

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF CHICAGO

AMERICAN STORES PROPERTIES, INC.
NEAR SOUTH TIF

SUMMARY SHEET
AUGUST 26, 1999

**ACTION
REQUESTED:**

- 1) Authority to advertise the City's intention to enter into a negotiated sale with American Stores Properties, Inc. for the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, within the Near South Tax Increment Finance Redevelopment Area; and
- 2) Provide tax increment financing assistance for this project and negotiate a redevelopment agreement with American Stores Properties, Inc. for the sale of city-owned parcels and the redevelopment of those parcels combined with others that, as a whole, are commonly known as 1201-29 S. State Street and 1200-60 S. Wabash Avenue, located within the Near South Redevelopment Project Area; and
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council of Chicago the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, to American Stores Properties, Inc.
- 5) Recommend the designation of American Stores Properties, Inc. as developer if no responsive alternate proposals are received.

PROJECT: Construction of a 40,000 square-foot grocery store with a 15,000 sq. ft. storage mezzanine, 137 customer and 35 employee parking spaces, two retail outlots totaling 2,700 sq. ft., buffering of the CTA rail line, and extensive landscaping (the "Project").

ADDRESS: The Project will be located at 1201-29 S. State St. and 1200-60 S. Wabash Avenue. The city-owned site subject to Negotiated Sale is generally located at 1201-27 S. State St. and 1200-20 S. Wabash, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey.

ALDERMAN/

WARD: Alderman Madeline Haithcock of the 2nd Ward has provided a Letter of Support. A copy is attached hereto.

8000564

**AMOUNT/TYPE
OF ASSISTANCE:**

TIF funds in an amount not to exceed the lesser of \$5.6 million or 27% of the total project budget (now estimated at \$20,621,090) to be funded from the Near South TIF incremental tax revenues or bond proceeds secured by incremental tax revenues for TIF-eligible costs. \$2.0 million will be provided during the construction phase of the project, and the remaining \$3.6 million will be provided on a pay-as-you-go basis, during the life of the TIF district. This amount has a present day value of \$1.9 million and is based upon the increment to be generated by the project over the life of the TIF, now estimated to be at least \$3.6 million.

DEVELOPER:

American Stores Properties, Inc., a wholly-owned subsidiary of American Food and Drug, Inc., which is wholly owned by American Stores Company, (parent of Jewel/Osco).

COMMUNITY OUTREACH/INPUT:

Alderman Madeline Haithcock, the Near South Planning Board, and the Greater South Loop Association are in support of this project. Letters of Support are attached.

A community meeting was held regarding the project on July 29, 1999 and was attended by approximately 71 people, where the project was well-received. Specifically, the community was pleased with the site layout, building design, and the landscaping, which will exceed city standards.

The community was also pleased that the plans reflect the Developer's responsiveness to their concerns. Specifically, the employee parking lot was relocated so as not to necessitate the relocation of existing businesses, such as Tommy Guns Dinner Theater. Also, the developer reversed the loading dock on 13th Street to preserve the "urban streetwall" on the corner of 13th Street and Wabash and provide better screening of the loading dock from the properties to the south of the proposed project.

The Developer has also agreed to recognize and work with a Community Advisory Committee regarding the impact this project will have on the surrounding neighborhood.

ISSUES:

The Developer is still in the process of negotiating the terms of the ground lease for the CTA property and the possible rehabilitation of the CTA station for the Green and Orange line.

**COMMUNITY DEVELOPMENT COMMISSION MEETING
AUGUST 26, 1999**

STAFF REPORT

MR . CHAIRMAN AND MEMBERS OF THE COMMISSION

The Resolution before you requests that you:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with American Stores Properties, Inc. for the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within the Near South Tax Increment Finance Redevelopment Area; and
- 2) Provide tax increment financing assistance for this project and negotiate a redevelopment agreement with American Stores Properties, Inc. for the sale of city-owned parcels and the redevelopment of those parcels combined with others that, as a whole, are commonly known as 1201-29 S. State Street and 1200-60 S. Wabash Avenue, located within the Near South Redevelopment Project Area; and
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council of Chicago the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, to American Stores Properties, Inc.
- 5) Recommend the designation of American Stores Properties, Inc. as developer if no responsive alternate proposals are received.

BACKGROUND

The property to be redeveloped is located within the Near South Tax Increment Financing Redevelopment Project Area (see attached map). The City Council, upon the Commission's recommendation pursuant to the Act, enacted three ordinances on November 28, 1990 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Central Station Redevelopment Project Area, (amended as "Near South" on August 3, 1994), (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area.

The site proposed for redevelopment is the property located at 1201-29 S. State Street and 1200-60 and consists of privately-owned vacant parcels, parcels previously used for parking, the dilapidated St. James Hotel, and the city-owned land that had been used for parking by the police headquarters. With the new police headquarters under construction at 35th and State Streets and the new 1st District Station at 17th and State Streets, this site will no longer be needed for parking. There is additional police parking on the north side of Roosevelt Road.

NEGOTIATED SALE

The city-owned site is generally located at 1201-27 S. State St. and 1200-20 S. Wabash, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034,

subject to survey, and contains approximately 49,137 square feet. The agreed upon purchase price is \$33.50/sq. ft. for a total sales price of \$1,646,090.

DEVELOPMENT PROJECT

Proposed Development Project

The construction of a 40,000 square-foot grocery store with a 15,000 sq. ft. storage mezzanine, 137 customer and 35 employee parking spaces, two retail outlots totaling 2,700 sq. ft., and the buffering of the CTA rail line will further the goals of the Near South TIF Redevelopment Plan by expanding the services required by the growing population of the South Loop and help to sustain a stable economically mixed community in the area.

Community Context

Over the last few years, the Near South community has undergone significant change from what used to be a predominantly commercial and industrial area, suffering from vacancy and blight, to a bustling, economically diverse residential neighborhood. Population has more than doubled since 1970 to a current estimate of 34,500. Within the last three years, more than 4,300 new market-rate housing units have been constructed in the Area; 2,000 of those built or planned within two-three blocks of the project site. This project will provide a full-service grocery store, which is one of the primary commercial services needed to sustain a stable residential neighborhood.

Financial Assistance

The need for TIF assistance is justified, in part, by the unusually high land costs incurred by this Developer, of \$80.56/s.f. for the entire site. In addition to the Developer's equity and the \$2.0 million in TIF assistance, the Developer is financing the balance of the \$20,621,090 total project cost and has agreed to accept the remaining \$3.6 million in assistance over time, saving the City considerable interest costs.

Scope of Work

The scope of work for the proposed project includes the demolition of the St. James Hotel, the construction of a new Jewel/Osco store and two retail outlots, buffering of CTA rail line, and extensive landscaping of the project area that will exceed current city standards.

Proposed Developer

The proposed developer of the property is American Stores Properties, Inc., the real estate development subsidiary of American Stores Company, parent of Jewel/Osco food and drug stores. The company currently operates 263 grocery, drug, and combination grocery/drug stores throughout Chicagoland and Illinois and more than 2,500 stores nationwide.

DEAL STRUCTURE

The City intends to negotiate a redevelopment agreement with American Stores Properties, Inc. for the sale of city-owned land and to provide the project with an amount of TIF funds not to exceed the lesser of \$5.6 million or 27% of the total project budget (now estimated at \$20,621,090) to be funded from the Near South TIF incremental tax revenues or bond proceeds secured by incremental tax revenues for TIF-eligible costs. \$2.0 million will be provided for TIF-eligible costs during the construction phase of the project, and an additional \$3.6 million will be provided on a pay-as-you-go basis, during the life of the TIF district. This amount has a present day value of \$1.9 million and is based upon the increment to be generated by the project over the life of the TIF, now estimated to be at least \$3.6 million.

The Developer will be expected to comply with all City requirements, including M/WBE, Prevailing Wage, and City Residency. A 15% retainage of the TIF assistance will be held back from the initial \$2.0 million payment to ensure these requirements are met. None of the pay-as-you-go assistance will be provided until the project has been completed in accordance with City requirements.

PROJECT BUDGET

<u>Sources:</u>			<u>Uses:</u>	
Equity		1,250,000	Land Acquisition	8,781,090
Loan from parent company		*17,371,090	Demolition	1,200,000
TIF:	Up-front	<u>2,000,000</u>	Construction	4,900,000
	Total Sources	\$20,621,090	Environmental	350,000
			Site Preparation	1,000,000
			Landscaping	200,000
			Offsite	150,000
			Architectural & Engineering	191,000
			Fixtures & Equipment	3,200,000
			Construction Supervision	156,000
			Legal/Consultants	54,000
			Permits & Fees	100,000
			Contingency	73,000
			Developer's Fee	<u>266,000</u>
			Total Project Budget	\$20,621,090

**This amount will be reduced over time as the project is reimbursed on an annual pay-as-you-go basis, through increment generated by the project, up to \$3.6 million.*

CONFORMANCE WITH THE REDEVELOPMENT PLAN

The uses of the subject property proposed by American Stores Properties, Inc. are consistent with the Near South Tax Increment Financing Redevelopment Plan and Project (the "Plan") in terms of land use and the furthering of the Plan's goals and objectives. With regard to land uses, the Plan states that retail uses are permitted throughout the Area and specifically on this site.

BENEFITS

Taxes

This retail facility is expected to generate \$1.5 million in sales taxes annually. While the increment that this project is projected to generate will be pledged to the developer to offset TIF-eligible costs, the project life is expected to extend beyond the life of the TIF (2013) and therefore contribute to the tax base indefinitely.

Jobs

The Project will be expected to directly create 115-145 full-time jobs and to participate in the City's Job Readiness Program. In addition, some relationship will be forged with the residents of the nearby Hilliard-Ickes housing projects that involves job training and creation.

Quality of Life

The addition of a new full-service grocery store on this blighted block will inevitably have numerous benefits throughout the Area, including beautification, additional business and shopper traffic, demolition of the St. James Hotel, the remediation of existing environmental problems, the buffering of the CTA rail line, and the rehabilitation of the CTA station. The project will further the goals of the Near South TIF Redevelopment Plan by expanding the services available to the growing population of the Area and help sustain a stable economically mixed community.

Public Benefits Programs

Jewel/Osco has many programs that target local schools, such as the Jewel/Osco-Target Gage Park Institute for Pride, which is a school-to-career program established in partnership with the National Center on Education and the Economy. The Developer is planning to adopt a school within the Near South TIF District for a similar type of program.

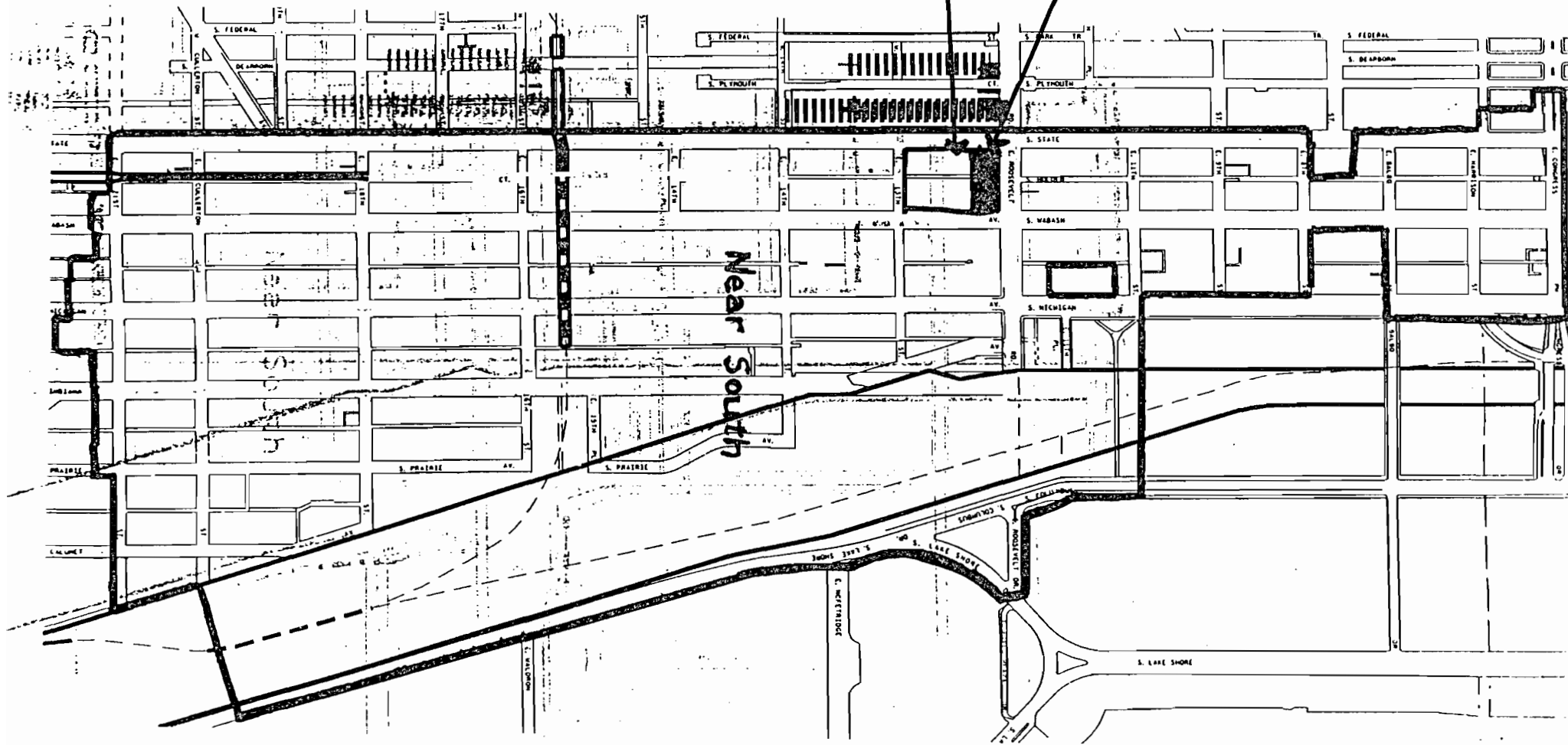
RECOMMENDATION

The Department of Planning and Development recommends that the Community Development Commission take the following actions, as embodied in the attached resolutions:

- 1) Grant authority to advertise the City's intention to enter into a negotiated sale with American Stores Properties, Inc. for the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey,, within the Near South Tax Increment Finance Redevelopment Area; and
- 2) Provide tax increment financing assistance for this project and negotiate a redevelopment agreement with American Stores Properties, Inc. for the sale of city-owned parcels and the redevelopment of those parcels combined with others that, as a whole, are commonly known as 1201-29 S. State Street and 1200-60 S. Wabash Avenue, located within the Near South Redevelopment Project Area; and
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council of Chicago the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, to American Stores Properties, Inc.
- 5) Recommend the designation of American Stores Properties, Inc. as developer if no responsive alternate proposals are received.

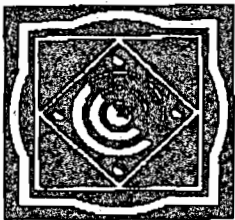
City-owned
land
Project Site

Near
South



NEAR SOUTH PLANNING BOARD

Formerly South Side Planning Board & Burnham Park Planning Board



1727 S. Indiana #104
Chicago, IL 60616
Phone 312.987.1980
Fax 312.987.9215

Serving the Communities of:

Burnham Park

Burnham Shores

Central Station

Chinatown

Dearborn Park

Franklin Point

Groveland Park

Michael Reese Hospital

Illinois Institute of Technology

Lake Meadows

LaSalle Park

McCormick Place

Mercy Hospital

Prairie Ave. Historic District

Prairie Shores

Printers Row

River City

The Gap

The Financial District

The Museum Campus

South Commons

South Michigan Avenue

Woodland Park

August 5, 1999

Mr. Christopher Hill
Commissioner
Department of Planning and Development
121 North LaSalle #1000
Chicago, IL 60602

Dear Commissioner Hill:

Near South Planning Board has reviewed the proposal for a new Jewel store at Wabash and Roosevelt and is pleased to support this project.


The building is thoughtfully and creatively designed, with luxurious landscaping softening the parking area, which is also buffered along Roosevelt with a plaza and two outbuildings.

Our one concern was whether or not there would be sufficient parking, especially since we were opposed to the taking of Tommy Guns, to provide additional parking. We were therefore pleased to learn that the additional parking would be provided at the northeast corner of 13th and State, so that it would not be necessary to take Tommy Gun's, and that increase in parking should be sufficient to meet the needs of the facility.

We are also pleased that the Jewel signage is incorporated into the facade of the building eliminating the need for signage in the parking lot. We request that there not be other ugly signage in the parking lot or on the outbuildings.

We are very pleased to welcome Jewel to our community and appreciate the effort they are making to be a good neighbor. They have our support.

Yours truly,


Barbara Lynne
President and Executive Director

copy: Madeline Halthcock, Alderman
Langdon Neal



CITY COUNCIL

CITY OF CHICAGO

COUNCIL CHAMBER

ROOM 209, CITY HALL
121 NORTH LASALLE STREET
CHICAGO, IL 60602
TELEPHONE: 312-744-6838
FAX: 312-744-6824

COMMITTEE MEMBERSHIP

EDUCATION
(VICE CHAIRMAN)

HEALTH
(VICE CHAIRMAN)

AVATION

BUDGET AND GOVERNMENT OPERATIONS

ECONOMIC AND CAPITAL DEVELOPMENT

FINANCE

RULES AND ETHICS

MADELINE HAITHCOCK

ALDERMAN, 2ND WARD

WARD OFFICES:

449 EAST 35TH STREET

CHICAGO, ILLINOIS 60616

TELEPHONE: (773) 924-0014

FAX: (773) 924-8950

701 SOUTH WESTERN AVENUE

CHICAGO, ILLINOIS 60612

TELEPHONE: (312) 733-8169

August 4, 1999

Christopher R. Hill
Commissioner
Dept. of Planning & Development
121 N. LaSalle Street, Room 1000
Chicago, Illinois 60602

Dear Commissioner Hill:

This is to convey my support for the proposed Jewel/Osco grocery store to be located at Roosevelt and Wabash. This project will replace under-maintained, under-utilized property with a much-needed full-service grocery store in the community. This is another positive step in the continuing process of the revitalization of the Near South community.

Sincerely,

Madeline L. Haithcock
Alderman, 2nd Ward

Ms. Terri L. Texley
Coordinator of Economic Development
Dept. of Planning and Development
City Hall, Room 1101
121 N. LaSalle St.
Chicago, IL 60602

Via Fax: (312) 744-7996

August 13, 1999

Dear Ms. Texley,

On behalf of the Greater South Loop Association (GSLA) I am writing to inform you of our strong support for the proposed Jewel/Osco at Roosevelt and Wabash.

Upon receipt of the information from your office regarding the development, GSLA conducted a survey of residents in our geographical area. Ninety-seven percent of the respondents indicated their support for the project. It should be noted however, that their support is contingent on the understanding that the loading dock has been reversed and the outside wall on 13th St. extended in height, from the original architectural drawings presented at the public meeting.

GSLA was particularly impressed by Jewel representatives' willingness to develop a community advisory board and welcomes the opportunity to work with store and city officials on issues such as security and traffic. The updated design of the 'el' entry located at the sight is a positive step towards ensuring the safety of area residents and customers.

We thank you again for the opportunity to comment on the proposed development of our community.

Sincerely,



Mell Monroe
President
Greater South Loop Association

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

CERTIFICATE

I, Raymond Redell, the duly authorized, qualified and Assistant Secretary of the **Community Development Commission of the City of Chicago**, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a Resolution adopted by the **Community Development Commission of the City of Chicago** at a Regular Meeting held on the 26th Day of August, 1999, with the original Resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said Resolution.

Dated this the 26th Day of August, 1999



ASSISTANT SECRETARY
Raymond Redell

**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. 99-CDC-166

- 1) Authority to advertise the City's intention to enter into a negotiated sale with American Stores Properties, Inc. for the sale of city-owned land generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, within the Near South Tax Increment Finance Redevelopment Area; and
- 2) Provide tax increment financing assistance for this project and negotiate a redevelopment agreement with American Stores Properties, Inc. for the sale of city-owned parcels and the redevelopment of those parcels combined with others that, as a whole, are commonly known as 1201-29 S. State Street and 1200-60 S. Wabash Avenue, located within the Near South Redevelopment Project Area; and
- 3) Approve a request for alternate proposals; and
- 4) Recommend to the City Council of Chicago the sale of city-owned parcels generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, to American Stores Properties, Inc. if no alternate proposals are received; and
- 5) Recommend the designation of American Stores Properties, Inc. as developer if no responsive alternate proposals are received.

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act; and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to pursuant to the Act, enacted three ordinances on November 28, 1990 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Central Station Redevelopment Project Area, (amended as "Near South" on August 3, 1994), (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing

for the Area. The street boundaries of the Area and street address are described on Exhibit A hereto; and

WHEREAS, American Stores Properties, Inc., a Delaware corporation, (the "Company"), has presented to the City's Department of Planning and Development ("DPD") a proposal to purchase city-owned land generally located at 1201-27 S. State Street and 1200-20 S. Wabash Avenue, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, (the "Property") for \$1,646,090, an amount equal to \$33.50 per square foot; and

WHEREAS, the Company proposes to combine the Property with privately-owned parcels to assemble a site which is commonly known as 1201-29 S. State Street and 1200-60 S. Wabash Avenue, (the "Site") for the construction of a 40,000 square-foot grocery store with a 15,000 sq. ft. storage mezzanine, 137 customer and 35 employee parking spaces, two retail outlots totaling 2,700 sq. ft., buffering of the CTA rail line, and extensive landscaping (the "Project"); and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement regarding redevelopment within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DPD requests the authority of the Commission to make the required disclosure by publishing notice substantially in the form set forth as Exhibit B hereto (the "Notice") in the Chicago Sun-Times or the Chicago Tribune, being newspapers of general circulation within the Area; and

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the sale of the Property and to provide tax increment financing assistance to the Project, if no responsive alternative proposals are received by DPD within fourteen days after publication of the Notice; and

WHEREAS, the Department of Planning and Development has found that the sale of the Property and to the Company and the completion of the Project would further the goals of the Near South TIF Redevelopment Plan by expanding the services needed by the growing population of the South Loop and helping to sustain a stable economically mixed community in the area; and

WHEREAS, if no alternate bids are received, the sale of the Property to the Company be recommended to the City Council without further action by the Commission, now therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby authorizes DPD to publish the Notice.

Section 3. In the event that no other offers to purchase are received the Department may request the City Council to approve the sale of the city-owned site generally located at 1201-27 S. State St. and 1200-20 S. Wabash, within PINs 17-22-100-010, 17-22-100-011, 17-22-100-012, 17-22-100-013, 17-22-100-014, and 17-22-100-034, subject to survey, to American Stores Properties, Inc. without further action by this Commission.

Section 4. The Commission hereby recommends to City Council that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Company for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 5. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 6. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 7. This resolution shall be effective as of the date of its adoption.

Section 8. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: August 29, 1999

Attachments: Exhibit A: Street Boundary Description
Exhibit B: Form of Notice requesting Alternative Proposals