

**City of Chicago
Department of Planning and Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REQUESTING DEVELOPER DESIGNATION
November 18, 2008**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Greater West Town Community Development Project
Applicant Name:	Greater West Town Community Development Project ("GWTP")
Project Address:	500 North Sacramento Boulevard
Ward and Alderman:	27 th Ward, Alderman Walter Burnett, Jr.
Community Area:	East Garfield Park, 27
Redevelopment Project Area:	Kinzie Industrial Corridor TIF
Requested Action:	TIF Developer Designation
Proposed Project:	GWTP will acquire the property at 500 North Sacramento Boulevard and consolidate their operations at this location
TIF Assistance:	\$3,100,000.00

II. PROPERTY DESCRIPTION

Address:	500 North Sacramento Boulevard
Location:	The subject property is located at the southwest corner of Sacramento and Franklin Boulevards, in the Kinzie Industrial Corridor.
Tax Parcel Numbers:	16-12-108-021, 022, 023, 027, 028, 029, 030, 031, 032, 033
Land Area:	The subject property is a 71,907 square foot building that is

situated on 1.83 acres (estimated 80,000 square foot area)
Information provided by sales contract

Current Use: The subject property is currently being utilized as an industrial property, which houses the manufacturing and printing operations of the GAW O'Hara Envelope Factory.

Current Zoning: M1-2

Environmental Condition: GWTP commissioned an environmental Phase I on the property, dated January 17, 2008 that recognizes that three Recognized Environmental Conditions are likely present at the property or in the ground. The historical use of the Property for envelope production with resulting staining and accumulation of process materials on the floor in several areas; the presence of two 2,000-gallon vaulted fuel-oil tanks in the basement; and the potential presence of a 60-gallon tank under the floor near the chimney in the production area.

III. BACKGROUND

The developer of this property is Greater West Town Community Development Project ("GWTP"). GWTP is an organization that provides locally and nationally recognized job training and education services in Chicago. Since 1988, GWTP has provided their services in the Near West, West Town, East Garfield Park and West Humboldt Park Community areas. Their mission has been to develop model programs and policy initiatives linking the employment and training of the neighborhood workforce with local economic development efforts and the needs of small and mid-sized employers. Currently their services focus on three primary areas including West Town Academy's vocational preparation and career education program, comprehensive adult job placement services, and vocational job training and placement in woodworking and shipping and receiving. Since 1988, GWTP has established on-the-job training programs for neighborhood workers at over 325 local companies and provided jobs to over 6,350 low-income community residents and dislocated workers. The property at 500 North Sacramento will allow GWTP to enter into a new era as they begin their 21st year of operations.

IV. PROPOSED DEVELOPMENT TEAM

Developer:

Greater West Town Community Development Project (“GWTP”) is defined as developer and is an Illinois 501 (c) (3), Not-for-profit corporation. (see attached for Board of Directors)

Senior Development Advisor and Project Manager – Efrain Vargas of the Bickerdike Redevelopment Corporation: Mr. Vargas serves as Bickerdike’s Director of Housing and Economic Development and Construction Manager for Humboldt Construction Company. He brings over 27 years of community real estate development experience and has successfully completed numerous property acquisitions, development, and construction projects. Their construction company, Humboldt Construction will serve as the General Contractor for this project.

Attorney: Nicholas Brunick, Appelgate & Thorne Thomsen

Architect: Lisec & Biederman, LTD.

V. PROPOSED PROJECT

Project Overview: The proposed project includes acquisition of a 71,907 square foot existing building at 500 North Sacramento Boulevard. This transaction is designed to create a new location for the GWTP’s new Community Center Training and Economic Development Center. GWTP will relocate from 2010 West Carroll Street and 790 North Milwaukee Avenue and consolidate a majority of their operations including the West Town Academy, new Woodworking Business Incubation and Technology Support Center. Since 1988, GWTP has established on-the-job training programs for neighborhood workers at over 325 local companies and provided jobs to over 6,350 low-income community residents and dislocated workers. The property at 500 North Sacramento will allow GWTP to enter into a new era as they begin their 21st year of operations.

Environmental Features: Since this is an existing building, DPD’s Sustainable Development Policy indicates that the property must comply with the following: Building Certification or LEED-CI Certification or 100% Green Roof + exceed ASHRAE 90.1-2004. ASHRAE develops standards for both its members and others professionally concerned with refrigeration processes and the design and maintenance of indoor environments. GWTP will comply to DPD’s policy by seeking LEED Certification for this project.

Developer Address:

Greater West Town Community Development Project
790 North Milwaukee Avenue
Chicago, IL 60622

Project Timeline:

Close on property acquisition projected by: February 16, 2009
 Execute Agreement within 180 days of Council authorization;
 Commence Project by: March 2, 2009
 Complete Project by: January 1, 2010

VI. FINANCIAL STRUCTURE

The City intends to enter into a TIF Redevelopment Agreement with GWTP. GWTP will develop the site, consolidate their operations and create the new Community Center Training and Economic Development Center at 500 North Sacramento Boulevard.

DPD intends to provide GWTP with TIF assistance, for eligible costs incurred, or up to \$3,100,000 / 31% of project costs, which is approximately \$9,955,623. The City’s financial assistance is being provided due to the high cost of construction associated with this project and to ensure the viability of this much needed, community focused project.

TIF will be provided to the Developer from increment deposited in the Kinzie Industrial Corridor Redevelopment Project Area account from area-wide increment. TIF will be awarded in the form of 1) a Taxable Note in the amount of \$1,000,000 and, 2) a Tax-Exempt Note in the amount of \$2,100,000. Both Notes will be issued at Certificate of Completion and will begin accruing interest upon issuance of the Certificate of Completion. Additionally, GWTP is seeking an allocation of New Markets Tax Credits. The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$1,499,136	15.0%
Debt	<u>\$8,456,487</u>	<u>85.0%</u>
Total Sources	\$9,955,623	100.0%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition	\$3,000,000	\$50.05 psf
Hard Costs		
Construction of Interior Build out	\$4,693,354	\$71.80 psf
Construction Contingency	\$469,335	

Soft Costs		
Architectural and Engineering	\$280,000	
Legal, Closing and Carry Costs	\$598,934	
Furniture, Fixtures and Equipment	\$250,000	
NMTC Fees (2%)	\$204,000	
Project Management Fees	\$120,000	
Moving Costs	\$40,000	
Permits	\$25,000	
Accounting/Audit	\$15,000	
Other	\$260,000	
Total Hard & Soft Costs (of total costs)	<u>\$1,792,934</u>	<u>\$24.94 psf</u>
Total Uses	\$9,955,623	\$138.45 psf

*Gross building area is 71,907 square feet

VII. PUBLIC BENEFITS

The proposed project will provide the following public benefits.

Relocation: Relocation and reuse of an existing building.

Environmental Features: The project will attain LEED Certification.

Permanent Jobs: The project is estimated to generate 35 permanent full-time jobs within 10 years of completion. The Mayor's Office for Workforce Development (MOWD) has been informed of the project and will work with the developer on job training and placement.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Aldermen Walter Burnett of the 27th Ward endorses the project and has provided a letter of support (see exhibits for copy). The following community organization has endorsed the project:

Industrial Council of Nearwest Chicago (ICNC). (See exhibits for copies of support letters).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Kinzie Industrial Corridor Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan:

- Workforce creation.
- Creating new development in sympathetic relationship with the surrounding community.
- Attract new private investment to the area that meets the needs of existing users.
- Seeks the reuse of underutilized existing buildings and promotion of growth and investment in the corridor.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of the building located at 500 North Sacramento Boulevard.

X. CONDITIONS OF ASSISTANCE

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report. It is DPD policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building

permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

XI. RECOMMENDATION

The Department of Planning and Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC recommend to the City Council the designation of The Greater West Town Community Development Corporation as Developer for the development of the subject property at 500 North Sacramento Boulevard, consolidation of programs and creation of the new Community Career Training and Economic Development Center.

EXHIBITS

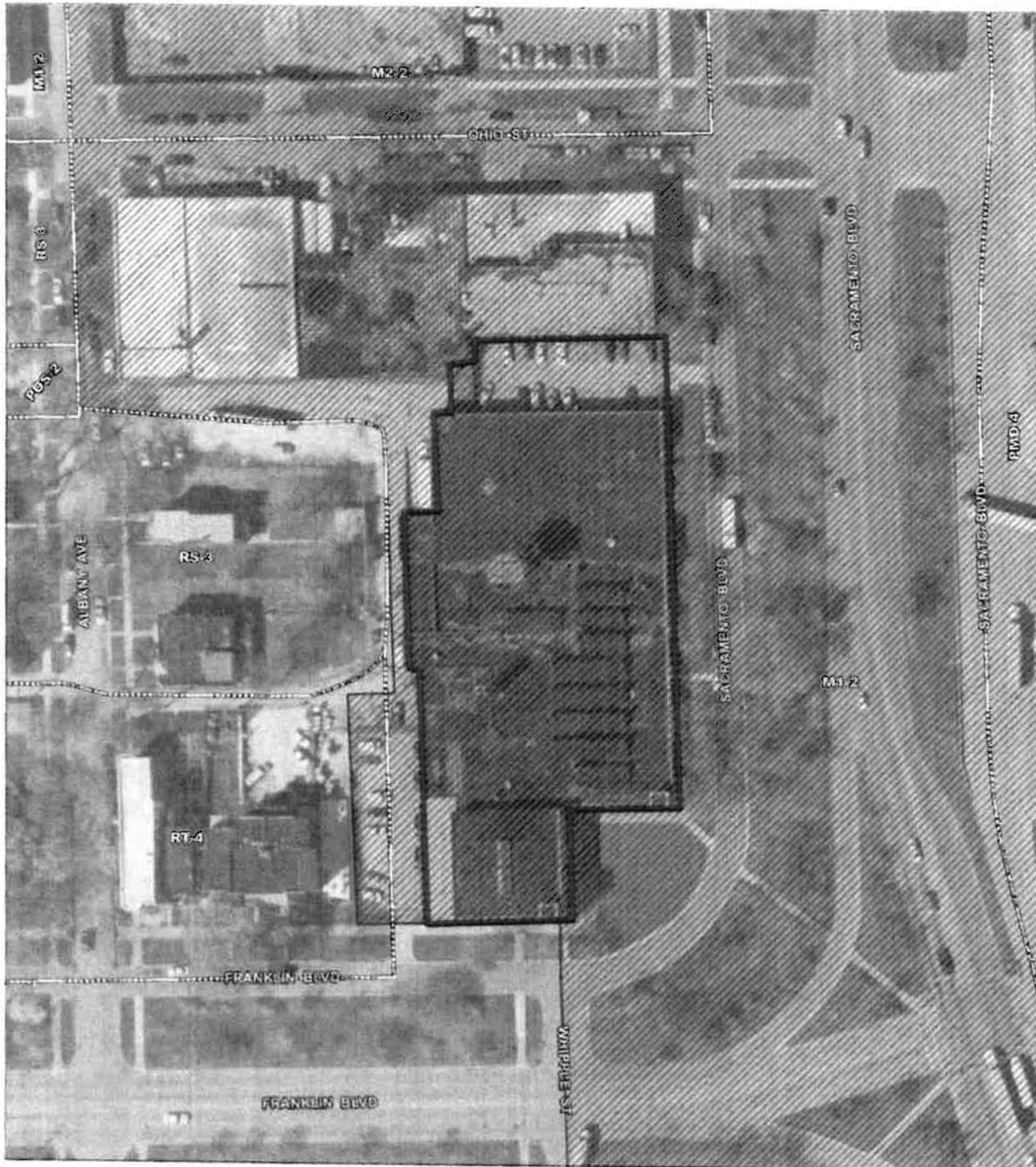
Redevelopment Area Map
Neighborhood Map or Aerial
Sample M/WBE Letter
Lender's Letter of Interest
Community Letters of Support
Alderman's Letter of Support

Kinzie Industrial Corridor TIF




City of Chicago
Richard M. Daley
Mayor
Department of Planning
and Development
Lori T. Healey
Commissioner

Legend
 Kinzie TIF



Greater West Town Project Acquisition

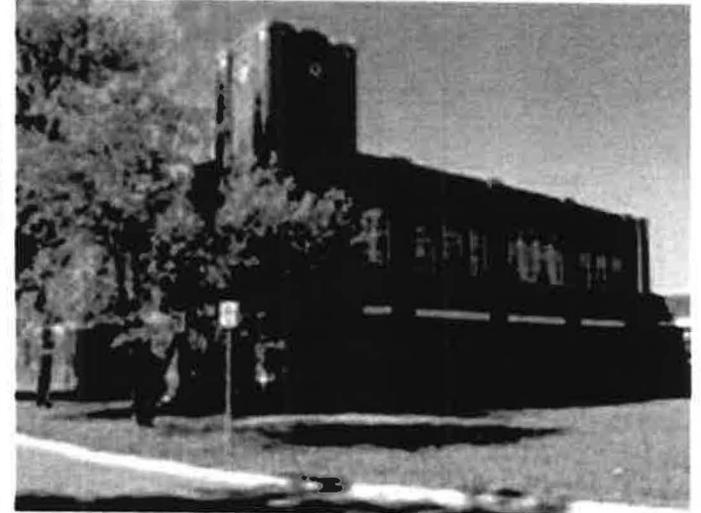
Legend

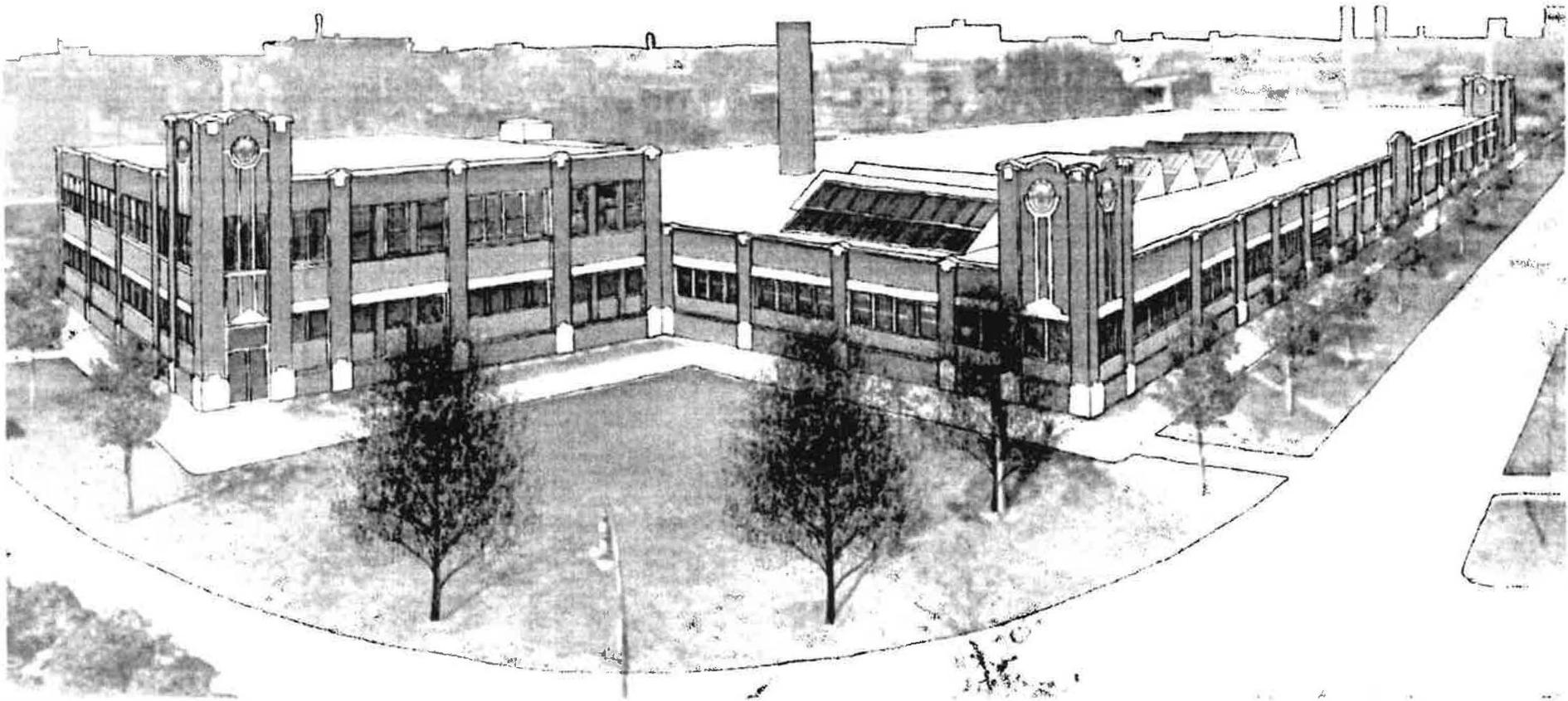
-  Zoning
-  Kinzie Industrial Corridor
-  Kinzie Industrial Corridor (TIF)



CITY OF CHICAGO
RICHARD M. DALEY
MAYOR

DEPARTMENT OF PLANNING
AND DEVELOPMENT
ARNOLD L. RANDALL
COMMISSIONER





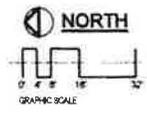
42508

CHASE & BIEDERMAN, LTD.

**GREATER WEST TOWN PROJECT
COMMUNITY CAREER TRAINING & ECONOMIC DEVELOPMENT CENTER**

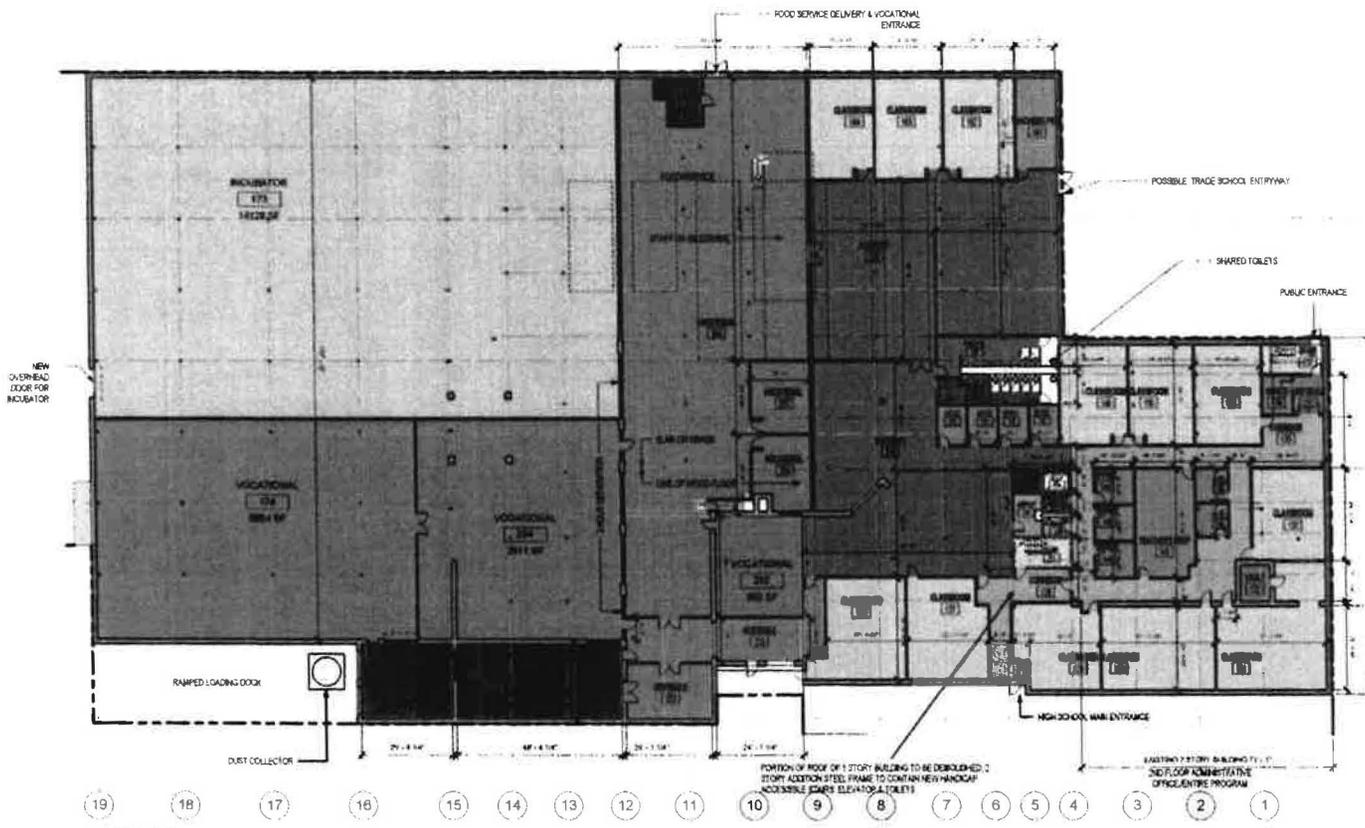
**500 N. Sacramento
Chicago, IL**

RISEC & BERDMAN, LTD.
 ARCHITECTS
 1100 BAYVIEW AVE. SUITE 100
 SCARBOROUGH, ONTARIO M1B 3Y1
 info@risec.com



- Room Legend**
- ACADEMY
 - CLASSROOM
 - COMMON DOCK
 - CORRIDOR
 - ELEV
 - ELEV EQUIP
 - F.PUMP
 - INCUBATOR
 - JAN.
 - JANITOR
 - MENS
 - OFFICE
 - STAIR
 - TEACHERS PREP
 - TOILET M
 - TOILET W.
 - VAULT
 - VESTIBULE
 - VOCATIONAL
 - WMNS

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Room No.	Description	Area
101	ACADEMY	1,200 SF
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200	CLASSROOM	1,000 SF

G.W.T.P.
G.W.T.P. School
FIRST FLOOR PLAN

Project Name: _____
 Date: _____
 Checked by: _____
 Author: _____
 Checker: _____

A1-1

Scale: 1/8" = 1'-0"

1. See file plan 1_18
 1/16" = 1'-0"