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**1998 Annual Report**

**Homan-Grand Trunk  
Redevelopment Project Area**



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

*JUNE 30, 1999*

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City of Chicago  
Richard M. Daley, Mayor

Department of Planning  
and Development

Christopher R. Hill  
Commissioner

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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 Homan-Grand Trunk 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,

Christopher R. Hill  
Commissioner  
Department of Planning and Development

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

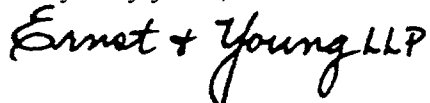
Commissioner Hill:

Enclosed is the required annual report for the Homan-Grand Trunk 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

# Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report

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# **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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## **Purpose of Report:**

The purpose of the Annual Report for the Homan-Grand Trunk 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 Homan-Grand Trunk 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.

## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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### **(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.

## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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### **(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.

## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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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;



## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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- 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;

## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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- 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**

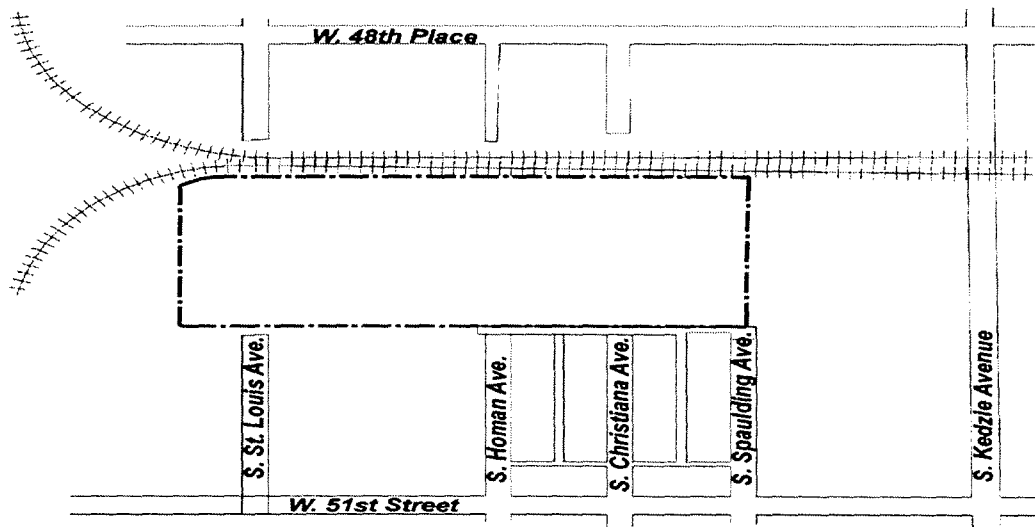
As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois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

# Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report

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## (a) GENERAL DESCRIPTION

The Project Area is generally bounded by the Grand Trunk Western railroad line on the north, a private drive where West 50<sup>th</sup> Street would head west on the south, South Spaulding Avenue on the east, and a line approximately 150 feet west of the right-of-way line of South St. Louis 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).



## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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### **(b) DATE OF DESIGNATION AND TERMINATION**

The Project Area was designated by the Chicago City Council on December 15, 1993. The Project Area may be terminated no later than December 15, 2016.

### **(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.

**Homan-Grand Trunk Redevelopment Project Area  
1998 Annual Report**

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**(e) DESCRIPTION OF TIF PROJECT(S)**

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

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### **(f) DESCRIPTION OF TIF DEBT INSTRUMENTS**

During 1998, there were no TIF debt instruments outstanding for the Project Area.

# Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report

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## (g) DESCRIPTION OF CITY CONTRACTS

TABLE G  
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1998</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
City TIF Program Administration	1998	Studies/Plan/Admin.	\$5,453	100%

## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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### **(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.



## **Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report**

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### **(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.

**Homan-Grand Trunk Redevelopment Project Area  
1998 Annual Report**

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**(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER**

CITY OF CHICAGO, ILLINOIS  
HOMAN-GRAND TRUNK REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1998 AND 1997

CITY OF CHICAGO, ILLINOIS

HOMAN-GRAND TRUNK REDEVELOPMENT PROJECT

C O N T E N T S

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BANSLEY 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 Homan-Grand Trunk 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 Homan-Grand Trunk 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 Homan-Grand Trunk 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 Homan-Grand Trunk Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit 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.

*Bardley and Kiener, L.L.P.*

Certified Public Accountants

May 4, 1999

CITY OF CHICAGO, ILLINOIS  
HOMAN-GRAND TRUNK 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	\$528,344	\$363,143
Property taxes receivable	161,000	88,000
Accrued interest receivable	<u>16,752</u>	<u>9,380</u>
Total assets	<u>\$706,096</u>	<u>\$460,523</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Due to other City funds	\$ 5,453	\$ 5,482
Deferred revenue	<u>161,000</u>	<u>88,000</u>
Total liabilities	166,453	93,482
Fund balance	<u>539,643</u>	<u>367,041</u>
Total liabilities and fund balance	<u>\$706,096</u>	<u>\$460,523</u>

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

CITY OF CHICAGO, ILLINOIS  
HOMAN-GRAND TRUNK 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	\$161,094	\$166,670
Interest	<u>16,961</u>	<u>9,380</u>
Total revenues	178,055	176,050
Expenditures		
Capital projects	<u>5,453</u>	<u>5,482</u>
Revenues over expenditures	172,602	170,568
Fund balance, beginning of year	<u>367,041</u>	<u>196,473</u>
Fund balance, end of year	<u>\$539,643</u>	<u>\$367,041</u>

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



CITY OF CHICAGO, ILLINOIS  
HOMAN-GRAND TRUNK REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Homan-Grand Trunk Tax Increment Redevelopment Project Area (Project) was established in December 1993. 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  
HOMAN-GRAND TRUNK 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.

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.

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	\$161,094	\$166,670
Payments for capital projects	(5,482)	-
Interest received	<u>9,589</u>	<u>-</u>
Increase in cash and investments	165,201	166,670
Cash and investments, beginning of year	<u>363,143</u>	<u>196,473</u>
Cash and investments, end of year	<u>\$528,344</u>	<u>\$363,143</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities		
Revenues over expenditures	\$172,602	\$170,568
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities		
Changes in assets - (increase) decrease		
Property tax receivable	(73,000)	75,404
Accrued interest receivable	(7,372)	(9,380)
Changes in liabilities - increase (decrease)		
Due to other City funds	(29)	5,482
Deferred revenue	<u>73,000</u>	<u>(75,404)</u>
	<u>\$165,201</u>	<u>\$166,670</u>

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>\$5,453</u>	<u>\$5,482</u>

# Homan-Grand Trunk Redevelopment Project Area 1998 Annual Report

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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)	\$35,753	\$1,857,479	\$161,095

(1) N.A. - not applicable.



**Homan-Grand Trunk Redevelopment Project Area  
1998 Annual Report**

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**(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. SANEW 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 Homan-Grand Trunk 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 Homan-Grand Trunk 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

**Homan-Grand Trunk Redevelopment Project Area  
1998 Annual Report**

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**ATTACHMENT  
REDEVELOPMENT PLAN**

**HOMAN/GRAND TRUNK  
TAX INCREMENT REDEVELOPMENT  
PLAN AND PROJECT**

**Prepared for:  
The City of Chicago**

**By:  
Camiros, Ltd.**

HOMAN/GRAND TRUNK  
TAX INCREMENT REDEVELOPMENT  
PLAN AND PROJECT

**1.  
INTRODUCTION**

This document presents the proposed Tax Increment Redevelopment Project and Plan for a portion of the Elsdon Yard industrial area located west of South Kedzie Avenue between the Grand Trunk Western rail line and West 51st Street. The project and plan respond to problem conditions within the study area and reflect the commitment by the City of Chicago to improve and revitalize the Redevelopment Project Area.

**Tax Increment Financing**

In adopting the Tax Increment Allocation Redevelopment Act, the Illinois State Legislature found that

“...there exist in many municipalities within this State blighted, conservation and industrial park conservation areas; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked...It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken...The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas is hereby declared to be essential to the public interest.”

In order to use the tax increment financing technique, a municipality must first establish that the proposed Redevelopment Project Area meets the statutory criteria for designation as a “blighted area”, a “conservation area” or an “industrial conservation area”. A redevelopment plan must then be prepared which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the Redevelopment Project Area as a “blighted area”, “conservation area”, or combination thereof, or “industrial conservation area”, and thereby enhance the tax bases of the taxing districts which extend into the Redevelopment Project Area. Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan.

The legislation requires that each redevelopment plan set forth in writing the program which will be undertaken to accomplish the municipality’s redevelopment objectives. The Act also states that

“No redevelopment plan shall be adopted by a municipality without findings that (1) the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably be anticipated to be developed without the adoption of the redevelopment plan, (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, (3) stating the estimated dates, which shall not be more than 23 years from the adoption of the ordinance approving the Redevelopment Project Area, of completion of the redevelopment project and retirement of obligations incurred to finance redevelopment project costs, (4) in the case of an industrial park conservation area, also that the municipality is a labor surplus municipality and that the implementation of the redevelopment plan will reduce unemployment, create new jobs and by the provision of new facilities enhance the tax base of the taxing districts that extend into the Redevelopment Project Area, and (5) in the event that any incremental revenues are being utilized pursuant to Section 8(a)(1) or 8(a)(2) of this Act in Redevelopment Project Areas approved by ordinance after January 1, 1986, (a) a finding that the Redevelopment Project Area would not

reasonably be developed without the use of such incremental revenues, (b) a finding that such incremental revenues will be exclusively utilized for the development of the Redevelopment Project Area."

Pursuant to the provisions contained in the Act, an evaluation has been undertaken to determine whether the study area qualifies for designation as a "blighted area" and, if the area so qualifies, the preparation of a redevelopment plan for the Redevelopment Project Area in accordance with the requirements of the Act.

#### **The Homan/Grand Trunk Redevelopment Project Area**

The Homan/Grand Trunk Redevelopment Project Area is located west of South Kedzie Avenue and north of West 51st Street in the City of Chicago. The Redevelopment Project Area is generally bounded by the Grand Trunk Western railroad line on the north, the Grand Trunk Western property line on the south, Spaulding Avenue (extended) on the east and a line approximately 150 feet west of the west right-of-way line of St. Louis Avenue (extended) on the west.

The Homan/Grand Trunk Redevelopment Project Area has not been subject to growth and development by private enterprise. An analysis of conditions within the Redevelopment Project Area indicates that it is appropriate for designation as a redevelopment project in accordance with the State of Illinois tax increment financing legislation.

The analysis disclosed that the area is vacant and consists of unused rail yards and right-of-way. As a result of this factor, the area is characterized by conditions that warrant the designation of the study area as a "blighted area" under the definitions set forth in the Tax Increment Allocation Redevelopment Act of the State of Illinois (hereinafter referred to as the "Act").

The Homan/Grand Trunk Redevelopment Plan and Project have been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Redevelopment Project Area.

## 2.

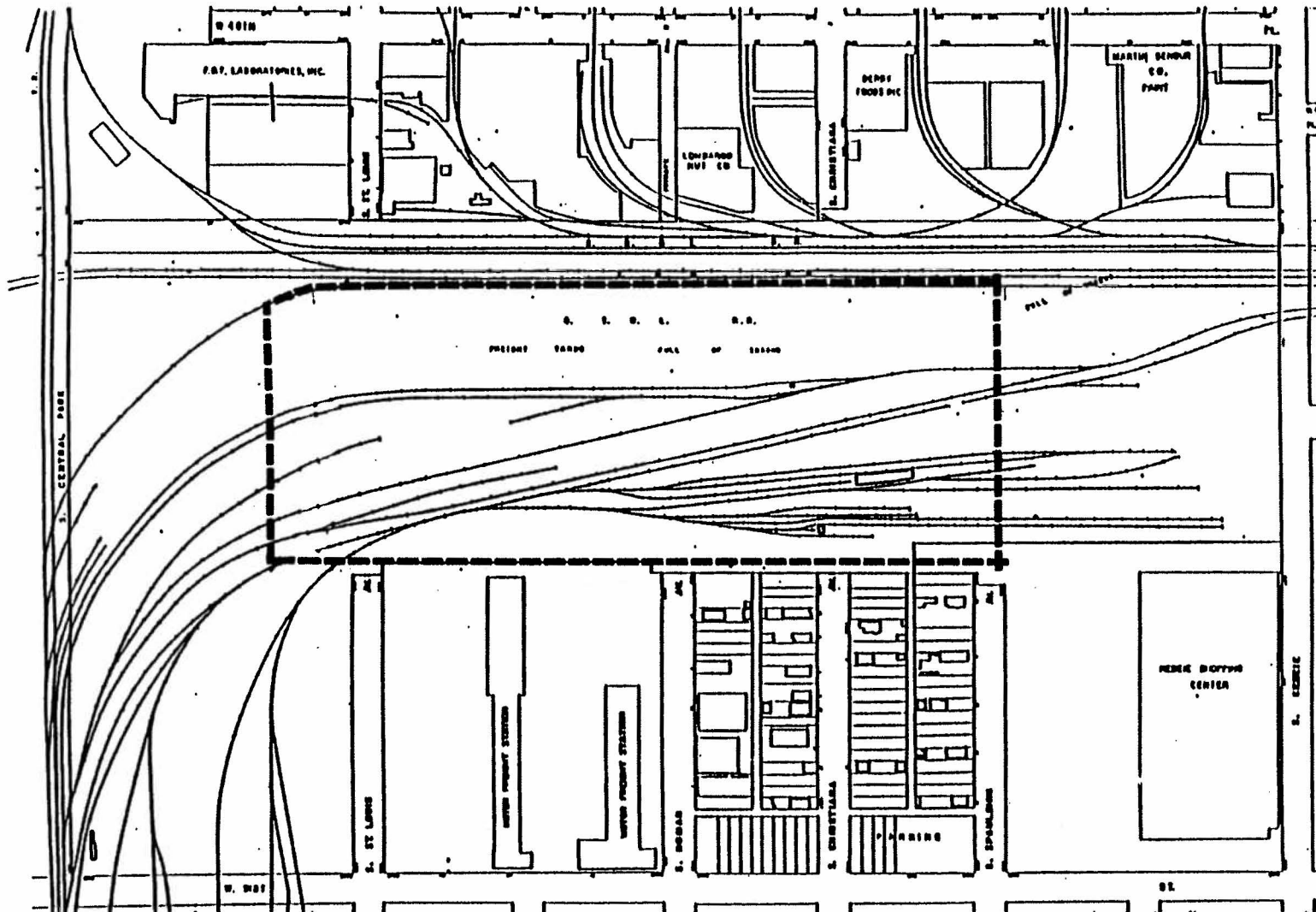
### REDEVELOPMENT PROJECT AREA DESCRIPTION

The Homan/Grand Trunk Redevelopment Project Area is generally bounded by the Grand Trunk Western rail line on the north, the Grand Trunk Western property line on the south, Spaulding Avenue (extended) on the east and extends approximately 150 feet west of the west right-of-way line of St. Louis Avenue (extended) on the west. The boundaries of the Redevelopment Project Area are shown in Figure 1. The Redevelopment Project Area is approximately 15.75 acres in size.

A legal description of the Redevelopment Project Area is included as Appendix A of this document. The proposed Redevelopment Project Area includes only contiguous parcels, qualifies for designation as a "blighted area" and is not less than 1-1/2 acres in aggregate as required by the Act. The proposed Redevelopment Project Area includes only that area which is anticipated to be substantially benefited by the proposed redevelopment project improvements.

The Homan/Grand Trunk Redevelopment Project Area presently is part of a much larger parcel of vacant railroad property, known as the Elsdon Yards. The Redevelopment Project Area is presently zoned as a M2-2 General Manufacturing District (Figure 2).

Other commercial, residential and industrial uses surround the Redevelopment Project Area with access provided by South Kedzie Avenue, West 51st Street, and Spaulding, Christiana, Homan and St. Louis Avenues which dead-end adjacent to the Redevelopment Project Area. A Jewel and KMart shopping center are located to the east of the Redevelopment Project Area. A major truck freight terminal is located immediately south of the western portion of the Redevelopment Project Area. Several other industrial uses are located along Homan Avenue. Residential uses are located along Christiana, the west side of Spaulding Avenue and on one parcel on the east side of Homan Avenue near the proposed Redevelopment Project Area. The present land use distribution is shown in Figure 3.



**LEGEND**

--- Study Area Boundary



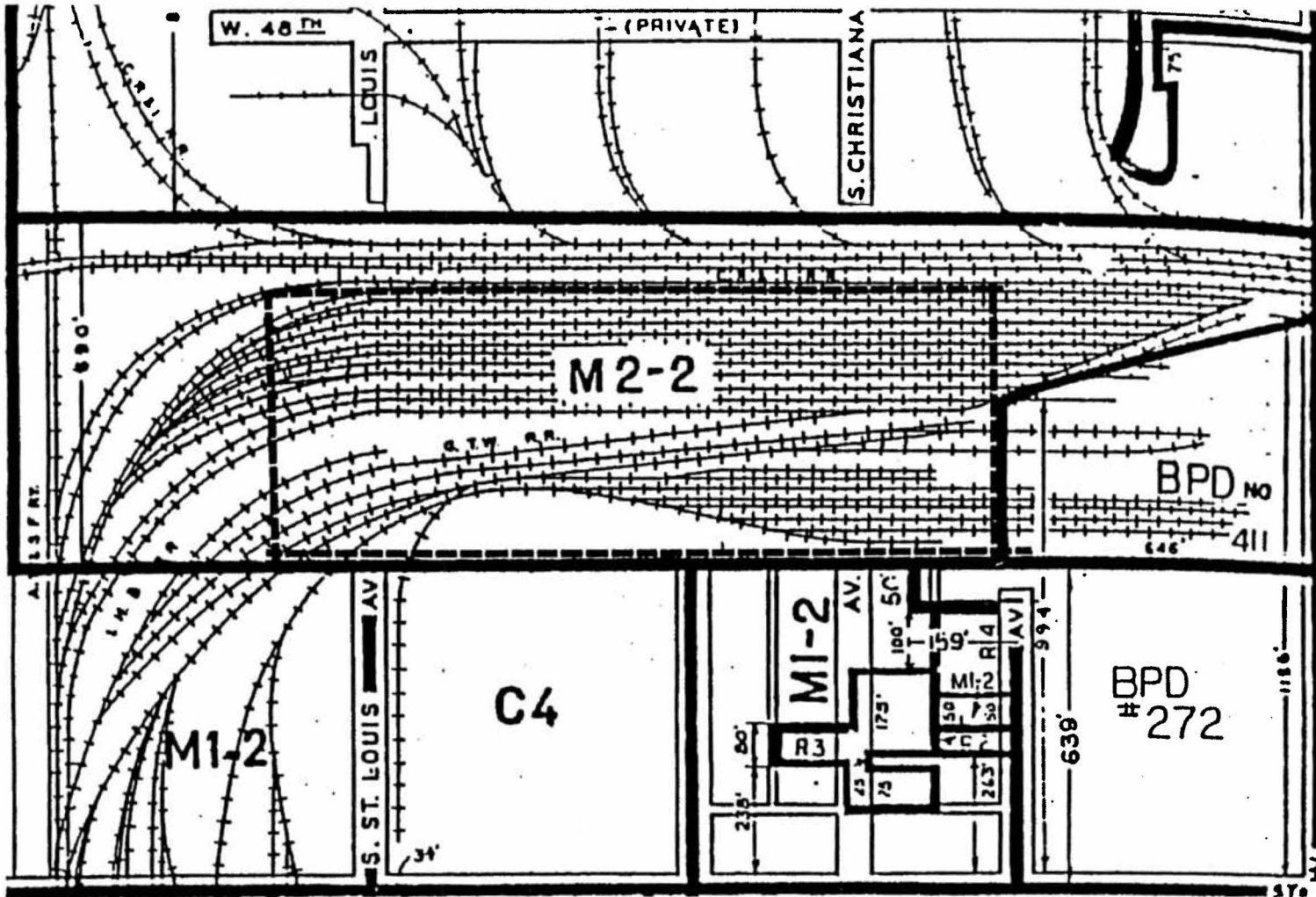
SCALE 1" = 300'-0"

**Figure 1**

**Homan/Grand Trunk  
Tax Increment Redevelopment  
Project Study Area**

Prepared by:  
**camiros ltd.**  
411 South Wells St.  
Chicago, Illinois 60607





**LEGEND**

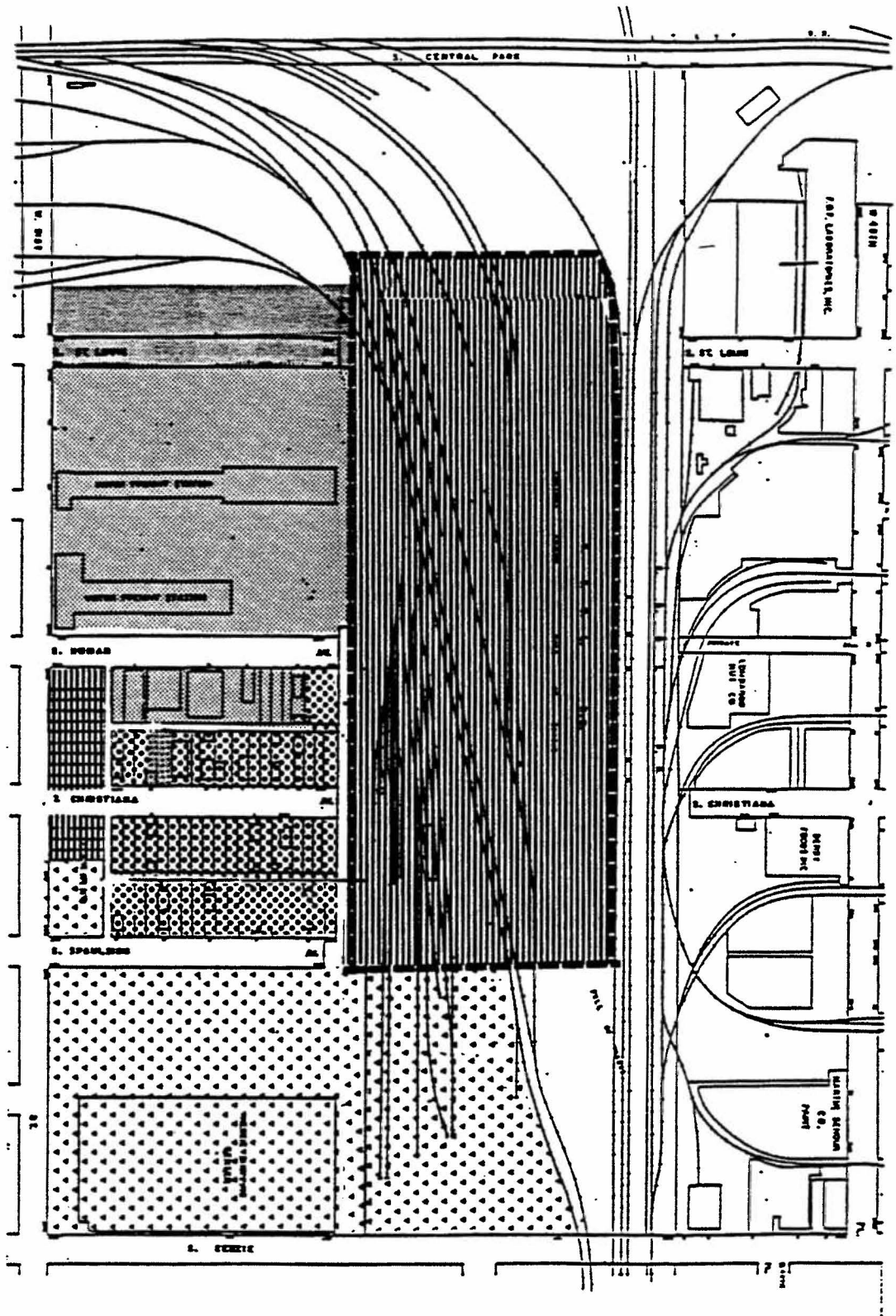
--- Redevelopment project area boundary







SCALE 1"=300'-0"

**Figure 2**  
**Existing Zoning**

**Homan/Grand Trunk**  
**Redevopment Project Area**



**LEGEND**

-  Vacant
-  Commercial
-  Residential
-  Industrial



SCALE 1"=300'-0"

**Figure 3**  
**Existing Land Use**

**Homan/Grand Trunk**  
**Redevelopment Project Area**

**3.  
ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A BLIGHTED  
AREA**

The Homan/Grand Trunk Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. Based on the conditions present, the area is not likely to be developed without the adoption of the redevelopment plan.

In August, 1993 a study was undertaken to establish whether the proposed Redevelopment Project Area is eligible for designation as a blighted area in accordance with the requirements of the "Real Property Tax Increment Allocation Development Act." This analysis concluded that the area qualifies as a blighted area.

The property within the study area is vacant and consists of unused rail yards and right-of-way.

The specific basis upon which eligibility for designation as a blighted area was established, is presented in the Homan/Grand Trunk Tax Increment Redevelopment Project Eligibility Report.

4.

#### **COMMUNITY PLANNING OBJECTIVES/REDEVELOPMENT PLAN GOALS AND OBJECTIVES**

The proposed Homan/Grand Trunk Redevelopment Plan and Project are consistent with the City of Chicago's industrial development policy. As stated in the City's CORRIDORS OF INDUSTRIAL OPPORTUNITY: A Plan for Industry in Chicago's West Side, and adopted by the Chicago Plan Commission,

" The creation and preservation of jobs for Chicago residents is a major economic development goal of the city...In support of its job creation goal, the City's industrial land use policy seeks to provide opportunities for synergy between related industrial activities, to minimize the conflicts between industrial and other land uses, and to maximize the benefits of public investment in capital programming and related industrial investment."

The adopted industrial land use policy is supported by a nine point implementation strategy:

1. Adopt an industrial Land Use Plan which designates viable and well defined industrial corridors.
2. Maintain the industrial integrity of the corridor by requiring that proposals for non-industrial development and proposals for rezoning to non-industrial districts be approved as planned developments.
3. Continue the selective use of the Planned Manufacturing District mechanism as a tool for assuring stability of land use in the City's industrial areas.
4. Amend the provisions of the Chicago Zoning Ordinance applicable to the manufacturing zoning districts for a classification of uses and associated development standards which are congruent with the needs of modern industrial development.
5. Rezone the non-industrial zoned properties within the corridor and, as necessary, existing industrially zoned properties consistent with the appropriate modified M-zoning category.
6. Give priority consideration to the operational needs of existing industrial uses when reviewing the rezoning of industrial property outside of industrial corridors.
7. Establish an interdepartmental program to identify and regularly update the infrastructure needs of industry throughout the City.
8. Feature the industrial park opportunities identified in the Land Use Plan in citywide programs to attract, expand and retain industry. Identify land in industrial corridors for industrial park development and create programs to assist the private sector in the development of these sites.
9. Identify Rail Access Development Areas and foster a closer relationship between the railroads and the City to enhance the development and marketing of rail properties and services.

The Homan/Grand Trunk Redevelopment Plan and Project will enhance the City's ability to achieve its goals. The proposed Redevelopment Plan and Project are consistent with adopted industrial development policies because it will attract new modern industrial development to the area.

#### **Redevelopment Plan Goals and Objectives**

The overall goal of the Homan/Grand Trunk Redevelopment Plan is to stimulate private industrial investment in the area in order to enhance property values and attract modern industrial users who will provide jobs and enhance Chicago's industrial property tax base. The City's goals and objectives of encouraging development and private investment will be realized by:

- Promoting the industrial development of unused railroad property with excellent rail access.
- Achieving significant new industrial development in a declining area.
- Improving public facilities that may include, but are not limited to street and utility improvements.
- Undertaking necessary site development to meet the needs of identified new industrial users.
- Entering into redevelopment agreements and by exercising other powers set forth in the Act as the City of Chicago deems necessary in order to implement the Homan/Grand Trunk Redevelopment Plan and Project.

## 5.

### REDEVELOPMENT PLAN

The City proposes to achieve its redevelopment goals and objectives for the Redevelopment Project Area through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

1. Assembling sites for redevelopment through appropriate land assembly techniques. The City may determine that it is necessary to participate in property acquisition or may use other means to induce transfer of such property to a private developer.
2. Providing public improvements and facilities which may include, but are not limited to infrastructure such as new utilities and utility adjustments, surface right-of-way improvements and other site work needed to prepare the area for industrial development.
3. Undertaking the surveys, studies and other actions necessary in order to prepare for the redevelopment of the Redevelopment Project Area.
4. Entering into redevelopment agreements for the construction of private improvements in accordance with the Redevelopment Plan.

6.  
**REDEVELOPMENT PROJECT DESCRIPTION**

In order to carry out the public improvements needed to stimulate private investment in the Redevelopment Project Area, some or all of the following activities and actions may be undertaken.

**Development Strategies/Redevelopment Activities**

*Site Assembly*

To achieve the renewal of the Homan/Grand Trunk Redevelopment Project Area, property identified in Figure 3, may be acquired by purchase or long term lease and either sold or leased for private redevelopment or sold, leased or dedicated for construction of public improvements. The City may determine that to meet the objectives of this Redevelopment Plan, property scheduled for acquisition in the plan may be exempted from acquisition without amendment of this Redevelopment Plan.

*Provision of Public Improvements and Facilities*

Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to construction of roadway improvements and adjustments and modifications to water and sewer lines and other utilities as may be necessary to facilitate redevelopment in accordance with the objectives and provisions of this Redevelopment Plan.

*Redevelopment Studies and Surveys*

In order to achieve development of the Homan/Grand Trunk Redevelopment Plan and Project, necessary planning, legal and financial studies may be undertaken.

*Redevelopment Agreements*

Terms of conveyance for land acquired as part of this redevelopment project shall be incorporated in appropriate disposition agreements. Such agreements may contain more specific controls than those stated in this Redevelopment Plan.

*Interest Costs Pursuant to the Act*

Pursuant to the Act, the City may allocate a portion of the incremental tax revenues to reduce interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Redevelopment Project Area.

7.  
**GENERAL LAND USE PLAN AND MAP**

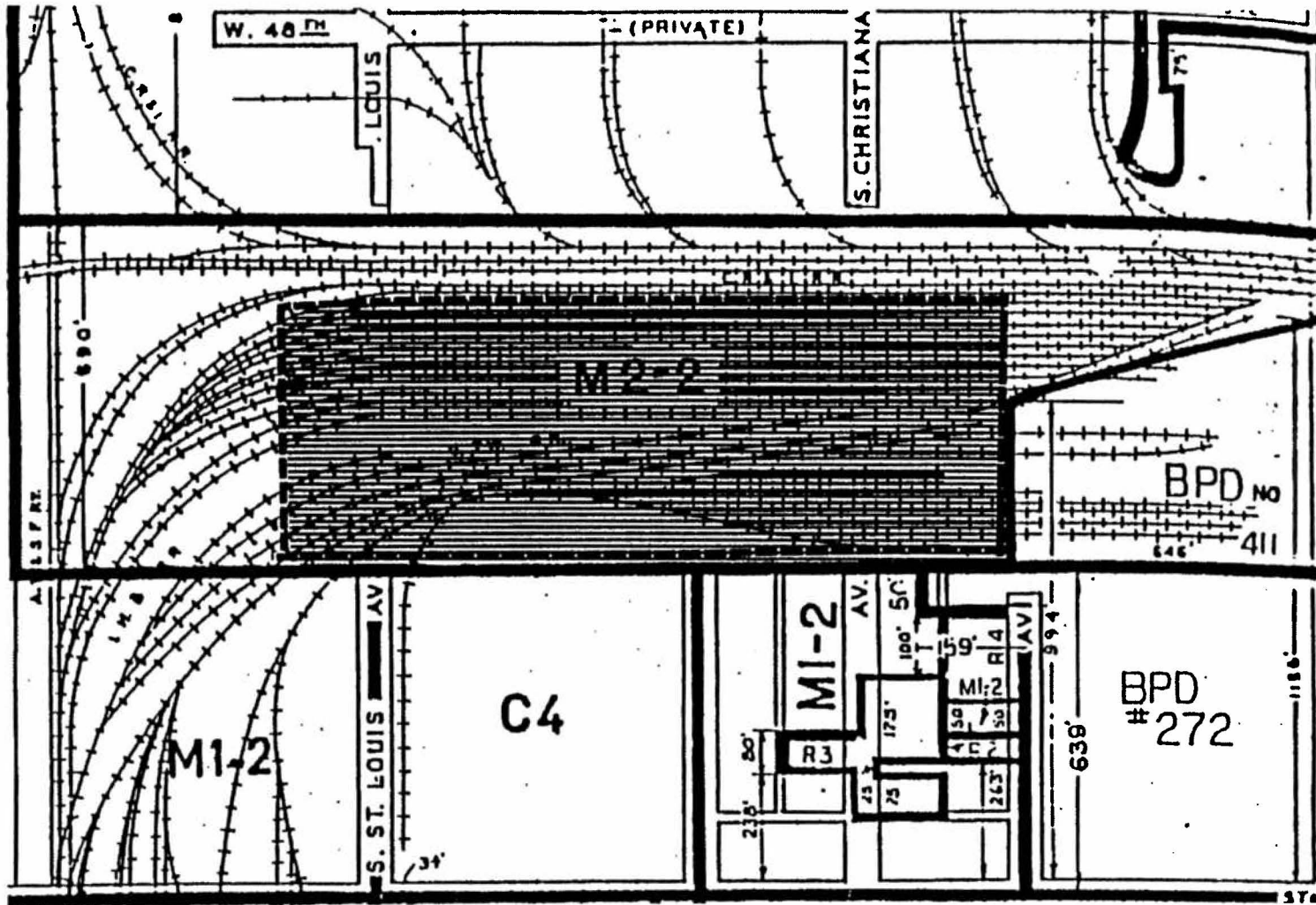
This Redevelopment Plan and the proposed Redevelopment Project conform to the City of Chicago's adopted industrial land use policy.

The General Land Use Plan, Figure 4, identifies land uses expected to result from implementation of this plan. The major land use category included within the Redevelopment Project Area is industrial. The Land Use Plan is intended to provide a guide for future land use improvements and developments within the Project Area.

The proposed Homan/Grand Trunk Redevelopment Project envisions the resubdivision of this property which is part of the larger Elsdon Yards to facilitate industrial redevelopment of the site. The Land Use Plan anticipates construction of 75,600 square feet of new warehouse and office space, with future expansion to 265,000 square feet anticipated within 2 years.

It is anticipated that City expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with private redevelopment expenditures.





**LEGEND**

 Industrial



SCALE 1"=300'-0"

**Figure 4**  
**General Land Use Plan**

**Homan/Grand Trunk**  
**Redevelopment Project Area**

8.

## DESIGN CONTROLS AND CRITERIA

It is the intent of this redevelopment plan that the project area be improved and developed as an economically viable modern industrial distribution facility. The following design and development objectives should be used to guide new development and improvements within the Redevelopment Project Area, and apply equally to all areas included in the Land Use Plan. These design objectives are consistent with the City of Chicago's industrial land use policy.

- Design a site plan that will be efficient for use as a modern industrial distribution facility.
- Design off-street loading facilities that facilitate use of modern distribution techniques.
- Provide an adequate supply of appropriately located employee parking within the Redevelopment Project Area.
- Provide adequate screening and buffering around all new parking areas, per the City of Chicago Landscape Ordinance.
- New development should comply with the Zoning Ordinance regulations applicable to the area.

9.

## REDEVELOPMENT PLAN AND PROJECT FINANCING

Tax increment financing can only be used when desired private investment would not reasonably be expected to occur without public assistance. The enabling legislation allowing the use of tax increment financing in Illinois sets forth the range of public assistance that may be provided.

### Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and Redevelopment Project. Eligible costs may include, without limitation, the following:

1. Costs of studies and surveys, development plans and specifications, implementation and administration of the redevelopment including but not limited to staff and professional service costs including but not limited to architectural, engineering, legal, marketing, financial, planning or other special services;
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, 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 under the Act 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 Redevelopment Plan and Project, to the extent the municipality, by written agreement, accepts and approves such costs;
8. Relocation costs to the extent that the City determines that relocation costs shall be paid or that the City is required to make payment of relocation costs by State or Federal 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 as provided in the Act;

11. Interest costs incurred by a developer related to the construction, renovation or rehabilitation as provided in the Act.

The cost of constructing new privately-owned buildings is not an eligible redevelopment project cost, unless specifically authorized by the Act.

#### Estimated Project Costs

A range of activities and improvements will be required to implement this tax increment financing project. The proposed activities and their costs are briefly described below and shown in Table 1.

Acquisition of property for sale or lease for private redevelopment, including necessary site preparation.

*Estimated cost: \$540,000*

Construction of public improvements and facilities which may include, but are not limited to roadway and utility adjustments and improvements. These improvements are intended to improve access to the site and stimulate private investment in new construction.

*Estimated cost: \$100,000*

Planning, legal, surveys, fees and other related development costs. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, financial and special service costs.

*Estimated cost: \$70,000*

Financing and issuance costs as provided by the Act.

*Estimated cost: \$200,000*

Contingencies pursuant to provisions of the Act

*Estimated cost: \$200,000*

The estimated gross project cost is \$1,110,000.

All project cost estimates are in 1993 dollars. Any bonds issued to finance portions of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to estimated line items are expected and may be made without amendment to the Redevelopment Plan as long as the total project expenditures remain unchanged.

Table 1  
ELIGIBLE REDEVELOPMENT PROJECT COSTS

Land Assembly	\$540,000
Public Improvements and Facilities	\$100,000
Planning, Legal, Surveys and Related Development Costs	\$70,000
Financing and Issuance Costs	\$200,000
Contingencies	\$200,000
<b>TOTAL</b>	<b>\$1,110,000</b>

## Sources of Funds

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental real property taxes. 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. Other sources of funds which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

The City may issue general obligation bonds secured by the full faith and credit of the City for the purpose of financing redevelopment project costs. Such bonds may be payable from ad valorem taxes levied against all taxable property in the City of Chicago.

Development of the Homan/Grand Trunk Redevelopment Project Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act and not the full range of development costs associated with the proposed Redevelopment Project. The majority of development costs will be privately financed. Tax increment financing or other public sources will be used only to the extent needed to secure commitments for private redevelopment activity.

## Nature and Term of Obligations to be Issued

The City of Chicago may issue obligations secured by the tax increment special tax allocation fund established for the project area pursuant to the Act or such other funds or security as are available to the City by virtue of its powers pursuant to the Illinois State Constitution.

All obligations issued by the City of Chicago in order to implement this Redevelopment Plan and Project shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. The final maturity date of any such obligations which are issued may not be later than twenty (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 Act shall not exceed the amounts available, or projected to be available, from the tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance.

Revenues shall 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 the 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

The property within the Homan/Grand Trunk Redevelopment Project Area is currently owned by the Grand Trunk Western Railroad and is exempt. Therefore, as of the 1992 tax year, the total equalized assessed valuation for the Redevelopment Project Area is \$0. The initial equalized assessed valuation is subject to final determination and verification by the Cook County Assessor. After verification, the correct figure shall be certified by the County Clerk of Cook County, Illinois.

### **Anticipated Equalized Assessed Valuation**

It is expected that the project will be completed and fully occupied within one year of adoption of the Redevelopment Plan and Project. Once the project has been completed and the property is fully assessed, the equalized assessed valuation of real property within the Redevelopment Project Area is estimated at \$3,600,000.

The estimated assessed valuation is stated in 1993 dollars. This estimate has been calculated assuming that the Redevelopment Project Area will be developed in accordance with the general Land Use Plan described in Chapter 7 of this document.

Calculation of the projected equalized assessed valuation is based on several other key assumptions, including: 1) redevelopment of the Homan/Grand Trunk Redevelopment Area will occur in a timely manner; and 2) the most recent State Multiplier of 2.0897 as applied to 1992 assessed values will remain unchanged.

### **Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs**

This Redevelopment Project will be completed on or before a date twenty-three (23) years from the adoption of the ordinance designating the Redevelopment Project Area. The City of Chicago expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental property tax yield and other funds available to retire any obligations issued pursuant to implementation of the Redevelopment Project. Actual construction activities are anticipated to be completed within one year of adoption of the Redevelopment Plan and Project.

**10.**  
**PROVISIONS FOR AMENDING THE PLAN**

This Homan/Grand Trunk Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Tax Increment Allocation Redevelopment Act.

**11.**

**CITY OF CHICAGO COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION**

As part of any Redevelopment Agreement entered into by the City and the private developer, both will agree to establish and implement an affirmative action program that serves appropriate sectors of the City of Chicago.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, terminations, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting activities for this Redevelopment Project will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The City and the private developers involved in the implementation of this Redevelopment Project will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for the Project being undertaken in the Redevelopment Project Area. Any public/private partnership established for the development project in the Redevelopment Project Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

Underlying this policy is the recognition that successful affirmative action programs are important to the continued growth and vitality of the City of Chicago.



**APPENDIX A  
LEGAL DESCRIPTION OF THE HOMAN/GRAND TRUNK REDEVELOPMENT  
PROJECT AREA**

**Parcel "A"**

That part of Blocks 19, 20, 21, 22 and 23 and vacated St. Louis Avenue, Homan Avenue and Spaulding Avenue in James H. Ree's Subdivision of the Northeast 1/4 of Section 11, Township 38 North, Range 13, East of the third principal meridian, described as follows: Beginning at the Southeast corner of Block 23; thence North 89° 52' 41" West along the South line of Block 23, a distance of 150.00 feet to a point; thence North 00° 02' 34" East, a distance of 230.94 feet to a point; thence North 52° 16' 03" East, a distance of 107.29 feet to the point on curve; thence Northeasterly along the arc of circle having a radius of 929.54 feet and convex Northwesterly a distance of 616.81 feet to a point; thence South 89° 42' 48" East, a distance of 847.77 feet to a line lying 22.00 feet East of and parallel with the East line of Block 19; thence South 00° 02' 34" West along said parallel line a distance of 189.97 feet to a point; thence North 89° 52' 41" West, a distance of 255.00 feet to a point; thence South 00° 02' 34" West, a distance of 300.00 feet to the point on South line of Block 19; thence North 89° 52' 41" West, along the South line of Blocks 19, 20, 21, 22, 23 and aforementioned avenues (except Spaulding Avenue) a distance of 1,251.66 feet to the point of beginning, in Cook County, Illinois.

**Parcel "B"**

That part of Block 19 and vacated Spaulding Avenue in James H. Ree's Subdivision of the Northeast 1/4 of Section 11, Township 38 North, Range 13, East of the third principal meridian, described as follows: Commencing at the Southeast corner of said Lot 19; thence South 89° 52' 41" East, a distance of 22.00 feet to the point of beginning; thence north 00° 02' 34" East, a distance of 300.00 feet to a point; thence North 89° 52' 41" West, a distance of 255.00 feet to a point; thence South 00° 02' 34" West a distance of 300.00 feet to the point on South line of said Block 19; thence South 89° 52' 41" East, a distance of 255.00 feet to the point of beginning, in Cook County, Illinois.

Subject to an easement for ingress and egress and utilities over a strip of land 40.00 feet wide being described as the east 40.00 feet of the Northerly extension of the Homan Avenue right of way as extended from the South line of the above described parcel to its North line. Also subject to an easement for a storm drain over a 20.00 foot wide strip of land, the centerline of which is described as follows: Beginning at a point on the West line of Block 20 which lies North 00° 02' 33" East, 234.78 feet from the Southwest corner of said Block 20; thence South 79° 58' 37" West, 282.80 feet; thence North 09° 37' 10" West, 90.60 feet to the North line of above described parcel.

**HOMAN/GRAND TRUNK  
TAX INCREMENT REDEVELOPMENT PROJECT  
ELIGIBILITY REPORT**

**Prepared for:  
The City of Chicago**

**By:  
Camiros, Ltd.**

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**September, 1993**

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HOMAN/GRAND TRUNK  
TAX INCREMENT REDEVELOPMENT PROJECT  
ELIGIBILITY REPORT

## SUMMARY OF FINDINGS

The purpose of this study is to determine whether vacant industrial property in the area adjacent to the Grand Trunk Western Railroad, north of West 51st Street and west of South Kedzie Avenue qualifies for designation as a tax increment financing district within the definitions set forth under Chapter 24, Section 11-74.4 of the Illinois Revised Statutes, known as the "Real Property Tax Increment Allocation Redevelopment Act." This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived from the tax rates of all taxing districts in a project area for the payment of redevelopment project costs incurred by the municipality.

The findings in this report are based on surveys and analyses of the property identified in Figure 1. This area is generally bounded by the Grand Trunk Western railroad line on the north, Spaulding Avenue (extended) on the east, the Grand Trunk Western property line on the south (approximately 500 feet south of the rail line), and a western boundary located approximately 150 feet west of the west right-of-way line of St. Louis Avenue. The approximately 15.75 acres of land contained within these boundaries will hereafter be referred to as the "study area." A legal description of the study area outlined in Figure 1 is included as Appendix A.

The evaluation of the eligibility of the study area for designation as a tax increment financing district included a field survey and aerial photograph interpretation of the study area. Based on the analyses and evaluation which are described in this report, the study area was found to qualify for designation as a blighted area.

- The property is vacant and consists of unused rail yards and right-of-way.

## 1. INTRODUCTION

The Real Property Tax Increment Allocation Act of 1977 as amended in 1986, 1988 and 1989, permits municipalities to improve eligible "blighted", "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures which must be adhered to in designating a Redevelopment Project Area. One of those procedures is the determination that the area meets the statutory eligibility requirements. By definition, a Redevelopment Project Area is:

"... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or combination of both blighted areas and conservation areas."

In adopting this legislation, the Illinois General Assembly found:

1. That there exists in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

The legislative findings were made on the basis that the presence of blight or conditions which lead to blight is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements which must be met before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a blighted area, conservation area, or an industrial park conservation area. The Act defines a "blighted area" as any improved or vacant area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality where, because of a combination of factors, an improved area is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired.

### Blighted Areas

If the property under consideration is improved, a combination of five or more of the following 14 factors must be present for designation as a blighted area:

- Age
- Deleterious land use or layout
- Depreciation of physical maintenance
- Dilapidation
- Deterioration
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies
- Inadequate utilities
- Lack of community planning

- Lack of ventilation, light or sanitary facilities
- Obsolescence
- Overcrowding of structures and community facilities
- Presence of structures below minimum code standards.

If the property is vacant, a combination of two or more of the following factors qualifies the area as blighted.

- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- Diversity of ownership of vacant land
- Flooding on all or part of such vacant land
- Obsolete platting of vacant land
- Tax or special assessment delinquencies on such land.

Vacant property also qualifies as "blighted" if any one of the following factors is present:

- The area qualified as blighted immediately before it became vacant
- The area consists of an unused quarry or quarries
- The area consists of unused railyards, tracks or rights-of-way
- The area consists of an unused disposal site containing debris from construction demolition, etc.
- The area is subject to chronic flooding which adversely impacts on real property in the area, and such flooding is substantially caused by one or more improvements in or near the area in existence for at least five years
- The area is 50 to 100 acres, 75 percent vacant, shows deleterious qualities and was designated as a town center before 1982, but not developed for that purpose.

#### Conservation Areas

Conservation areas are areas which are rapidly deteriorating and declining. Such areas are not yet blighted, but may soon become blighted areas if their decline is not checked. Establishing an area as a "conservation area" under the Act requires that 50 percent or more of the structures in the area must be 35 years of age or older, and the presence of three or more of the following 14 factors:

- Abandonment
- Deleterious land use or layout
- Deterioration
- Depreciation of physical maintenance
- Dilapidation
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies
- Lack of community planning
- Lack of ventilation, light, or sanitary facilities
- Obsolescence
- Overcrowding of structures and community facilities
- Presence of structures below minimum code standards
- Inadequate utilities.

#### Industrial Park Conservation Area

In order to qualify for designation as an "industrial park conservation area", a Redevelopment Project Area must meet all of the following conditions:

- Be within a labor surplus area (unemployment for the municipality for the last 6 months was higher than the national average and was also greater than 6 percent)
- Be within the territorial limits of the municipality or within 1-1/2 miles of the territorial limits of the municipality and is annexed and zoned as industrial

- Include both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

Although the Act defines blighted and conservation areas, it does not define the factors which must be present to qualify an area for such designation. Therefore, it is necessary to establish reasonable and defensible criteria to support each local finding that serves to qualify an area as either a blighted or conservation area.

The simple presence and documentation of the minimum number of factors may be sufficient to establish eligibility for designation as a blighted or conservation area. However, this evaluation was made on the basis that such factors should be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. In other words, each factor identified should be present to a meaningful degree so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act. Similarly, blighting factors should be reasonably distributed throughout the study area so that basically good areas are not arbitrarily found to be blighted because of their proximity to areas which are blighted.

The test of eligibility is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the project area.



2.

## THE STUDY AREA

The study area consists of approximately 15.75 acres of vacant railroad property adjacent to the Grand Trunk Western rail line north of West 51st Street and west of South Kedzie Avenue in Chicago, Illinois. The location of this property is identified in Figure 1. This property will hereafter be referred to as the "study area." A legal description of the study area outlined in Figure 1 is included as Appendix A.

The study area is generally bounded by the Grand Trunk Western rail line on the north, the Grand Trunk Western property line on the south, Spaulding Avenue (extended) on the east and extends approximately 150 feet west of the west right-of-way line of St. Louis Avenue (extended) on the west. The study area is part of the Grand Trunk Western Railroad's Elsdon Yards.

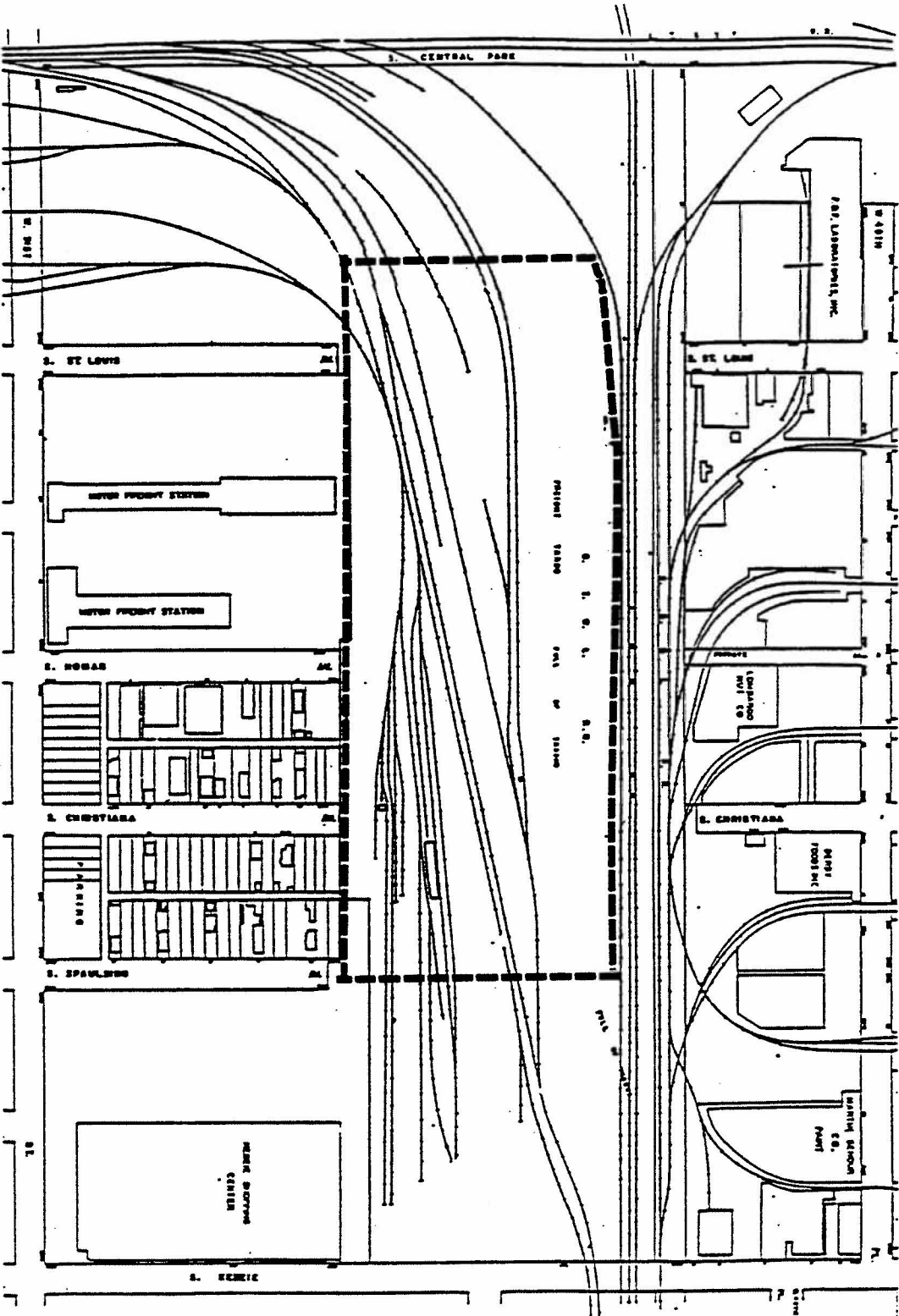


Figure 1

**Homan/Grand Trunk  
Redevelopment Project Area**

### 3. ELIGIBILITY STUDIES AND ANALYSIS

An analysis was undertaken to determine whether any or all of the blighting factors listed in the Act are present in the study area, and if so, to what extent and in which locations. In order to accomplish this evaluation the following tasks were undertaken:

1. Field survey of the site.
2. Interpretation of aerial photographs of the area.
3. Analysis of existing land uses and their relationships.
4. Evaluation of the site in relation to current zoning.
5. Analysis of real estate assessment data.

The property within the study area is vacant. Vacant property is considered "blighted" if any one of the following factors is present.

- The area qualified as blighted immediately before it became vacant
- The area consists of an unused quarry or quarries
- The area consists of unused railyards, tracks or rights-of-way
- The area consists of an unused disposal site containing debris from construction demolition, etc.
- The area is subject to chronic flooding which adversely impacts on real property in the area, and such flooding is substantially caused by one or more improvements in or near the area in existence for at least five years
- The area is 50 to 100 acres, 75 percent vacant, shows deleterious qualities and was designated as a town center before 1982, but not developed for that purpose.

The property in the study area is presently owned by the Grand Trunk Western Railroad, a division of the Canadian National Railroad. The zoning map indicates that the area consists of a rail yard. A field survey and evaluation of aerial photographs of the area confirms the former use of this property as railyards.

4.

**DETERMINATION OF STUDY AREA ELIGIBILITY**

The study area meets the requirements of the Act for designation as a "blighted area". The property is vacant and consists of unused railyards, tracks or right-of-way.

**APPENDIX A  
LEGAL DESCRIPTION OF PROPOSED HOMAN/GRAND TRUNK BLIGHTED  
AREA**

**Parcel "A"**

That part of Blocks 19, 20, 21, 22 and 23 and vacated St. Louis Avenue, Homan Avenue and Spaulding Avenue in James H. Ree's Subdivision of the Northeast 1/4 of Section 11, Township 38 North, Range 13, East of the third principal meridian, described as follows: Beginning at the Southeast corner of Block 23; thence North 89° 52' 41" West along the South line of Block 23, a distance of 150.00 feet to a point; thence North 00° 02' 34" East, a distance of 230.94 feet to a point; thence North 52° 16' 03" East, a distance of 107.29 feet to the point on curve; thence Northeasterly along the arc of circle having a radius of 929.54 feet and convex Northwesterly a distance of 616.81 feet to a point; thence South 89° 42' 48" East, a distance of 847.77 feet to a line lying 22.00 feet East of and parallel with the East line of Block 19; thence South 00° 02' 34" West along said parallel line a distance of 189.97 feet to a point; thence North 89° 52' 41" West, a distance of 255.00 feet to a point; thence South 00° 02' 34" West, a distance of 300.00 feet to the point on South line of Block 19; thence North 89° 52' 41" West, along the South line of Blocks 19, 20, 21, 22, 23 and aforementioned avenues (except Spaulding Avenue) a distance of 1,251.66 feet to the point of beginning, in Cook County, Illinois.

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