

**City of Chicago**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION**

August 12, 2014

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: XS Tennis Facility

Applicant Name: XS Tennis Village LLC

Project Address: 5256-5338 S State Street

Ward and Alderman: 3<sup>rd</sup> Ward, Pat Dowell

Community Area: Washington Park

Redevelopment Project Area: 47th & State TIF

Requested Action: TIF Developer Designation

Proposed Project: The new construction of an approximately 150,000 square foot tennis and sports facility that will include a 2,500 square foot club house, and approximately 160 parking spaces.

TIF Assistance: \$2,943,794.00

**II. PROPERTY DESCRIPTION**

Address: 5256-5338 S State Street

Location: Northwest Corner of State Street and 54th Street.

Tax Parcel Numbers:

20-09-412-061	20-09-422-057	20-09-422-097
20-09-412-062	20-09-422-087	20-09-422-098
20-09-413-059	20-09-422-091	20-09-422-099
20-09-413-060	20-09-422-092	20-09-423-088
20-09-413-062	20-09-422-095	20-09-423-089
20-09-422-056	20-09-422-096	20-09-423-090

Land Area: 13+ acres.

Current Use:	Vacant Land
Current Zoning:	RT-4: 3 Flat, Townhouses
Proposed Zoning:	PD
Environmental Condition:	CHA conducted an Environmental Review of the site and concluded that for disposition of the property there was a finding of no significant impact.

### **III. BACKGROUND**

The proposed project is located within the 47th & State TIF, in the Washington Park Community Area, and within the 3<sup>rd</sup> Ward.

The 47th & State Tax Increment Finance Redevelopment Project Area is 345 acres in size and was designated on July 21, 2004. The purpose of the designation was to assist in transforming the area into a mixed income community which includes the former Robert Taylor Homes public housing complex. The Redevelopment Area has an abundance of vacant lots, which presents numerous opportunities for development throughout the TIF.

The Washington Park community area is located on South side of Chicago. The community's general boundaries are 51<sup>st</sup> Street on the north, 61<sup>st</sup> Street on the south, Cottage Grove on the east and the Dan Ryan on the west. The area is well known for its massive 371 acre Park, and for the DuSable museum, which is located in the park. The population of the community has had a steady and continuous decline for the last fifty years. In 2010 the population had a decline of 17% from the population in the year 2000. The majority of Washington Park's residents are low-income families. The Washington Park's medium income is \$21,000 in comparison to the City's medium income of \$43,000. There are no major commercial corridors within the community nor is there a healthy industrial district. Much of the community consists of low- and mid-rise brick condos—both vintage and new construction models. While attached multi-unit homes are in abundance in Washington Park, single-family detached houses are more difficult to find. In addition, the community continues to have many deteriorated buildings and vacant lots.

In 2011, XS Tennis representatives met with DPD to discuss their intention to relocate and expand from their Hyde Park location to the Washington Park Community. After XS Tennis explored several locations in Washington Park, they concluded that 5256-5338 S. State Street met the needs for their facility requirements. A majority of the site is owned by the Chicago Housing Authority which received board approval for sale of the land on April 15, 2014. XS Tennis has a pending contract for the remaining portion of the land which is owned by St. Mary's Church property.

On July 2, 2013, the XS Tennis Development team submitted a TIF application for their proposal

to construct a 150,000 square foot athletic facility at 5256-5338 S. State Street. In order to facilitate the development of the facility the XS Tennis' development team is requesting \$2,943,794 in TIF assistance.

This project is in compliance with the 47th & State TIF by reducing or eliminating deleterious conditions; encouraging private investment, especially new development on vacant land within the project area; encourage the use of "green technology" in the new construction and rehabilitation; improve recreational amenities within the Project Area; and provide opportunities for minority owned, women owned, local business and local resident to share in the redevelopment of the Project Area.

This project will be a great addition to the Washington Park Community Area. It will develop vacant property in the community, create new jobs and provide a unique use for the community.

The redevelopment proposal has the support of Alderman Pat Dowell of the 3<sup>rd</sup> Ward

#### **IV. PROPOSED DEVELOPMENT TEAM**

**Development Entity:** XS Tennis Village, LLC is an Illinois limited liability company, Kamau Murray is its Manger. The sole member of the development entity is XS Tennis & Education Foundation, an Illinois not for Profit Corporation.

XS Tennis, Inc. (XS) was founded by Kamau Murray in 2008. XS currently employs 20 people and serves 1100 members at its present facility located at 1301 E. 47<sup>th</sup> Street. XS Tennis has outgrown the present facility which only has four tennis courts and is shared with an LA Fitness Health Club.

XS operates the largest minority owned tennis academy in the United States, training more nationally ranked minority tennis payers than any other US organization. An important goal of XS Tennis is to ensure that its students realize educational opportunities. All of XS graduates obtained college athletic scholarships, and are either current students or alumni from universities such as the University of Illinois, Harvard, Georgia Tech University and the Unites States Military Academy at West Point.

The XS Tennis & Education Foundation provides tennis and education programs to more than 5000 Chicago youth and more importantly, serves more than 2000 disadvantaged youth attending Chicago Public Schools located in the Washington Park, Bronzeville, Roseland and Englewood neighborhoods of the City with free after-school tennis lessons. XS Tennis programs provide 25%-30% in scholarships to their student pool each year. The full cost for training a child varies on the program provided, however the average cost to train a child costs \$6,500.00 a year.

Devin R. Williams CEO / President of DRW Industrial Consulting will be the project manager for the XS Tennis development. He has over twenty years of experience that includes 13 years in professional engineering consulting that includes project programming, scope of work, design development, estimating, scheduling, contract negotiations, construction phase activities, installation, equipment commissioning, integration, relocation, system start-up and production ramp-up.

Summit Design + Build, the general contractor for the XS tennis project, is a full service construction and design company that was started in 2005. The company has provide services to the commercial, industrial and residential markets. Summit focuses on office, retail, health care, manufacturing and warehouse facilities as well as condominiums and loft conversions.

**Consultants:**

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Club Management  
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## **V. PROPOSED PROJECT**

**Project Overview:** The developer is proposing the new construction of a 150,000 square foot tennis and sports facility with a separate 2,500 square foot clubhouse and parking for approximately 160 vehicles. The tennis and sports facility building will feature 10 regulation size tennis courts, 12 mini tennis courts, a 5,000 square foot fitness center, temporary basketball courts, classrooms and training space. The building will also contain 8 multi-purpose rooms, locker rooms, reception area, players' lounge, a pro shop and an observation deck.

The proposed XS Tennis Village building will be a two-level structure. The separate 2,500 square foot one story clubhouse/support building will service the adjacent outdoor tennis courts. The site and parking lot will be accessed from the corner of West 54th Street and South State Street. A dedicated drop-off area, visitor parking, and secure member parking for 160 spaces is provided along the south portion of the site.

The building is entered through a two-story central core that houses administrative, pro shop, locker room, and community program room functions on the lower level with a member lounge, administrative offices, and exercise studios on the upper level. This central core structure will be primarily constructed with a steel superstructure and a combination of insulated glazing and fiber cement panels for exterior cladding. Indoor tennis and fitness/gymnasium areas can be accessed from either end of the central core. Limited green roof areas are incorporated as part of this section of the building.

The indoor tennis and fitness/gymnasium areas of the building are pre-engineered metal building systems with metal wall and roof panels. Areas of metal wall panel are accented with fiber cement panels, galvanized mesh panels, and translucent colored polycarbonate wall panels. A sweeping, backlit tube along the State Street elevation implies the energy of a tennis ball in flight, leading to the XS Tennis logo at the north end of the State Street elevation.

A 2,500 square foot, one-story clubhouse is situated inside the complex, housing concessions, lounge, restroom, and viewing functions. This structure is constructed in identical materials to the center core of the main building, unifying the buildings on the site, which include:

1. Pre-finished Fiber Cement Panels: Nichiha "Illumination Series" 18" H, 72" long fiber cement panels with integral coloring in terracotta and gray colors.
2. Translucent Color Panels to provide natural light without the glare: CPI Daylighting "QuadWall" translucent panels
3. Metal Wall and Building Panels: Varco-Pruden (or similar) Panel-Rib Metal Panels – Cool Granite Gray wall panels, Cool Cotton White roof panels.
4. Decorative Screen: McNichols Wire Mesh, 3" square profile with tube steel supports, painted.

A site plan, floor plans and elevations are provided as exhibits to this report.

**Environmental Features:** The developer will seek LEED certification and exceed the Storm Water Ordinance requirements.

The project will be designed to baseline LEED certification requirements. A solar hot water heating system with electric backup will be provided, reducing energy use for facility hot water requirements during most times of operation. The indoor tennis courts are currently planned for mechanical ventilation but are not anticipated to be air conditioned, creating a significant energy use reduction over a typical conditioned facility during peak demand times during summer months. High-volume low-speed fans are proposed in indoor tennis and gym/fitness areas, reducing the effect of temperature stratification and lowering overall energy use in HVAC systems. Indoor tennis court and gym lighting is proposed to be energy-efficient, highly controllable LED fixtures which offer a near 30% energy reduction over typical metal halide indoor sports fixtures. Finally, daylighting will be utilized where appropriate throughout the facility to reduce reliance on electrical fixtures during daytime hours.

## **VI. FINANCIAL STRUCTURE**

The City intends to negotiate a redevelopment agreement with the Developer for TIF assistance in an amount not to exceed the lesser of \$2,943,793 or 30.11% of the final total Project costs, to be paid with available area-wide increment generated within the 47th & State TIF District. The TIF assistance will be paid in three installments, commencing upon the issuance of a Certificate of Completion for the Project. The initial payment will be in the amount of 50% of the TIF assistance and the second and third payments will occur upon the second and third anniversaries of the issuance of the Certificate, with each payment in the amount of 25% of the TIF assistance. The payments will be subject to an operating covenant.

The developer is a non-profit entity so taking on a project of this magnitude could not be done without significant public financial assistance. The operating revenue from the tennis center and health club will be invested back in to the center and the scholarship program.

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	\$117,270	1%
Donations	\$1,845,258	19%
CCLF Financing	\$2,000,000	20.38%
Wintrust Financing	\$2,906,321	29.62%
PNC TIF Bridge Loan	<u>\$2,943,794</u>	30%
<b>Total Sources</b>	<b>\$9,812,643</b>	

  

<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition (\$15 per sf of land)	\$2,285,000	\$4.03 psf
Demolition	\$205,000	
Site Clearance and Preparation	1,381,743	\$9.15 psf
Hard Costs	\$4,986,992	\$33.02 psf
Soft Costs		
Architect/Eng Fee (4% of hard costs)	\$205,000	
Legal/Accounting Fees (0.7% of total costs)	\$75,000	
General Contractor/Overhead	\$269,946	
Project Management	\$113,000	
Soil/Environmental Testing	\$26,500	
Employee Training	\$37,500	
Surveying	\$10,000	
Other soft costs (2.2% of total costs)	\$216,962	
<b>Total Soft Costs (9.7% of total costs)</b>	<b><u>\$953,908</u></b>	<b><u>\$6.31 psf</u></b>
<b>Total Uses</b>	<b>\$9,812,643</b>	<b>\$64.98 psf</b>

\*Gross land area is 13 acres (566,280 sq. ft.) and gross building area is 150,991 square feet

**VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

**Permanent Jobs:** The project is estimated to produce 50 jobs, including the retention of 17 full time jobs, and the creation of 33 full time jobs. The department’s workforce development specialists will work with the developer on job training and placement.

**Construction Jobs:** The project will produce approximate 100 temporary construction jobs.

**Environmental Features:** The project will incorporate LEED Certification and exceed the

Water Ordinance.

**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**

Alderman Pat Dowell endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community at a meeting held on June 19th at Pilgrim Baptist Church 3300 S Indiana. The project was also presented at a meeting at the CHA headquarters to the CHA residents. The project was received very favorably in both meetings. The following organizations endorse the project: University of Illinois, United States Tennis Association, (See exhibits for copies of support letters).

### **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the 47<sup>th</sup> & State Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goals of the area's redevelopment plan: in that will by reducing or elimination deleterious conditions; Encouraging private investment, especially new development on vacant land within the project area; Encourage the use of "green technology" in the new construction and rehabilitation; Improve recreational amenities within the Project Area; and provide opportunities for minority owned, women owned, local business and local resident to share in the redevelopment of the Project Area. The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of the new construction of approximately 150,000 square foot tennis and sports facility.

### **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.

Closing will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents 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 HED recommends that the CDC recommend to the City Council the designation of XS Tennis Village LLC as Developer for the development of approximately 150,000 square foot tennis and sports facility and parking at 5256-5338 S State Street.

**EXHIBITS**

TIF Project Assessment Form  
Redevelopment Area Map  
Neighborhood Map or Aerial  
Survey or Plat  
Site Plan  
Typical Floor Plan  
Front Elevation or Rendering  
Sample M/WBE Letter  
Copies of M/WBE Certified Letter Receipts  
Lender's Letter of Interest  
Community Letters of Support  
Alderman's Letter of Support