

**DEPARTMENT OF PLANNING AND DEVELOPMENT  
CITY OF CHICAGO  
COMMUNITY DEVELOPMENT COMMISSION  
May 8, 2001  
SUMMARY SHEET**

**ACTION**

**REQUESTED:**

- (1) Approve the Advertisement of the Department of Planning and Development's intention to negotiate a Redevelopment Agreement with Steiner Corporation d.b.a. American Linen Company and/or a related entity to be formed for the redevelopment of a site located at 2665 S. Leavitt Avenue in the Pilsen TIF Redevelopment Project Area; and
- (2) Approve a request for alternate proposals; and
- (3) Recommend the designation of Steiner Corporation as the developer if no responsive alternate proposals are received.

**PROJECT**

**SUMMARY:**

The Developer will relocate from their current facility at 225 W. Chestnut to a new 150,000 sq. ft. laundry facility which they will construct. In addition, they will reuse 11,000 sq. ft. of recently constructed storage and truck maintenance space, rehabilitate 10,000 sq. ft. of existing office space, and demolish the existing garage and freight terminal.

**LOCATION:**

The project site is located in the Pilsen TIF Redevelopment Project Area.

**DEVELOPER:**

Steiner Corporation d.b.a American Linen Company (the "Company")

**ASSISTANCE:**

The City intends to provide TIF funds as reimbursement for TIF-eligible redevelopment costs in an amount not to exceed \$3,560,00 or 14.1% of the total actual project costs, currently estimated at \$25,238,110. The reimbursement would be funded from future annual excess increment generated exclusively from the new facility and made on a pay-as-you-go basis with interest not to exceed 8.5%. The reimbursement will fund land acquisition, job training activities, site preparation, rehabilitation, and demolition.

**PROJECT**

**BENEFITS:**

The redevelopment of a currently vacant industrial site, the retention of 200 jobs, and the creation of 70 full-time jobs.

**WARD/**

**ALDERMAN:**

25th Ward/Alderman Daniel S. Solis

**ISSUES:**

None

**8002236**

**COMMUNITY DEVELOPMENT COMMISSION MEETING  
May 8, 2001**

**STAFF REPORT REGARDING A RESOLUTION**

**GRANTING AUTHORITY TO  
PUBLISH NOTICE  
OF THE INTENTION OF THE CITY OF CHICAGO**

**TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH  
STEINER CORPORATION d.b.a. AMERICAN LINEN COMPANY  
FOR REDEVELOPMENT OF A SITE  
LOCATED AT 2665 S. LEAVITT AVENUE  
IN THE  
PILSEN TIF  
REDEVELOPMENT PROJECT AREA,**

**AND**

**TO REQUEST ALTERNATIVE PROPOSALS  
FOR THE REDEVELOPMENT OF THE SITE**

**AND**

**TO RECOMMEND TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
THE DESIGNATION OF  
STEINER CORPORATION (d.b.a. AMERICAN LINEN COMPANY) AS THE  
DEVELOPER IF NO OTHER  
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED**

**MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:**

The Resolution before you requests that you:

1. Approve the Advertisement of the Department of Planning and Development's intention to negotiate a Redevelopment Agreement with Steiner Corporation (d.b.a. American Linen Company) and/or a related entity to be formed for the redevelopment of a site located at 2665 S. Leavitt Avenue in the Pilsen TIF Redevelopment Project Area; and
2. Approve a request for alternate proposals; and
3. Recommend the designation of Steiner Corporation (d.b.a. American Linen Company) and/or a related entity to be formed as the developer if no responsive alternate proposals are received.

## **BACKGROUND**

Steiner Corporation d.b.a. American Linen Company ("American Linen") is a national industrial laundry company with operations worldwide. American Linen is one of Steiner's companies and is the hub of the Steiner Corporation's Midwest industrial laundry operations. American Linen provides the central processing facility for the Chicago area market as well as five other market routes in the Springfield area and several new routes recently established in the St. Louis market. The new facility will allow American Linen to better serve its existing markets in the Springfield, IL and St. Louis, MO market and also expand its operations into the Quad Cities and Indianapolis markets.

The current American Linen facility, located at 225 W. Chestnut, provides and processes industrial uniforms for food processing facilities, industrial matting, and linen and toweling for the food processing and hospitality markets in the Midwest region. American Linen owns all of the materials (table cloths, uniforms, napkins, etc) and leases these items to its clients. American Linen delivers to and picks up from the client all materials and processes at the Chestnut Street location. American Linen has been at its current for 78 years and current production needs have outgrown the size and building configuration of the Chestnut Street building.

The funds will be used to cover one or more of the following TIF eligible expenses: reimbursement for TIF-eligible expenses, including land acquisition, job training activities, site preparation, rehabilitation, and demolition.

## **THE PROPERTY**

The site for the proposed development is bounded by Leavitt Street on the west, Hoyne Avenue on the east, B.N. S.F. railroad (just south of Blue Island) on the north, and the West Fork of the Chicago River on the south. American Linen has purchased the site from Reliable Cartage. Prior to its purchase from Reliable Cartage, a freight moving and trucking company, the site had been vacant and unused for over two years.

## **DEVELOPMENT PROJECT**

Steiner Corporation (the "Company") is proposing a project that entails construction of a new 150,000 sq. ft. laundry facility, the reuse of 11,000 sq. ft. of recently constructed storage and truck maintenance space, rehabilitation of 10,000 sq. ft. of existing office space, and demolition of the existing garage and freight terminal.

The Company is working with neighborhood non-profits groups to coordinate a job training program for new hires. The City will require that American Linen maintain its existing 200 jobs for two years after certificate of completion, and within 3-4 years increase the number of jobs to 230, and within 5-6 years after certificate of completion, 270.

Rehabilitation of the site will be undertaken in accordance with all applicable City ordinances and requirements as well as the requirements of the redevelopment agreement.

### **MBE/WBE AND OTHER CITY REQUIREMENTS**

The developer has signed all the compliance affidavits, and has notified key contractors' associations about the project by mail. The developer is committed to meeting all City requirements that will be delineated in the Redevelopment Agreement, including the Department's requirement for M/WBE participation of 25% and 5%. The City will not make any payments to the developer unless and until those requirements are fulfilled.

### **DEVELOPMENT ENTITY**

The development entity is Steiner Corporation, a Nevada corporation. Steiner Corporation is divided into three divisions. American Linen is part of one of these three divisions—U.S. Linen Supply.

### **FINANCIAL ASSISTANCE**

The City, through the Department of Planning and Development (DPD), is planning to reimburse the developer for TIF-eligible costs for a maximum amount of \$3,560,000 or 14% of the total project cost, estimated at approximately \$28 million. The reimbursement would be funded from future annual excess increment created exclusively from American Linen's PIN numbers. The payments will be made on a pay-as-you-go basis with interest at a rate not to exceed 8.5%. The developer will have the right to seek disbursement of 80% of the annual incremental tax revenues created by the project. The note will be issued at the later of closing or January 1, 2002.

The developer is requesting TIF assistance for this project in order to offset the high costs of land acquisition and the build-out of industrial sites in the City of Chicago. American Linen purchased the Leavitt Street site for approximately \$12.50 per square foot. A review of comparable industrial sites located in McHenry, Kane, and Will counties showed a cost per square foot of \$2.50, a difference of \$10.00 a sq. foot. With the amount of demolition, construction and equipment needed to start operations at this location, the Steiner Corporation expects to spend about \$140 per square foot. Further, property taxes for industry located within the City of Chicago are assessed at 36% of market value while in DuPage, Lake, and Kane counties, industrial property is assessed at 33%. A review of existing industrial buildings that are similar in nature to the type to be constructed by American Linen show that property taxes per square foot are generally about \$1.25, compared to a city rate of about \$3.00 per square foot.

Disbursement is subject to the developer's meeting all applicable conditions and requirements of the redevelopment agreement including, but not limited to, MBE/WBE, prevailing wage, City residency, job creation/retention, etc. There will be no payments until a certificate of completion is issued.

### **PUBLIC BENEFITS**

The project will create and maintain 270 full time jobs for the remaining life of the TIF district which expires in 2021. The developer will work with Hacia and UNO, as well as MOWD to identify contractors, laborers and future employees.

The Developer is working directly with local Chicago Public Schools to develop individual capital and/or programmatic benefits tailored to meet student needs at nearby Juarez High School.

**CONFORMANCE WITH THE REDEVELOPMENT PLAN**

The proposed project is consistent with the goals and objectives set forth in Pilsen Tax Increment Financing Redevelopment Project and Plan. Specifically, the newly constructed and rehabilitated space will provide sound economic development and create job opportunities in the redevelopment project area.

**RECOMMENDATION:**

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

1. Approve the Advertisement of the Department of Planning and Development's intention to negotiate a Redevelopment Agreement with Steiner Corporation d.b.a. American Linen Company and/or a related entity to be formed for the redevelopment of a site located at 2665 S. Leavitt Avenue in the Pilsen TIF Redevelopment Project Area (see attached site plan); and
2. Approve a request for alternate proposals; and
3. Recommend the designation of Steiner Corporation as the developer if no responsive alternate proposals are received.

## TERM SHEET

**Project Description:** The Developer will relocate from their current facility at 225 W. Chestnut to a new 150,000 sq. ft. laundry facility which they will construct. In addition, they will reuse 11,000 sq. ft. of recently constructed storage and truck maintenance space, rehabilitate 10,000 sq. ft. of existing office space, and demolish the existing garage and freight terminal.

### ESTIMATED PROJECT BUDGET

#### Sources:

Equity	\$ 4,400,000
Debt	\$20,838,110
<b>Total Sources</b>	<b>\$25,238,110</b>

#### Uses:

Land (including existing improvements \$4,400,000)

#### Hard Costs

Site Development	\$ 705,673
New Utilities	241,000
Building Construction	7,271,443
Sole Source Machines/Equipment	8,307,567
<b>Sub-Total Hard Costs</b>	<b>\$16,525,683</b>

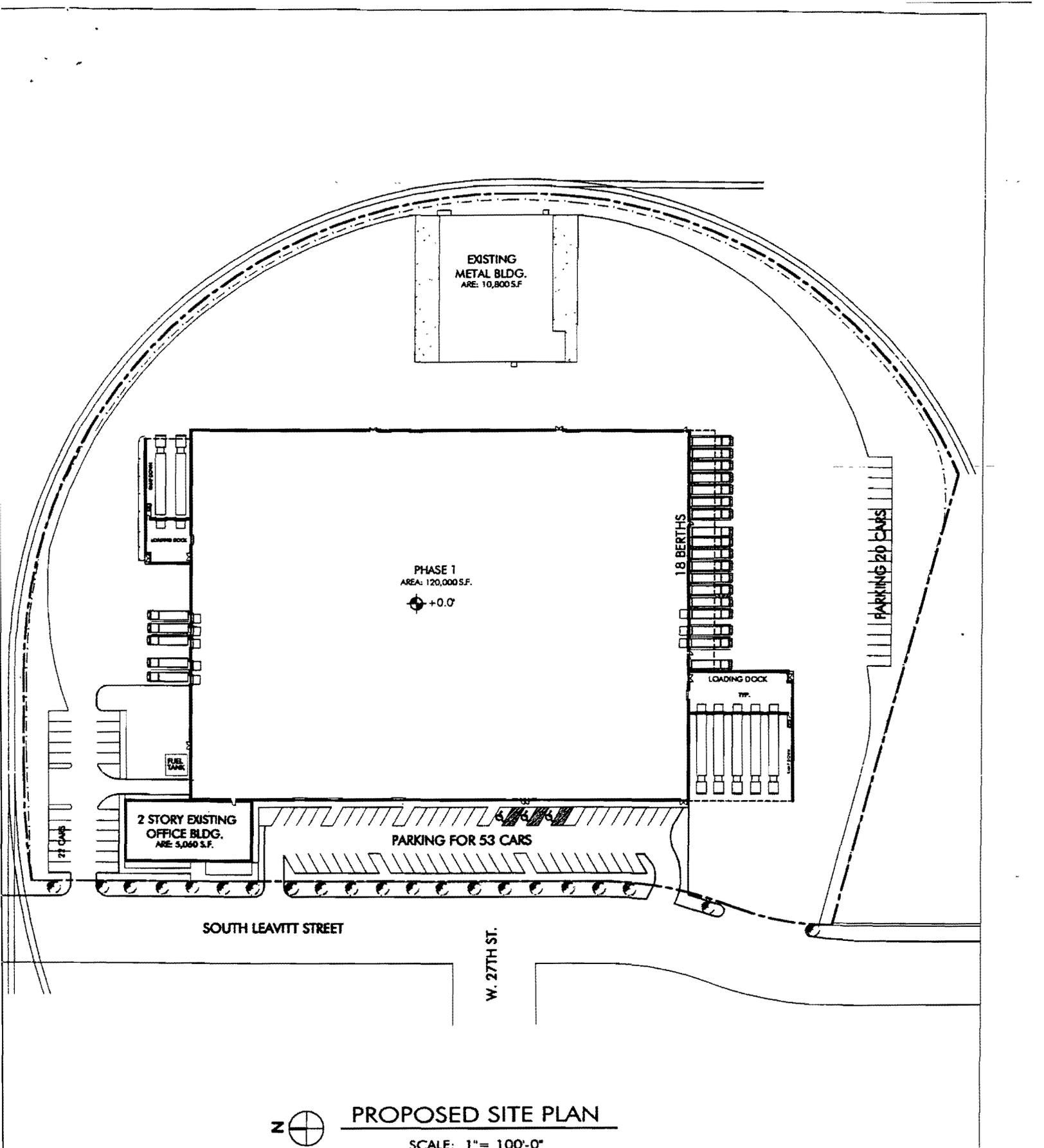
#### Soft Costs

Architectural/Engineering	\$ 558,398
General Conditions	279,199
Legal/Accounting	150,000
Contractor Fee	279,199
Construction Management	279,199
Other Professional Fees	143,500
Redevelopment Consultant	40,000
Insurance and Miscellaneous Fees/	200,277
Marketing/Signage (temporary)	
Interim Real Estate Taxes	150,000

**Sub-Total Soft Costs** \$ 2,079,772

Hard and Soft Cost Contingency \$ 2,232,655

**Total Uses:** **\$25,238,110**



**PROPOSED SITE PLAN**

SCALE: 1" = 100'-0"

2641 SOUTH LEAVITT STREET, CHICAGO, IL

DATE: 01-11-01      ASK# 005



**AMERICAN LINEN**  
New Facility  
CHICAGO, ILLINOIS



Guajardo Associates Ltd.

COMMUNITY DEVELOPMENT COMMISSION  
OF THE  
CITY OF CHICAGO

RESOLUTION NO. 01-CDC-\_\_\_

AUTHORITY TO PUBLISH NOTICE  
OF THE INTENTION OF THE CITY OF CHICAGO

TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH STEINER CORPORATION  
d.b.a. AMERICAN LINEN COMPANY

FOR REDEVELOPMENT OF A SITE  
LOCATED AT 2665 S. LEAVITT AVENUE  
IN THE  
PILSEN TIF  
REDEVELOPMENT PROJECT AREA,

AND

TO REQUEST ALTERNATIVE PROPOSALS  
FOR THE REDEVELOPMENT OF THE SITE

AND

RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO FOR  
THE DESIGNATION OF  
STEINER CORPORATION (d.b.a AMERICAN LINEN CORPORATION)  
AS THE DEVELOPER  
IF NO OTHER  
RESPONSIVE ALTERNATIVE PROPOSALS ARE RECEIVED

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (referred to herein collectively with the Mayor as

the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"); and

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

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 98-CDC-46 approved by the Commission on April 28, 1998 and reaffirmed by the Commission pursuant to Resolution 99-CDC-74 approved on May 11, 1999, and pursuant to the Act, enacted ordinances on June 10, 1998, published in the Journal of the Proceedings of City Council on such date at pages 70521-70684, pages 70685-70699 and page 70700, pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Tax Increment Financing Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area and street address, if available, are described on Exhibit A hereto; and

WHEREAS, Steiner Corporation (the "Company") has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of constructing a 150,000 sq. ft. laundry facility, reusing of 11,000 sq. ft. of recently constructed storage and truck maintenance space, rehabilitating 10,000 sq. ft. of existing office space, and demolishing the existing garage and freight terminal (the "Project"); and

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

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

WHEREAS, DPD requests that the Commission recommend to City Council that the Company be designated as developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Company for the Project, if no responsive alternative proposals are received by DPD within 14 days after publication of the Notice; now, therefore,

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

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

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

Section 3. The Commission hereby recommends to City Council that the Company, and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Company for the Project, so long as no responsive alternative proposals are received by DPD within the time recited above.

Section 4. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 5. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be effective as of the date of its adoption.

Section 7. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: \_\_\_\_\_, 2001

## **EXHIBIT A**

### **Street Boundaries of the Pilsen Tax Increment Financing Redevelopment Area**

The Project Area is generally bounded by Cullerton Avenue (between Ashland Avenue and Morgan Street) and 16<sup>th</sup> Street (between Morgan Street and Stewart Avenue) on the north, Stewart Avenue and the Chicago River on the east, the Stevenson Expressway and 33<sup>rd</sup> Street on the south, and Western Avenue on the west.

## EXHIBIT B

**PUBLIC NOTICE** is hereby given by the Community Development Commission ("CDC") of the City of Chicago (the "City") pursuant to Section 5/11-74.4-4(c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"), that the City's Department of Planning and Development ("DPD") intends to negotiate a redevelopment agreement (the "Redevelopment Agreement") with Steiner Corporation d.b.a. American Linen Company pursuant to which the City intends to provide financial assistance to the Company using tax increment allocation financing revenues pursuant to the Act for and certain other improvements, located at 2665 S Leavitt Avenue, (the "Site") in Chicago, Illinois (the "Project"), located within the Pilsen Tax Increment Financing Redevelopment Project Area (the "Area") established pursuant to the Act. The Area is to be redeveloped exclusively for office and ancillary retail uses. The street boundaries of the Area are as follows:

The Project Area is generally bounded by Cullerton Avenue (between Ashland Avenue and Morgan Street) and 16<sup>th</sup> Street (between Morgan Street and Stewart Avenue) on the north, Stewart Avenue and the Chicago River on the east, the Stevenson Expressway and 33<sup>rd</sup> Street on the south, and Western Avenue on the west.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE SITE FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area and the Project are available for public inspection on or before May 14, 2001 at the offices of DPD, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

- (i) "The Pilsen TIF Redevelopment Area Tax Increment Finance Program Redevelopment Plan", which constitutes the City's redevelopment plan for the Area;
- (ii) a terms sheet showing all proposed material terms of the Redevelopment Agreement as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Company for the Project; and
- (iii) the terms of all bids and proposals received, if any, by the City related to the Project and the Redevelopment Agreement.

Please contact Dinah Wayne of DPD at (312) 742-6088 or Robert Madiar of DPD at (312) 744-0063 to review these materials and for information regarding the form required for proposals submitted to the City. Those submitting alternative proposals must be financially and otherwise qualified to complete the Project. The City reserves the right to

reject any and all proposals. Proposals will be received by the City at DPD's offices, Room 1000, City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, until May 29, 2001 at 2:00 p.m., at which time all alternative proposals will be opened and reviewed.

**Joseph A. Williams, Chairman**  
**COMMUNITY DEVELOPMENT COMMISSION**  
**City of Chicago**

**DEPARTMENT OF PLANNING AND DEVELOPMENT  
CITY OF CHICAGO  
COMMUNITY DEVELOPMENT COMMISSION  
May 8, 2001  
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**LOCATION:**

The project site is located in the Pilsen TIF Redevelopment Project Area.

**DEVELOPER:**

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**ASSISTANCE:**

The City intends to provide TIF funds as reimbursement for TIF-eligible redevelopment costs in an amount not to exceed \$3,560,00 or 14.1% of the total actual project costs, currently estimated at \$25,238,110. The reimbursement would be funded from future annual excess increment generated exclusively from the new facility and made on a pay-as-you-go basis with interest not to exceed 8.5%. The reimbursement will fund land acquisition, job training activities, site preparation, rehabilitation, and demolition.

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**ALDERMAN:**

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**ISSUES:**

None

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**RECOMMENDATION:**

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1. Approve the Advertisement of the Department of Planning and Development's intention to negotiate a Redevelopment Agreement with Steiner Corporation d.b.a. American Linen Company and/or a related entity to be formed for the redevelopment of a site located at 2665 S. Leavitt Avenue in the Pilsen TIF Redevelopment Project Area (see attached site plan); and
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**Sources:**

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<b>Total Sources</b>	<b>\$25,238,110</b>

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<b>Sub-Total Soft Costs</b>	<b>\$ 2,079,772</b>

Hard and Soft Cost Contingency \$ 2,232,655

**Total Uses: \$25,238,110**