
1997 Annual Report

Goose Island Redevelopment Project Area



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

June 30, 1998



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
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(312) 744-2271 (FAX)
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June 30, 1998

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 Goose Island Redevelopment Project Area, along with 43 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, 1998

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 Goose Island 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. 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

Goose Island Redevelopment Project Area 1997 Annual Report

TABLE OF CONTENTS

ANNUAL REPORT - GOOSE ISLAND REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (4) OF THE MAYOR'S EXECUTIVE ORDER 97-2

	PAGE
PURPOSE OF REPORT.....	1
METHODOLOGY	1
(a) GENERAL DESCRIPTION.....	5
(b) DATE OF DESIGNATION AND TERMINATION	6
(c) COPY OF REDEVELOPMENT PLAN.....	6
(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS	6
(e) DESCRIPTION OF TIF PROJECT(S)	7
(f) DESCRIPTION OF TIF DEBT INSTRUMENTS	8
(g) DESCRIPTION OF CITY CONTRACTS	9
(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY	10
(i) DESCRIPTION OF PROPERTY TRANSACTIONS	11
(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER.....	12
(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS.....	13
(l) CERTAIN CONTRACTS OF TIF CONSULTANTS.....	15
(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT	16
ATTACHMENT - REDEVELOPMENT PLAN.....	17

Goose Island Redevelopment Project Area 1997 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Goose Island Redevelopment Project Area (Report) is to provide useful information to interested parties regarding the City of Chicago's (City) tax increment financing (TIF) districts in existence on December 31, 1997, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Goose Island 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. Except to the extent that Section (h) also describes completed projects, the Report reflects only TIF economic activity during 1997. As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area were described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets were 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.

(d) Description of Intergovernmental and Redevelopment Agreements

Agreements related to the Project Area are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector

Goose Island Redevelopment Project Area 1997 Annual Report

entities interested in redeveloping all or a portion of the Project Area. The date of recording of Agreements with the Cook County Recorder of Deeds is included in Section (d) (if applicable).

(e) Description of TIF Projects

Section (e) describes each TIF project in the Project Area that has already received approval by the Community Development Commission. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreement, if such agreements exist. City tax increment project expenditures during 1997, tax increment project expenditures to date, and a description of all TIF financing were included in Section (e). This Report covers only those projects already approved by the Community Development Commission as of December 31, 1997, and which received TIF financing during 1997. 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.

(f) Description of all TIF Debt Instruments

Descriptions of all TIF debt instruments in Section (f) were obtained from the City. 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 were not included in Section (f). Such instruments do not qualify as TIF instruments as defined by the Executive Order.

(g) Description of City Contracts

Section (g) provides a description of City contracts paid with incremental property tax revenues in 1997. For purposes of the Report, "prior calendar year" as defined in the Executive Order means 1997. Section (g) does not cover payments for services related to TIF projects previously reported in Section (e).

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 an 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. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

Goose Island Redevelopment Project Area 1997 Annual Report

(h) Summary of Private and Public Investment Activity

Section (h) describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

The investment activity reported is based on data for projects described in the intergovernmental and redevelopment agreements and any additional data available to the Commissioner of Planning and Development. Private and public investments are estimated in Section (h) on a completed project basis. The Report contains only the final ratio of private/public investment for each TIF project. 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 Section (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.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1997 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.

(k) Description of Tax Receipts and Assessment Increments

Information concerning 1997 tax receipts and assessments associated with the Project Area is provided in Section (k). 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.

(l) Certain Contracts of TIF Consultants

Section (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 any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Section (l) are based on responses to a mail survey. This survey was sent to every

Goose Island Redevelopment Project Area 1997 Annual Report

consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City, as of December 31, 1997.

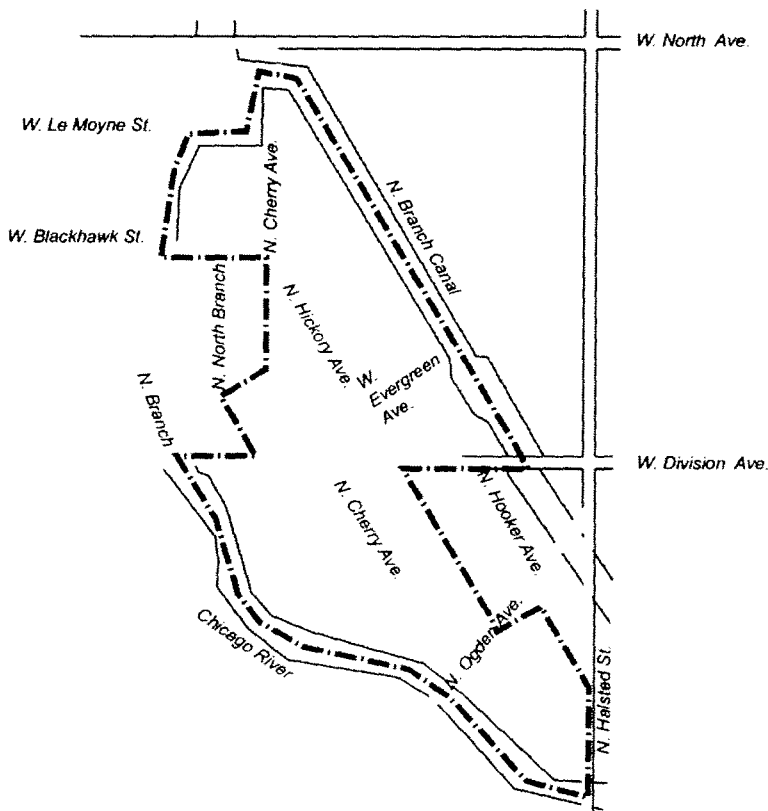
(m) Compliance Statement Prepared by an Independent Public Accountant

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.

Goose Island Redevelopment Project Area 1997 Annual Report

(a) GENERAL DESCRIPTION

The Project Area is generally bounded on the west by the west bank of the Chicago River from Halsted Street to Division Street, then east on the northern side of Division Street, to the east side of North Branch Street, then northwest to the south side of Eastman Street, then northeast to the east side of Cherry Avenue and north on Cherry Avenue to the north side of Blackhawk Street, then west on Blackhawk Street to the west side of Cherry Avenue, and then north to the northern tip of Goose Island at the United States Turning Basin. The Project Area then runs southeast all the way to the southern side of Division Street and then heads west to Hickory Avenue, then southeast to Haines Street, then northeast to Hooker Street, heading southeast to Halsted Street, and finally south along the western side of Halsted Street back to the point of beginning at the North Branch of the Chicago River. 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).



Goose Island Redevelopment Project Area 1997 Annual Report

(b) DATE OF DESIGNATION AND TERMINATION

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

(c) COPY OF REDEVELOPMENT PLAN

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

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

Information pertaining to executed intergovernmental and redevelopment agreements is contained in Section (d). A description of intergovernmental and redevelopment agreements executed in connection with the Project Area, naming parties, dates of authorization by the City Council, dates of execution, and dates of recording in the office of the Cook County Recorder of Deeds (if applicable), is included. **During 1997, no such agreements existed for the Project Area.**

Goose Island Redevelopment Project Area 1997 Annual Report

(e) DESCRIPTION OF TIF PROJECTS

Section (e) contains the required information as outlined in the Executive Order about each TIF project which has received TIF financing during the most recently concluded prior calendar year (1997). A description of each TIF project approved by the Community Development Commission or currently under way within the Project Area is included in Section (e). The section 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.

During 1997, there were no tax increment project expenditures for the Project Area. Therefore, no information was provided for this section.

Goose Island Redevelopment Project Area 1997 Annual Report

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

Section (f) contains TIF debt information for the Project Area as outlined in the Executive Order:

- 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 (1997);
- 5) the amount of principal paid from tax increment during the prior calendar year (1997).

As of December 31, 1997, there were no TIF debt instruments outstanding for the Project Area.

**Goose Island Redevelopment Project Area
1997 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

The following Table G contains the required information as outlined in the Executive Order pertaining to City contracts related to the Project Area. The section contains a description of each City contract related to the Project Area and executed or in effect during the prior calendar year. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. This Section (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. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

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

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1997	PERCENT OF COMPENSATION PAID TO DATE
City TIF Program Administration	1997	Cost of Implementation and Administration	\$3,854	100%

Goose Island Redevelopment Project Area 1997 Annual Report

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

The following Table H provides the required information as outlined in the Executive Order pertaining to private investment activity, job creation, job retention, and the ratio of private to public investment. It describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

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.

The Report contains only 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.

**TABLE H
DESCRIPTION OF PRIVATE INVESTMENT ACTIVITY, JOB RETENTION, JOB CREATION,
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT IN THE PROJECT AREA**

<u>NAME OF TIF PROJECT</u>	<u>JOB CREATION</u>	<u>JOB RETENTION</u>	<u>PRIVATE INVESTMENT ACTIVITY</u>	<u>PUBLIC INVESTMENT</u>	<u>RATIO OF PRIVATE/PUBLIC INVESTMENT</u>
Republic Aluminum	202	408	\$24,399,402	\$6,525,000	3.74
		TOTAL	\$24,399,402	\$6,525,000	3.74

Note 1: Data gathered by an independent consultant to the City, with the assistance of City staff.

Goose Island Redevelopment Project Area 1997 Annual Report

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

The Executive Order requires information pertaining to property transactions occurring within the Project Area, 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 TIF area during the prior calendar year (1997):

- 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;
- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the 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.

As mentioned above, the Executive Order requires reporting of property transactions occurring within the Project Area, 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. **However, the City did not take or divest title to real property within the Project Area during 1997. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1997.**

Goose Island Redevelopment Project Area 1997 Annual Report

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

The audited financial statements provide the required information as outlined in the Executive Order pertaining to financial aspects of the Special Tax Allocation Fund for the Project Area. 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.

CITY OF CHICAGO, ILLINOIS
GOOSE ISLAND REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1997

CITY OF CHICAGO, ILLINOIS
GOOSE ISLAND REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1
Balance sheet	2
Statement of revenues, expenditures and changes in fund balance	3
Notes to financial statements	4-5
 SUPPLEMENTARY INFORMATION	
Schedule of cash activities	6
Schedule of expenditures by statutory code	7

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 sheet of the Goose Island Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year 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 audit.

We conducted our audit 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 audit provides 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 Goose Island Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 6 and the schedule of expenditures by statutory code on page 7, which is 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 Goose Island 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.

Bansley and Kiener, L.L.P.

Certified Public Accountants

April 14, 1998

CITY OF CHICAGO, ILLINOIS
GOOSE ISLAND REDEVELOPMENT PROJECT

BALANCE SHEET
DECEMBER 31, 1997

A S S E T S

Cash and investments	\$117,185
Property taxes receivable	250,000
Accrued interest receivable	<u>976</u>
Total assets	<u>\$368,161</u>

LIABILITIES AND FUND BALANCE

Due to other City funds	\$ 3,854
Deferred revenue	249,948
Fund balance	<u>114,359</u>
Total liabilities and fund balance	<u>\$368,161</u>

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

CITY OF CHICAGO, ILLINOIS
GOOSE ISLAND REDEVELOPMENT PROJECT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1997

Revenues	
Property tax	\$117,224
Interest	<u>989</u>
Total revenues	118,213
Expenditures	
Capital projects	<u>3,854</u>
Revenues over expenditures	114,359
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$114,359</u>

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

CITY OF CHICAGO, ILLINOIS
GOOSE ISLAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Goose Island Tax Increment Redevelopment Project Area (Project) was established in July 1996. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer 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.

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
GOOSE ISLAND 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. Investments are stated at cost or amortized cost, which approximates market value.

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.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CASH ACTIVITIES
YEAR ENDED DECEMBER 31, 1997

Cash flows from operating activities	
Property taxes received	\$ 117,172
Interest received	<u>13</u>
Increase in cash and investments	117,185
Cash and investments, beginning of year	<u>-</u>
Cash and investments, end of year	<u>\$ 117,185</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities	
Revenues over expenditures	\$ 114,359
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities	
Changes in assets - (increase)	
Property tax receivable	(250,000)
Accrued interest receivable	(976)
Changes in liabilities - increase	
Due to other City funds	3,854
Deferred revenue	<u>249,948</u>
	<u>\$ 117,185</u>

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

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>\$3,854</u>
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Goose Island Redevelopment Project Area 1997 Annual Report

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

The following 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. The table 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;
- 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) of this Section (k).

All terms used in Section (k) relating to increment amounts and assessed value are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law.

**Goose Island Redevelopment Project Area
1997 Annual Report**

**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 1996 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1996</u>
1997	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	\$13,676,187	\$14,910,788	\$116,707

Goose Island Redevelopment Project Area 1997 Annual Report

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

Section (I) provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and any entity that has or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Section (I) 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, as of December 31, 1997. 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. **No TIF Consultant was paid by the City for assisting to establish the Project Area.**

Goose Island Redevelopment Project Area 1997 Annual Report

(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT

For the Project Area's Special Tax Allocation Fund, this Report provides a certified audit report reviewing compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. The audit was performed by an independent public accountant, certified and licensed by the State of Illinois, and in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants. The Report contains a statement from the accountant indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate.

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.

Bansley and Kiener, L.L.P.
Certified Public Accountants

Established 1922

MANAGEMENT ADVISORY SERVICES

TIMOTHY R. MULCAHY
DAVID W. RICHMOND

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 Goose Island Redevelopment Project of the City of Chicago, Illinois as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated April 14, 1998.

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 Goose Island 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

April 14, 1998

**Goose Island Redevelopment Project Area
1997 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**



Arthur Andersen LLP
State and Local Tax Group
& Real Estate Services Group

***Goose Island Redevelopment Project Area Tax
Increment Allocation Finance Program
Redevelopment Plan and Project
Chicago, Illinois***

Prepared for

The City of Chicago, Illinois
March 12, 1996

TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	3
II.	REDEVELOPMENT PROJECT AREA DESCRIPTION	5
III.	REDEVELOPMENT PROJECT AREA GOALS AND ZONING	7
IV.	BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT AREA	9
V.	TAX INCREMENT FINANCING (TIF) REDEVELOPMENT PROJECT	13
VI.	CONFORMITY TO THE COMPREHENSIVE PLAN	20
VII.	PROVISIONS FOR AMENDING THIS REDEVELOPMENT PROJECT AND PLAN	21
VIII.	SCHEDULING OF REDEVELOPMENT PLAN AND PROJECT	22
IX.	AFFIRMATIVE ACTION PLAN	23
X.	LACK OF GROWTH AND DEVELOPMENT THROUGH PRIVATE INVESTMENT	24
XI.	FINANCIAL AND SERVICE IMPACTS ON TAXING DISTRICTS	26
XII.	CONCLUSIONS	27
XIII.	APPENDIX	28
	LEGAL DESCRIPTION	
	REDEVELOPMENT PROJECT AREA MAP	
	CURRENT USE MAP	
	PROPOSED USE MAP	

I. EXECUTIVE SUMMARY

Chicago's continued growth and development into the next century relies on the ability of government policies to work with the private sector to eliminate blighted areas and ensure the sound growth and development of property. Based upon the City's establishment of the Redevelopment Project Areas adjacent to the proposed Redevelopment Project Area, it is understood that the City of Chicago recognizes the necessity of the relationship between continued community growth and public participation. Additionally, the City understands the dangers associated with blighting factors and problems arising from blighted conditions. Both of these statements are supported by the City of Chicago's establishment of Redevelopment Project Areas on Goose Island adjacent to this proposed Redevelopment Project Area.

The Illinois General Assembly passed the Tax Increment Allocation Redevelopment Act (the "Act" 65 ILCS 5/11-74.4-1 *et seq.*) to address the growing number of blighted areas in many Illinois municipalities. The blighting of communities impairs the value of private investments and threatens the growth of the community's property tax base. The Act declares that in order to promote and protect public health, safety, morals and welfare, blighting conditions must be eliminated.

The Goose Island Redevelopment Project Area Tax Increment Allocation Finance Program Redevelopment Plan and Project (the "Redevelopment Plan and Project") was developed to provide a description of the necessary actions to address the existing blighting conditions. Specifically, the Redevelopment Plan and Project focuses on the portion of Goose Island; Goose Island is bounded by the North Branch of the Chicago River, Halsted Street and the North Branch of the Canal (this portion is the "Redevelopment Project Area"). From an economic perspective, the implementation of the Redevelopment Plan and Project through the use of tax increment financing ("TIF") revenues should stimulate private investment in the area. This combined public/private investment should eliminate the blighting conditions that exist in the Redevelopment Project Area.

Numerous aspects of the Redevelopment Plan and Project are covered below. A legal description of the Redevelopment Project Area is provided by Mackie Consultants, Inc. Redevelopment goals and current land use are provided for evaluation of the overall Redevelopment Plan and Project. Blighting factors present on the site are summarized. (For a more detailed discussion of the blighting factors, see Eligibility Report of a Proposed Redevelopment Project Area for Tax Increment Allocation Financing in the Goose Island Study Area). The Redevelopment Plan and Project estimates all of the eligible costs associated with the Redevelopment Plan and Project. It assumes that elimination of the blighting factors through implementation of the Redevelopment Plan and Project will stimulate the District's sound growth and development. The Redevelopment Plan and Project outlines the nature of the financial obligations which the City of Chicago may issue to finance the eligible costs. To provide an estimate of the

potential growth in value resulting from the Redevelopment Plan and Project's full implementation, estimates of both the initial equalized assessed value and the equalized assessed value in the redevelopment area are provided.

The Redevelopment Plan and Project reviews major issues involved with implementation of the Redevelopment Plan and Project. These issues include conformance with the City of Chicago's community and economic development goals, the schedule of the implementation of the Redevelopment Plan and Project, an analysis of past growth in the Redevelopment Project Area, an estimate of the financial impact and demand for services on the various taxing districts and a program to address any estimated impacts.

II. REDEVELOPMENT PROJECT AREA DESCRIPTION

The Redevelopment Project Area encompasses approximately 94 acres of land on Goose Island. The Redevelopment Project Area is bounded on the west by the west bank of the Chicago River from Halsted Street to Division Street, then east on the northern side of Division Street to the east side of North Branch Street, then northwest to the south side of Eastman Street, then northeast to the east side of Cherry Street and north on Cherry Street to the north side of Blackhawk street, then west on Blackhawk Street to the west side of Cherry Street, then north to the northern tip of Goose Island at the United States Turning Basin. The Redevelopment Project Area then runs southeast all the way to the southern side of Division Street and then heads west to Hickory Avenue, then southeast to Haines Street, then northeast to Hooker Street, heading southeast to Halsted Street, and finally south along the western side of Halsted Street back to the point of beginning at the North Branch of the Chicago River (See Project Area Map in the Appendix). The Redevelopment Project Area contains only those contiguous parcels of real property that are expected to be substantially benefited by the Redevelopment Plan and Project.

A. History of the Redevelopment Project Area

Based upon the "North Branch Industrial Corridor" study and "A Plan for Industry on Goose Island" by the City of Chicago, Department of Planning and Development, the portion of the near northwest side of Chicago that now includes Goose Island was originally settled by Irish fleeing the great famine of the 1840's. In the 1860's, the Chicago Land Company, headed by former Mayor William Ogden, built the North Branch Canal, thus effectively creating an island out of land through which the Chicago River meandered. That island became known as Goose Island.

By 1920, industry had taken firm root on Goose Island. In fact, by the 1950's, Goose Island had completed the transition from a dense residential area to an active industrial district. Easy access to road, river and rail transportation, and proximity to a large skilled labor force made Goose Island attractive to industry. Today, Goose Island retains all of its industrial location amenities. For example, Goose Island is uniquely situated in one of the three Planned Manufacturing Districts in the City of Chicago within the North Branch Industrial Corridor. The North Branch Industrial Corridor is the oldest, largest and most diverse industrial corridor on the North Side of Chicago. Proximity to the central business district is an amenity for a number of Corridor companies with Loop customers and suppliers.

Specifically, Goose Island is located at the southern end of an extensive industrial corridor running along the Chicago River and Kennedy Expressway. Its location affords easy access to a number of transportation modes, most important of which is Interstate 90/94 two blocks west of Goose Island with access at Division Street. Goose

Island also benefits from proximity to a large skilled labor force and Chicago's central business district.

Based on site surveys and a review of City building permit data, the successful industrial development on Goose Island has generally occurred in those areas designated by the City of Chicago as Redevelopment Project Areas. Without the establishment of a redevelopment project area and the use of tax increment financing, the proposed Redevelopment Project Area is not likely to develop.

III. REDEVELOPMENT PROJECT AREA GOALS AND ZONING

The Act encourages both public and private sector cooperation to address and resolve issues involved with deteriorating and declining areas. The Act, as seen in its legislative history, recognizes that the physical and economic decline of properties impairs the value of private investment and threatens the community's health, safety and welfare. The continued investment in, and development of, the Redevelopment Project Area will not only strengthen the Redevelopment Project Area, but the entire City of Chicago as well through sound economic growth, an increased tax base and additional employment opportunities.

The Redevelopment Plan and Project is based on the following redevelopment goals:

General Goals

- Continue to develop and strengthen Chicago's industrial base;
- Eliminate remaining blighting conditions which prevent further development of the Redevelopment Project Area;
- Increase revenue (e.g., property and sales tax revenues) generation from currently vacant land and underutilized buildings on Goose Island, and restore and enhance the tax base of the Redevelopment Project Area;
- Complete the upgrading of public infrastructure serving the Redevelopment Project Area to meet the needs of existing and new businesses, such as parking and improved access to buildings;
- Create job opportunities; and
- Encourage participation of women and minorities in the development of the Redevelopment Project Area.

Zoning for the Redevelopment Project Area

We have determined the uses of the land in the Goose Island Redevelopment Project Area in accordance with the description in the Planned Manufacturing District No. 3 Report for Goose Island (PMD). The PMD specifies the permitted activities for Goose Island. Some of the categories of the permitted activities follow:

- Production, Processing, or Storage of Materials
- Contractor Construction
- Garage and Parking Lots for Motor Vehicles
- Dwelling Units for Watchmen
- Business and Professional Office Space
- Storage, Warehousing, and Wholesale Establishments
- Recycling Facilities

For a comprehensive list of permitted uses of the land, please see PMD Report in the Chicago Zoning Ordinance, p. 194D-10 and 194D-11.

These general types of permitted uses are consistent with the overall goals of the Redevelopment Plan and Project for the following reasons:

- Will retain and create jobs and encourage participation of women and minorities as vacant land develops and as existing businesses are renovated;
- Through the private investment in development and renovation, the tax base of the Redevelopment Project Area will increase;
- The increased tax base will generate additional incremental property tax revenues which may be used to fund eligible project costs in accordance with the Redevelopment Plan and Project;
- Through private investment and implementation of the Redevelopment Plan and Project, it is anticipated that the improved and vacant blighting factors will be eliminated; and
- Full implementation of the Redevelopment Plan and Project is expected to increase the industrial base of the City of Chicago.

IV. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT AREA

As set forth in the Act, the Illinois General Assembly has determined that, in order to promote and protect the health, safety, morals, and welfare of the public, blighted conditions need to be eradicated. The Act also states that the eradication of these blighted areas is essential to the public interest and that the use of tax incremental revenues to fund certain redevelopment projects is of benefit to the community.

Prior to the adoption of an ordinance adopting tax increment financing, there are certain statutory requirements that must be met. One of the requirements for eligibility of the area is that the municipality must demonstrate that the Redevelopment Project Area qualifies as a "blighted area." Based on site inspections, surveys and area analysis, the Redevelopment Project Area qualifies for designation as both an improved blighted area and a vacant blighted area as defined in the Act.

Improved Blighted Area

The qualification is based on analysis performed regarding each of the improved blighting factors listed in the Act to determine whether each or any are present in the Redevelopment Project Area and, if so, to what extent and in what locations. The Eligibility Report describes in detail the methodology and analysis performed resulting in the conclusion that the Redevelopment Project Area qualifies as an improved blighted area under the Act. A summary of the improved blighting factors present in the Redevelopment Project Area follows:

- 1.) **Age** - Because there has been little, if any, new investment or additions in the Redevelopment Project Area within the past thirty-five years, age as a factor is present to a major extent.
- 2.) **Dilapidation** - Dilapidation is present to a major extent. Most of the basic structural components of the buildings in the Redevelopment Project Area are dilapidated. The foundations, walls and roofs are in need of basic rehabilitation, as they are deteriorating from normal erosion of the elements. Several of the walls do not appear to provide adequate support for the buildings, and, in some cases, parts of roofs are completely missing. In addition, structural components requiring major repair include many of the truck loading docks and bays, along with ingress and egress areas to the facilities. The parking areas are significantly dilapidated and in need of major repairs. Cracks, pot holes and uneven pavement exist throughout the Redevelopment Project Area. Moreover, there is improper access for trucks and cars which has created increased congestion on the streets within the area.
- 3.) **Obsolescence** - Obsolescence as a factor is present to a major extent. The buildings in the Redevelopment Project Area demonstrate both economic and functional obsolescence. Building design, height, amount of space and layout are significant

hindrances to business being transacted in the area (i.e., deliveries, pick-ups). Most of the building facilities represent manufacturing standards which are not practical in today's competitive business environment.

- 4.) **Deterioration** - Deterioration as a factor is present to a major extent. The area has deterioration present in a majority of components. Examples of significant factors include but are not limited to uninhabitable buildings (i.e., entire insides of buildings exposed to the elements), corroded doors and rusted window panes, uneven or no sidewalks, and significant pot holes. Further examples of deterioration include ingress and egress to the various buildings, truck loading docks and bays, and many of the roofing structures.
- 5.) **Illegal use of individual structures** - Illegal use of individual structures as a factor is present to a major extent. For example, many of the vacant lots located within the Redevelopment Project Area have been used as dumping sites for old railroad ties, used tires, and various unused and abandoned vehicles. Throughout most of the Redevelopment Project Area, garbage and refuse are strewn across the properties and cover significant areas inside some of the unused buildings.
- 6.) **Presence of structures below minimum code standards** - Presence of structures below minimum code standards as a factor is present to a limited extent. An external examination reveals that certain buildings within the Redevelopment Project Area are definitely unsafe and under no circumstances suitable in current condition for either commercial or residential use or habitation. This is evidenced by faulty and broken fire escapes, lack of windows, missing portions of walls or roofs, unusable fire hydrants, broken or nonexistent ventilation systems, and electrical wires dangling from utility poles.
- 7.) **Excessive vacancies** - Excessive vacancies as a factor is present to a limited extent. For examples, there are some buildings that are completely uninhabitable due to their state of deterioration, dilapidation, and general condition. Little, if any, development or investment in these buildings within the Redevelopment Project Area has taken place over approximately the last ten years.
- 8.) **Overcrowding of structures and community facilities** - Overcrowding of structures and community facilities as a factor is present to a major extent. Most building structures were built over thirty years ago and, as a result, reflect the economic demands and needs of that time. Clearly, these demands and needs are outdated. For example, present economic demands require more flexible ingress and egress capacity. Due to the narrow streets and the small lots, trucks tend to crowd the docks and bays, as well as the sidewalks, and the streets are congested and pose a traffic hazard to employee vehicles, as well as other trucks.
- 9.) **Lack of ventilation, light, or sanitary facilities** - Without entering any of the properties, it is difficult to determine whether this blighting factor is present to a

major extent. However, based on our external survey, this factor may be present to a limited extent.

- 10.) Inadequate utilities** - Inadequate utilities as a factor are present to a major extent. Certain blocks throughout the Redevelopment Project Area contain electrical wires which are dangling from unused telephone poles and frayed at the ends. Obviously, these provide for inadequate electric and telephone utilities within this area. In addition, because of the lack of curbs and gutters in certain places within the Redevelopment Project Area, there is inadequate storm drainage and sanitary sewers. Unusable fire hydrants also present a probable water supply problem and potential fire hazard.
- 11.) Excessive land coverage** - Excessive land coverage as a factor is present to a major extent. The building structures are overbuilt for the amount of land that they occupy. The buildings generally come right up to the street and have very little, if any, space for truck docks or general parking. The buildings are very close together as there are many businesses in certain two square block areas.
- 12.) Deleterious land-use or layout** - The land use is not conducive to businesses that require easy access to buildings. The streets are very narrow and do not allow for travel of more than one vehicle at a time. The loading docks or bays extend to the edge of the street because the buildings do not have enough extra land to put the docking facilities on private property. As a result, ingress and egress problems arise within the individual businesses as well as causing congestion within the narrow streets.
- 13.) Depreciation of physical maintenance** - Depreciation of physical maintenance as a factor is present to a major extent. Most of the buildings within the Redevelopment Project Area are in desperate need of maintenance. Furthermore, the streets present a hazard to vehicles because not equipped to handle the numerous pot holes and debris, including rocks, metal and glass.
- 14.) Lack of community planning** - Lack of community planning as a factor is present to a limited extent. The streets are too narrow to support business, the buildings are too close together, and the buildings do not have enough space for the efficient operation of the businesses contained in the buildings. This is the result of businesses being unable to benefit from the overall community planning which existed when the businesses were originally built. Clearly, the community planning is outdated, and minimal, if any, community planning has been implemented since.

Vacant Blighted Area

The qualification is based on analysis performed regarding each of the vacant blighting factors listed in the Act to determine whether each or any are present in the Redevelopment Project Area and, if so, to what extent and in what locations. The

Eligibility Report describes in detail the methodology and analysis performed resulting in the conclusion that the Redevelopment Project Area qualifies as a vacant blighted area under the Act. The Act delineates the seven factors for a vacant blighted area, the following three of which apply to the Redevelopment Project Area:

1. The area consists of unused rail yards, rail tracks or railroad rights-of-way;
2. The area contains a combination of two or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; and deterioration of structures or site improvements in neighboring areas adjacent to the vacant land; and
3. The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.

V. TAX INCREMENT FINANCING (TIF) REDEVELOPMENT PROJECT

This section presents the Redevelopment Project Plan to be implemented by the City of Chicago and prospective tenants in the proposed TIF district. The section is divided into the following subsections:

- Redevelopment Objectives
- Redevelopment Plan and Project and Project Activities
- General Land-Use Plan
- Estimated Redevelopment Project Costs
- Sources of Funds to Pay Redevelopment Project Costs
- Issuance of Obligations
- Surplus Incremental Property Tax Revenue
- Most Recent Equalized Assessed Valuation (EAV)
- Anticipated EAV

Redevelopment Objectives

The following represent the major Redevelopment objectives based on our discussions with City officials:

- Continue to develop and strengthen Chicago's industrial base;
- Eliminate remaining blighting conditions which prevent further development of the Redevelopment Project Area;
- Increase revenue (e.g., property and sales tax revenues) generation from currently vacant land and underutilized buildings on Goose Island, and restore and enhance the tax base of the Redevelopment Project Area;
- Complete the upgrading of public infrastructure serving the Redevelopment Project Area to meet the needs of existing and new businesses, such as parking and improved access to buildings;
- Create job opportunities; and
- Encourage participation of women and minorities in the development of the Redevelopment Project Area.

Redevelopment Plan and Project and Project Activities

To achieve the goals outlined above, the City of Chicago proposes to assist with the redevelopment of designated parcels located in the Redevelopment Project Area through the use of tax increment financing. The actions necessary to implement such a strategy relate to the following:

- 1.) Costs of studies, surveys, development and implementation of plans, and professional fees including but not limited to architectural, engineering, legal, marketing & planning services fees;

- 2.) Property acquisition, site preparation, demolition and relocation costs;
- 3.) Rehabilitation, reconstruction or repair and remodeling of existing buildings and fixtures;
- 4.) Costs of the construction of public works or improvements;
- 5.) Costs of job training and retraining projects;
- 6.) Financing costs;
- 7.) The taxing districts' capital costs related to the implementation of the redevelopment plan and project;
- 8.) Relocation costs;
- 9.) Costs of job training, advanced vocational education or career education;
- 10.) Interest costs incurred by the redeveloper related to the construction, renovation or rehabilitation of a redevelopment project;
- 11.) Make and enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment plan and project;
- 12.) Acquire by purchase, donation, lease or eminent domain; own convey, lease, mortgage or dispose of land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the municipality determines is reasonably necessary to achieve the objectives of the redevelopment plan and project;
- 13.) Clear any area by demolition or removal of any existing buildings and structures;
- 14.) Renovate or rehabilitate or construct any structure or building;
- 15.) Install, repair, construct, reconstruct or relocate streets, utilities and site improvements essential to the preparation of the Redevelopment Plan and Project;
- 16.) Fix, charge and collect fees, rents and charges for the use of any building or property owned or leased by it or any part thereof, or facility therein;
- 17.) Accept grants, guarantees and donations of property, labor, or other things of value from a public or private source for use within a Redevelopment Plan and Project; and
- 18.) Acquire and construct public facilities within a Redevelopment Plan and Project.

General Land Use Plan

The Redevelopment Project Area is located in one of several Planned Manufacturing Districts identified in Chapter 16-8 of the Municipal Code of Chicago. All parcels within the Redevelopment Project Area are zoned Manufacturing M-3. The M-3 Manufacturing District zoning allows a variety of industrial uses such as manufacturing plants, assembly, warehouse, storage and wholesale establishments. Article II of Chapter 16-8 of the Municipal Code of Chicago provides additional guidance as to the permitted uses within the Goose Island Manufacturing District.

The land available for development in the Redevelopment Project Area is bounded by industrial property and major thoroughfares including Halsted and Division streets. Several years ago, there was a movement afoot to replace the manufacturing and industrial building on Goose Island with residential dwellings. The City of Chicago determined at that time to maintain Goose Island's M-3 zoning and to develop the City's industrial base.

Estimated Redevelopment Project Costs

To eliminate the blighting factors present in the Redevelopment Project Area and to meet the Redevelopment objectives, the City of Chicago plans to make a number of improvements to the Redevelopment Project Area. Table 1 identifies the eligible redevelopment project costs under the Act that the City of Chicago may fund to implement the Redevelopment Plan and Project over the Redevelopment Project Area's 23-year life.

Redevelopment projects in the Redevelopment Project Area would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan and Project.

Table 1

Estimated Redevelopment Project Costs (3)
Redevelopment Project Area

<u>Eligible Activities:</u>	<u>Eligible Redevelopment Costs</u>
1. Costs of studies, surveys, development and implementation of plans, and professional fees including but not limited to architectural, engineering, legal, marketing & planning services fees:	\$1,000,000
2. Property acquisition, site preparation, demolition and relocation costs	\$7,500,000
3. Rehabilitation, reconstruction or repair and remodelling of existing buildings and fixtures	\$10,000,000
4. Costs of the construction of public works or improvements	\$12,500,000
5. Costs of job training and retraining projects, advanced vocational education or career education	\$1,500,000
6. Financing costs	\$1,500,000
7. The taxing district's capital costs related to the implementation of the redevelopment plan and project	\$2,000,000
8. Relocation costs	\$5,000,000
9. Interest costs incurred by the redeveloper related to the construction, renovation or rehabilitation of a redevelopment project	<u>\$3,000,000</u>
Total Redevelopment Eligible Project Costs (1)(2)	<u><u>\$44,000,000</u></u>

(1) The City of Chicago reserves the right to move amounts among the eligible cost categories. Table 1 represents a listing of costs associated with the Redevelopment Project Area. This budget of eligible costs does not obligate the City of Chicago to fund specific levels.

(2) To the extent that municipal obligations have been issued to pay for such redevelopment costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs).

(3) The ability of the City to fund all or a portion of the eligible redevelopment cost is based on the amount of incremental taxes generated over the 23 year life of the district. Based on certain assumptions provided by the City, we expect that redevelopment of the entire Redevelopment Project Area will support this level of eligible expenditure.

Source of Funds

Funds necessary to pay for redevelopment project costs and/or municipal obligations which have been issued or incurred to pay for such costs are to be derived principally from tax increment revenues and/or proceeds from municipal obligations which have as their revenue source tax increment revenue. Incremental real property tax revenues will be the principal source of tax increment revenues, but other tax revenues as the City of Chicago may deem appropriate from time to time may also be used. In accordance with section 11-74.4-4 of the Act, the City of Chicago may utilize the provisions of the Act in the event there is a contiguous redevelopment project area or if the City of Chicago adopts tax increment financing with respect to a redevelopment project area which includes contiguous real property. The Eastman/North Branch, Division/North Branch and the Proposed Division/Hooker Redevelopment Project Areas and the proposed Redevelopment Project Area are contiguous to one another, and the City finds the goals, objectives and financial success of such redevelopment project areas to be interdependent. The City further finds that it is in the best interests of the City and in furtherance of the purposes of the Act that net revenues from each such redevelopment project area be made available to support the other. The City therefore proposes to utilize net incremental revenues received from one redevelopment project area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in the other redevelopment project area, and vice versa. The amount of revenues from the Redevelopment Project Area made available to support such contiguous redevelopment project areas, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the total Redevelopment Eligible Project Costs described on Table 1 (unless otherwise amended).

Issuance of Obligations

According to section 11-74.4-7 of the Act, the City of Chicago may issue obligations secured by the incremental property tax revenues from the Redevelopment Project Area. In addition, the City of Chicago may wish to secure the obligations with other designated revenue, or a pledge of the full faith and credit of the municipality, or available increments from adjacent districts. All obligations must be retired by the 23rd year from the date of designation of the Redevelopment Project Area by the City of Chicago. The final maturity date of any financial obligation may not exceed 20 years from its date of issuance. One or more series of obligations may be issued to implement the Redevelopment Plan and Project for the Redevelopment Project Area. Subsequent obligations, if any, may be issued as junior lien obligations or as parity obligations.

Surplus Incremental Property Tax Revenue

Moneys in the special tax allocation fund not required for payment and security of the obligations and redevelopment project costs shall be calculated annually and declared

surplus. Surplus funds must be distributed to the taxing districts in accordance with the Act.

Most Recent Equalized Assessed Valuation (EAV)

The most recent equalized assessed valuation for the Redevelopment Project Area is based on the 1994 EAV, and is estimated to be \$15,170,473. (See Appendix for a detailed description of each parcel).

Anticipated EAV

Based upon the implementation of the proposed Redevelopment Plan and Project, numerous blighting factors will be eliminated and growth and development of the area will occur in accordance with the Redevelopment Agreement(s) between the City of Chicago and businesses in the Redevelopment Project Area and other interested parties. It is estimated that the total equalized assessed valuation of the real property within the Redevelopment Project Area following completion of the redevelopment project will be approximately \$159,600,000. This EAV estimate assumes that growth from reassessment of existing property is at an annual rate of 2.5 percent and that property is reassessed every three years. This EAV estimate assumes that immediate implementation of the Redevelopment Plan and Project will stimulate approximately \$10 million in real and personal property improvements in the Redevelopment Project Area during the first three years. (1)

(1) All phasing and tax per square foot figures were determined through discussions with City officials from the Chicago Department of Planning and Development.

VI. CONFORMITY TO THE COMPREHENSIVE PLAN

The Redevelopment Plan and Project conforms with the City of Chicago's land use plan for the Redevelopment Project Area. Specifically, the designation of a Redevelopment Project Area and the use of tax increment financing supports the infrastructure plans and recommendations which are detailed in the "North Branch Industrial Corridor" study and "A Plan for Industry on Goose Island" by the City of Chicago, Department of Planning and Development. In addition, all proposed projects will be approved by the Chicago Planning Commission. This process ensures that all projects are in conformance with the City of Chicago's approved land uses for the Planned Manufacturing District No. 3 for Goose Island.

**VII. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN AND
PROJECT**

The Redevelopment Plan and Project may be amended by the City of Chicago in accordance with the Act.

VIII. SCHEDULING OF REDEVELOPMENT PLAN AND PROJECT

Over the life of the Redevelopment Project Area, the timing of business investment cannot be predicted with precision. However, it is reasonable to expect the following public and private investments over the life of the Redevelopment Project Area. As the Redevelopment Plan and Project is implemented, the numerous blighting factors will be eliminated and the following activities are likely to occur:

- Implement reconstruction and renovation of public roadways as required to service existing and new businesses
- Construct new roadways to secure expanding and relocating businesses
- Provision for adequate water, sewer and electrical power to support business development
- Assistance in land acquisition as necessary to promote business development
- Renovation or rehabilitation of existing structures to allow more efficient use of existing space
- Demolition of unusable structures to foster new business development in these areas
- Fortification and reconstruction of seawall as required
- Interest subsidy to encourage major manufacturing investments in the Redevelopment Project Area
- Relocation assistance to encourage business to relocate for the purpose of expansion
- Clearing and grading of existing debris on vacant parcels, and assistance in environmental remediation as necessary to address existing conditions
- Private investment in new facilities

The estimated date for completion of the Redevelopment Project Area shall be no later than 23 years from the adoption of the ordinance of the City Council of the City of Chicago approving the Redevelopment Project Area.

IX. AFFIRMATIVE ACTION PLAN

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

- 1.) The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan and Project, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, sexual orientation, age, handicapped status, national origin, creed, or ancestry;
- 2.) Each redeveloper will meet City of Chicago standards for participation of Minority Business Enterprise and Woman Business Enterprises as required in redevelopment agreements;
- 3.) This commitment to affirmative action and non discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

X. LACK OF GROWTH AND DEVELOPMENT THROUGH PRIVATE INVESTMENT

Based on our observations of the Redevelopment Project Area and our research of the City of Chicago's building permit data for the prior three-year period, there has been no construction or redevelopment in the Redevelopment Project Area, with the exception of the area located within Block 223. However, there are various factors which lead us to reasonably conclude that the construction within Block 223 is progressing very slowly, if at all. For example, on the two separate occasions our team was present at the site during normal business hours, there was no activity. In fact, there was little indication that any activity had taken place in quite some time. No construction vehicles were present as would be expected on a site which is being redeveloped. Also, the area contained minimal amounts of construction material which would indicate that the project had been suspended or even abandoned.

Based on conversations with City of Chicago officials, Block 409 has been vacant for several years and efforts to renovate have proven to be unsuccessful. Our review of the building permit data at the Department of Building Services indicates that there have been no permit requests, other than that mentioned above for Block 223, for any part of the Redevelopment Project Area for the past three years. As a result, the Redevelopment Project Area is an excellent representation of the type of area which lacks the requisite private investment to prevent or eliminate blighted area factors.

The conditions in the Redevelopment Project Area demonstrate that the area has not been subject to growth and development through private investment. For example, the Equalized Assessed Values of the Redevelopment Project Area in 1989 and 1994 were \$11.7 million and \$15.1 million, respectively. This represents approximately a 29% change in the Equalized Assessed Values over the course of five years. On the other hand, the Equalized Assessed Values for the entire City of Chicago for the exact same years are \$21.7 billion and \$30.1 billion, respectively. This represents approximately a 39% change for the entire City of Chicago. This clarifies the fact that the growth of the Equalized Assessed Value of the Redevelopment Project Area has historically lagged behind the growth of the Equalized Assessed Value of the City of Chicago. Unless the Redevelopment Project Area is designated as a Redevelopment Project Area, and the Redevelopment Plan and Project is implemented, we expect that the value of the Redevelopment Project Area will continue to grow at a lower rate than the City of Chicago as a whole.

As evidenced by the recent relocation of River North Distributing and Tru Vue into separate redevelopment project areas on Goose Island, the area immediately north of Division Street and west of Branch Street has developed with the assistance of tax increment financing. These relocations support the conclusion that the tax increment financing is required to encourage business development.

In summary, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise, and the Redevelopment Project Area is not reasonably anticipated to develop without the direct participation of the City of Chicago through the implementation of the Redevelopment Plan and Project and the use of tax increment financing.

XI. FINANCIAL AND SERVICE IMPACTS ON TAXING DISTRICTS

The following government entities levy property tax on land located within the Redevelopment Project Area: Cook County; Cook County Forest Preserve District; Metropolitan Water Reclamation District; City of Chicago; Chicago Board of Education; Chicago School Finance Authority; Chicago Community College District #508; and the Chicago Park District. These local government entities will continue to receive property tax revenues net of any incremental property tax revenues attributable to new development within the Redevelopment Project Area during the 23-year life of the Project Area. In addition, some of these local taxing jurisdictions will reap additional revenues from other revenue sources (e.g., local sales and use tax etc.). It is also reasonable to assume that the economic and financial benefits resulting from redevelopment efforts in the Redevelopment Project Area will spill into other sections of the community and generate additional revenues for these government entities. In addition, after the 23-year life of the Redevelopment Project Area, the taxing districts will receive the benefits of an increased property tax base.

The demands that new development in the Redevelopment Project Area will place on local government services should be minimal. The City of Chicago already has established adequate public safety facilities (i.e., fire and police stations) within a close proximity to the Redevelopment Project Area. Specifically, the Chicago Police Station at 113 West Chicago Street and the Chicago Fire Department at 548 West Division Street are in close proximity to the Redevelopment Project Area. Therefore, it is not anticipated at this time that the City will need to invest in additional public safety facilities to meet new development in the Redevelopment Project Area. Also, the zoning in the Redevelopment Project Area does not permit the construction of residential structures, so the elimination of blighting factors will not increase school enrollments.

Non-residential development, such as retail, commercial and industrial uses, should not cause increased demand for services or capital improvements on any of the taxing districts except for the Metropolitan Water Reclamation District. Replacement of vacant and underutilized land with active and more intensive uses will result in additional demands on services and facilities provided by the Metropolitan Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Additionally, any additional cost to the City of Chicago for police, fire protection and sanitation services will be minimal since the commercial/retail and industrial developments will privately pay for the majority of the costs of these services (i.e., sanitation services). In summary, the designation of the Redevelopment Project Area and the implementation of the Redevelopment Project and Plan will increase revenues to the taxing districts without imposing significant additional costs.

XII. Conclusions

The following statements summarize the Redevelopment Plan and Project:

- The Redevelopment Project Area has not been subject to growth and development.
- Without the establishment of a Redevelopment Project Area and the use of tax increment financing, the Redevelopment Project Area is not likely to experience significant private investment.
- Implementation of the Redevelopment Plan and Project will meet the City of Chicago's long-term development objectives, eliminate the blighting conditions which exist, and enhance the morals, safety and welfare of Goose Island.

APPENDIX

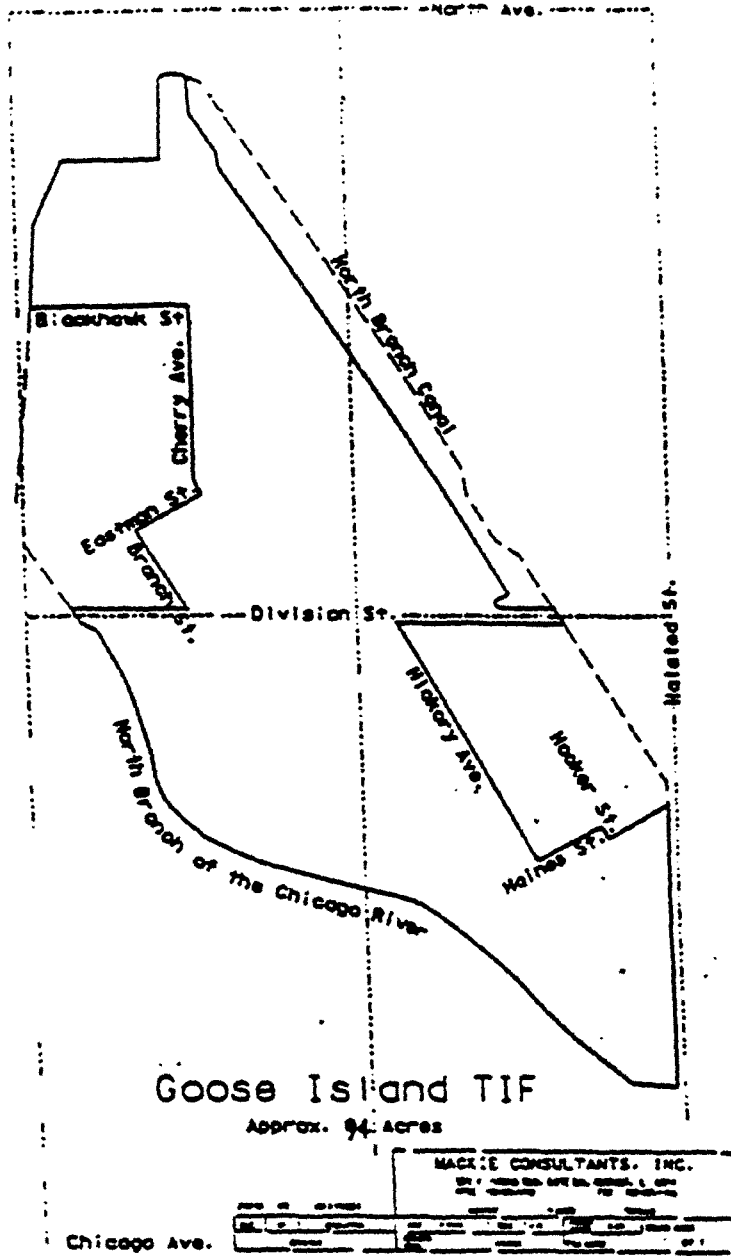
LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA

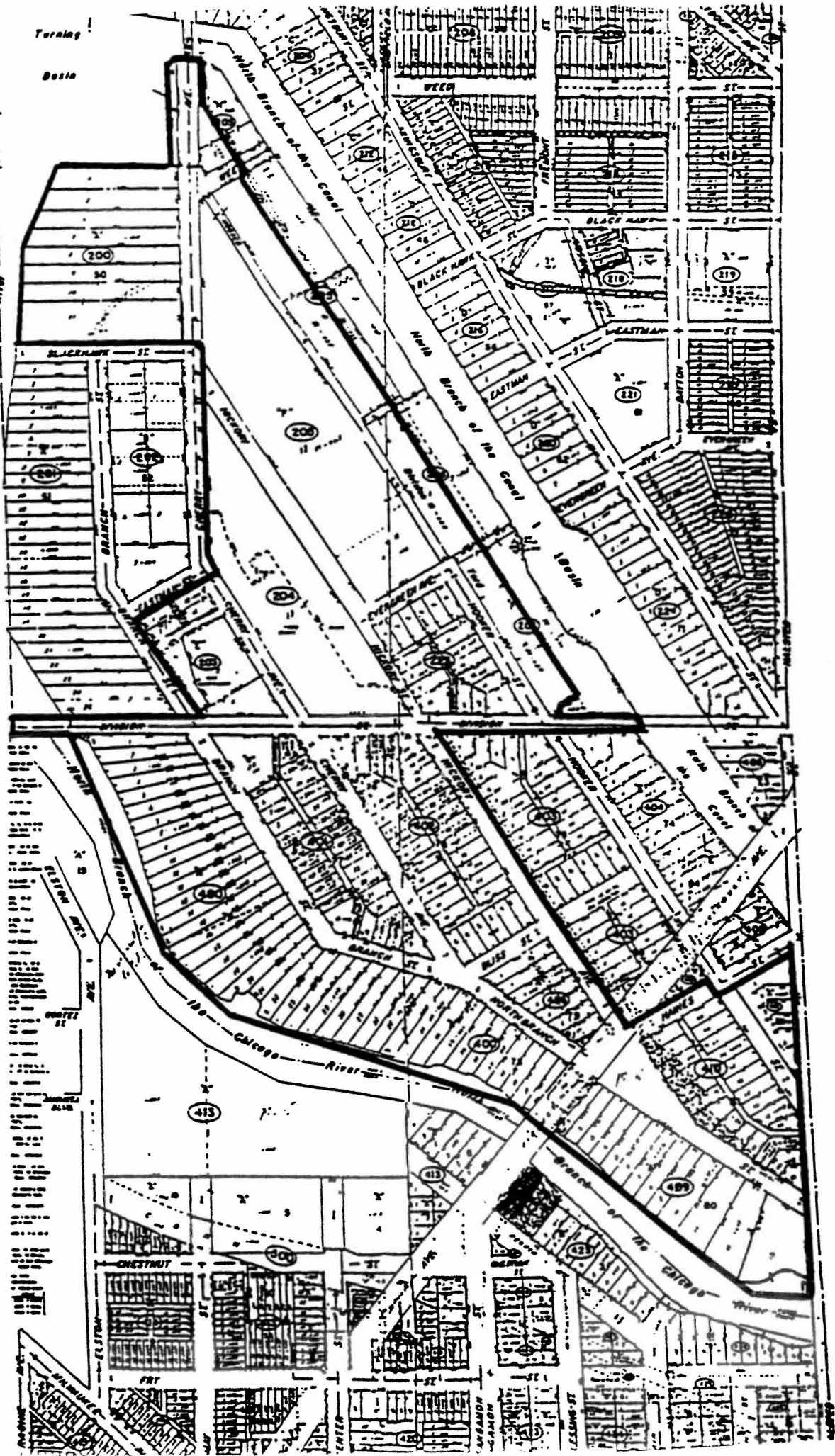
Goose Island TIF

That part of the East half of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, in the City of Chicago, Cook County, Illinois, described as follows:

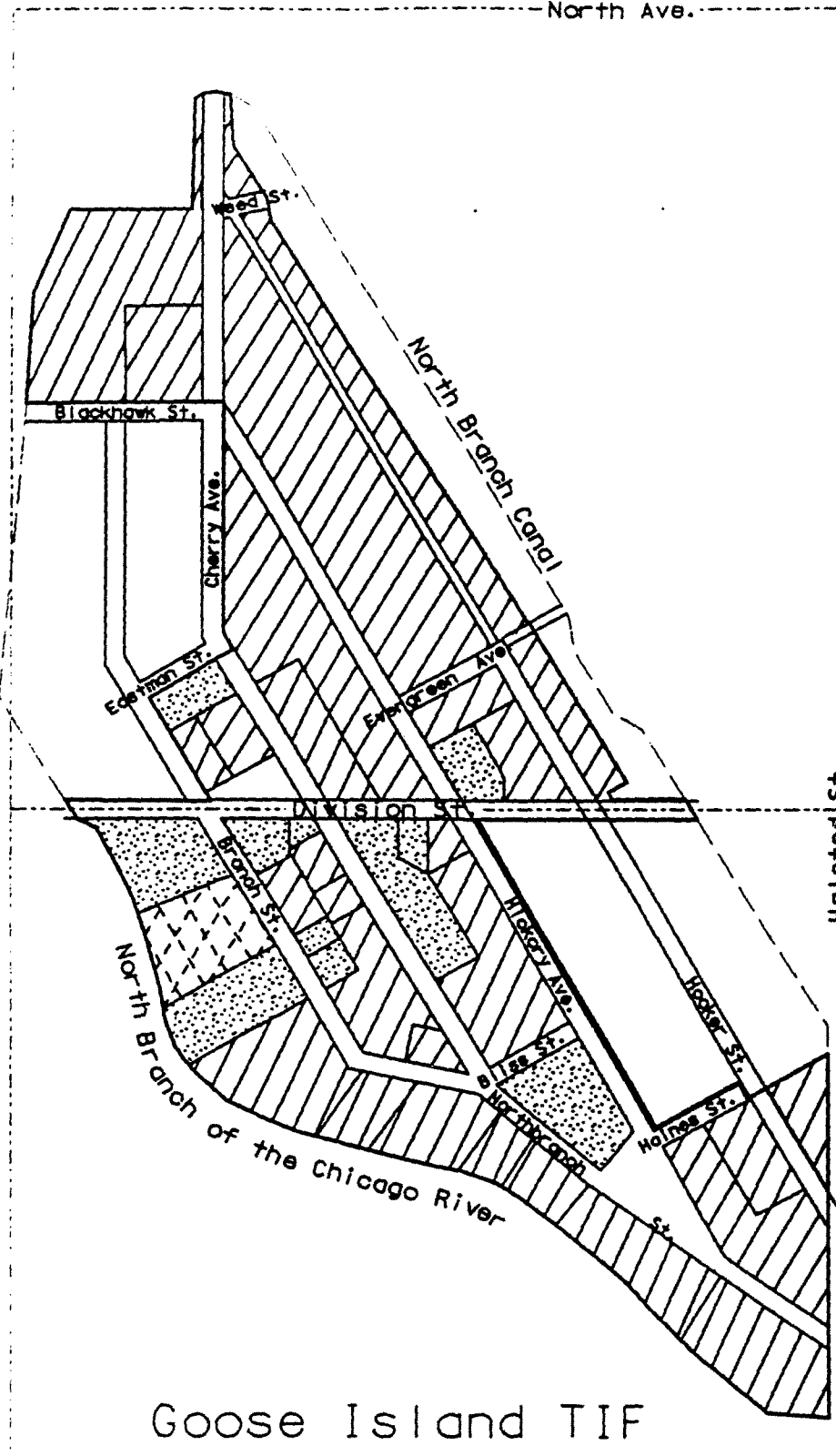
Commencing at the East quarter corner of Section 5 aforesaid, being the centerline intersection of N. Halsted Street and W. Division Street; thence South along the centerline of N. Halsted Street to the Northerly seawall of the North Branch of the Chicago River; thence Northwesterly along said seawall to the West line of N. Halsted Street for a point of beginning; thence continuing Northwesterly along said seawall to the North line of Division Street; thence East along said North line, to the East line of Branch Street; thence Northwesterly along said East line to the South line of Eastman Street; thence Northeasterly along said South line and its extension to the East line of Cherry Avenue; thence North along said East line to the Easterly projection of the South line of Lot 11 in Block 50 in Elston's Addition to Chicago in the West half of the Northeast quarter of Section 5 aforesaid; thence West along said projected South line to the Southwest corner of Lot 11 aforesaid; thence Northerly along the West line of Block 50 to the Northwest corner of Lot 4 therein; thence East along the North line of said Lot 4 to the Southwest corner of Lot 3; thence North along the West line of Lots 3, 2, and 1 to the Northwest corner of Lot 1; thence East along the North line of Lot 1, and along the Southerly seawall of the North Branch Canal to the property line between CMC Properties to the West and Waste Management Corporation to the East; thence Southerly and Southeasterly along said common property line to the North line of Division Street; thence East along North line to the Westerly seawall of the North Branch Canal; thence Southeasterly along said seawall to the South line of Division Street; thence West along said South line to the Easterly line of Hickory Avenue; thence Southeasterly along said Easterly line to the said Westerly projection of the Northerly line of Haines Street; thence Northeasterly along said North line to the Westerly line of Hooker Street; thence Southeasterly along Westerly line to the Southerly line of Haines Street; thence Northeasterly along said Southerly line to the West line of North Halsted Street; thence South along said West line to the point of beginning.

REDEVELOPMENT PROJECT AREA





PROPOSED LAND USE



- Commercial
- Industrial
- Precinct Office & Yard

Goose Island TIF
Approx. 94 Acres

MACKIE CONSULTANTS, INC.
 9575 S. HIGGINS ROAD, SUITE 500, ROSEMONT, IL 60018
 PHONE 708-936-1400 FAX 708-936-1490

DATE	BY	DESCRIPTION	DATE	SCALE	SHEET NO.	TOTAL SHEETS
REV12/05		ISSUED		1" = 40'	1	1

Chicago Ave.