTICLE 9
 FOR USE AND BULK REGULATIONS, MANUFACTURING DISTRICTS, SEE ARTICLE 10

