

**THE SOUTH WORKS INDUSTRIAL  
TAX INCREMENT FINANCING  
REDEVELOPMENT PROJECT AND PLAN**

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City of Chicago, Illinois

July 13, 1999

Revised as of October 22, 1999

City of Chicago

Richard M. Daley, Mayor

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This Redevelopment Plan is subject to review  
and comment and may be revised  
after comment and hearing.

Prepared by:

Trkla, Pettigrew, Allen & Payne, Inc.

and

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## I. INTRODUCTION

From the early 1900s through the 1970s, the South Works Steel Mill was a major economic engine for Chicago's Southeast side community. In 1972, before United States Steel, now known as USX Corporation, ("USX") began scaling back its operations, the South Works site contained 6 million square feet of plant space, employed 15,000 people, had the capacity of producing 4 million tons of steel, and paid over \$12,000,000 in real estate taxes. The first major contraction for U.S. Steel at the South Works Area occurred in the 1970s, and included the demolition of plant space, reductions in steel production, layoffs, and property tax reductions.

By 1982 the South Works Area contained 5 million square feet, employed 5,000 people, produced 1 million tons of steel, and paid approximately \$6,000,000 in real estate taxes. Further contractions occurred in the 1980s, and by the end of 1992 the plant closed. During its last year of operation, the South Works area contained 3 million square feet, employed 1,000 people, produced 1 million tons of steel, and paid approximately \$3,000,000 in real estate taxes. During the 1990s, USX proceeded to remove all non-essential buildings from the property. Today, two buildings remain totaling no more than 100,000 square feet - the power plant and a small office. USX now employs less than 20 people at the site and pays approximately \$600,000 in annual real estate taxes.

The closing of South Works not only caused a reduction in the site's value and property taxes, but also wreaked havoc on the adjacent community. During South Works' operation, nearby commercial enterprises prospered and supported the livelihood of even more people. Wages from plant jobs and supporting businesses sustained a high standard of living and assured a very well maintained community. Following the closing of South Works, other industrial enterprises reliant on South Works closed, and soon after so did department stores, movie theaters, bakeries and other commercial establishments dependent on the livelihood of employed steel workers.

This document is to serve as a redevelopment plan for the South Works Industrial area, which includes the southern portion of the former United States Steel South Works steel mill site. This area is subsequently referred to in this document as the South Works Industrial Tax Increment Financing Redevelopment Project Area (the "Project Area").

As part of its strategy to encourage managed growth and stimulate private investment within the South Works Industrial Community, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") to study whether the Project Area of approximately 240 acres qualifies as a "blighted area" or an "industrial park/conservation area" under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11/74.4-1 et seq) (1996 State Bar Edition), as amended (the "Act"). This area is generally bounded by 87th Street on the north, Lake Michigan on the east, the Calumet River on the south, and Mackinaw Avenue and Avenue O on the west.

Recognizing the Project Area's continuing potential as a vital industrial area, the City of Chicago is taking a proactive step toward the economic renaissance of the Project Area. The City wishes to complement city-wide efforts to stabilize industrial land uses, such as the Model Industrial Corridors Program, and support industrial and business expansion and to encourage private investment and development activity through the use of Tax Increment Financing.

The Project Area, described in more detail below as well as in the accompanying Eligibility Report, has not been subject to growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

#### ***A. South Works Industrial Tax Increment Financing Redevelopment Project Area***

The Project Area contains a total of approximately 240 acres and is located ten (10) miles south and four (4) miles east of downtown Chicago. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description*.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. Additionally, the Project Area would likely continue to be characterized by dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, the depreciation of physical maintenance and an overall lack of community planning.

Although small-scale, piecemeal development might occur in limited portions of the Project Area, the City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis to ensure continuity with the planning efforts of the surrounding industrial corridors and neighborhoods. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to assist in putting residents of the surrounding neighborhoods to work in the newly created jobs within the Project Area.

#### ***B. Tax Increment Financing***

In January 1977, Tax Increment Financing ("TIF") was made possible by the Illinois General Assembly through passage of the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current Equalized Assessed Value (the "EAV") of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate which results in

Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues by increasing tax rates. This financing generates revenues by allowing the municipality to capture, temporarily, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

### ***C. The Redevelopment Plan for the South Works Industrial Tax Increment Financing Redevelopment Project Area***

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

Trkla, Pettigrew, Allen, & Payne Inc. has prepared this Redevelopment Plan (defined below) and the related eligibility report with the understanding that the City would rely on: (i) the findings and conclusions of the Redevelopment Plan and the related eligibility report in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP has obtained the necessary information so that the Redevelopment Plan and the related eligibility report will comply with the Act.

This South Works Industrial Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs:

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a large and complex endeavor, and presents challenges and opportunities commensurate with its scale. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for area-wide redevelopment by the private sector. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements with private entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

This Redevelopment Plan specifically describes the Project Area and summarizes blight factors which qualify the Project Area as a "blighted area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and threatened blight and conservation area conditions which have precluded development of the Project Area by the private sector.

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include:

- An increased property tax base arising from new industrial development.



- An increase in construction, industrial, and other full-time employment opportunities for existing and future residents of the City.
- The construction of an improved system of roadways, utilities and other infrastructure which better serves existing industries and adequately accommodates desired new development.

## II. PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Boundary*, and are generally described below:

The Project Area is generally bounded by 87th Street on the north, the Lake Michigan shoreline on the east, the Calumet River on the south, and Mackinaw Avenue and Avenue O on the west.

The boundaries of the Project Area are legally described in Exhibit I.

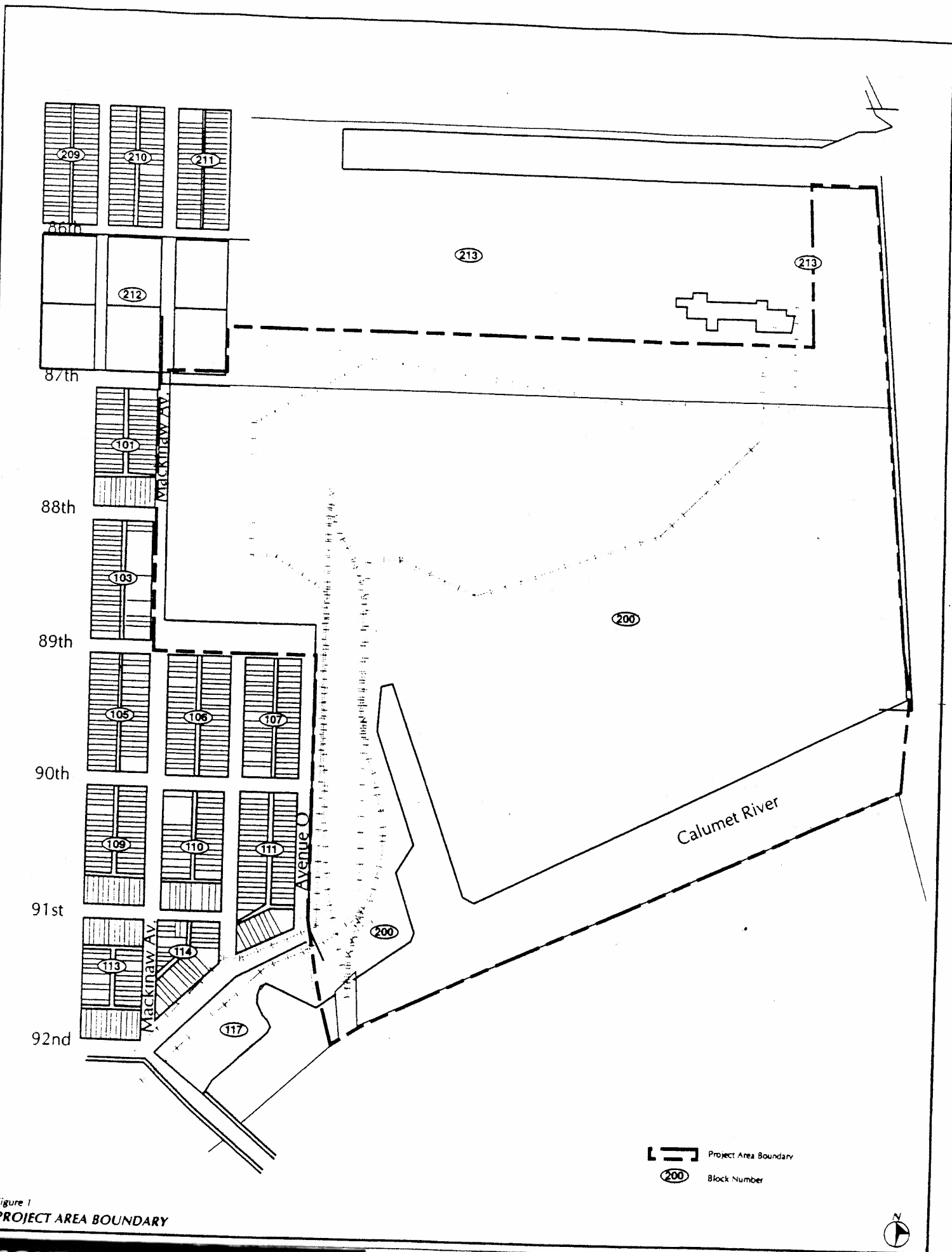


Figure 1  
PROJECT AREA BOUNDARY

### **III. ELIGIBILITY CONDITIONS**

The results summarized in this section are more fully described in a separate report which presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by R. M. Chin & Associates, Inc. (RMCA) and TPAP and entitled "South Works Industrial Project Area Tax Increment Financing Eligibility Report," is attached as Exhibit III to this Redevelopment Plan.

#### ***A. Surveys and Analyses Conducted***

The blight factors found to be present in the Project Area are based upon surveys and analyses conducted by TPAP. The surveys and analyses conducted for the Project Area include:

1. Site surveys of the Project Area;
2. Analysis of existing uses and their relationships;
3. Analysis of current parcel configuration;
4. Review of previously prepared plans, studies and data.

#### ***B. Summary of Eligibility Conclusions***

On the basis of this approach, the Project Area is found to be eligible as a vacant blighted area within the blighted area definition set forth in the Act. Specifically:

1. The sound growth of the taxing districts is impaired by a combination of the following two factors: (a) obsolete platting of the vacant land; and (b) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
2. 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.
3. The area consists of unused railyards, rail tracks, or railroad rights-of-way.

## IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. *Section V* presents more specific objectives for development and design within the Project Area and the redevelopment activities the City plans to undertake to achieve the goals and objectives presented in this section.

### A. *General Goals*

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding community.
2. Elimination of the influences and manifestations of physical deterioration and obsolescence within the Project Area.
3. An environment which will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. An environment which will preserve or enhance the value of properties within and adjacent to the Project Area.
5. An increased real estate tax base for the City and other taxing districts having jurisdiction over the Project Area.
6. The attraction of new industrial and business development and the creation of new job opportunities within the Project Area.
7. Employ residents within and surrounding the Project Area in jobs located within the Project Area and in adjacent redevelopment project areas.

## ***B. Redevelopment Objectives***

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area.

1. Reduce or eliminate those conditions which qualify the Project Area as a blighted area. These conditions are described in detail in Exhibit III to this Redevelopment Plan.
2. Strengthen the economic well-being of the Project Area by increasing taxable values.
3. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.
4. Create an environment which stimulates private investment in construction of new industrial facilities.
5. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design, including lake and river edge amenities where appropriate.
6. Provide needed improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
7. Provide needed incentives to encourage a broad range of improvements and new development.
8. Establish job readiness and job training programs to provide residents surrounding the Project Area with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas.
9. Secure commitments from employers in the Project Area and adjacent redevelopment project areas to interview graduates of the Project Area's job readiness and job training programs.
10. Create new job opportunities for City residents utilizing first source hiring programs and appropriate job training programs.
11. Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area.

## V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. The plan report entitled "From Steeltown to Hometown, A New Era for South Chicago and South Works, A Framework For Development," dated February 1999, and prepared by the Department of Planning and Development of the City, has been reviewed and forms the basis for many of the recommendations presented in this Redevelopment Plan. The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept, b) the land use plan, c) a description of redevelopment improvements and activities, d) estimated redevelopment project costs, e) a description of sources of funds to pay estimated redevelopment project costs, f) a description of obligations that may be issued, and g) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

### A. Overall Redevelopment Concept

The Project Area should be redeveloped as a cohesive and distinctive industrial district. It should consist of one or more industrial facilities to serve as an employment center, and a range of public facilities, open spaces and pedestrian amenities. The lake's edge should be improved and enhanced as an open space amenity and pedestrian/bicycle corridor.

The major portion of the Project Area should be redeveloped as a planned industrial district. Within the industrial district, large-scale new development should be undertaken.

The entire Project Area should be marked by improvements in safety and infrastructure, new industrial development, and enhancement of the area's overall image and appearance. Improvement projects should include: new industrial construction, street and infrastructure improvements, landscaping and other appearance enhancements, and the provision of new amenities which companies expect to find in a contemporary industrial park environment.

The Project Area should have good accessibility and should be served by a street system and public transportation facilities that provide safe and convenient access to and circulation within the Project Area.

The Project Area should be characterized by a planned network of open spaces and public amenities which will organize and provide focus to the Project Area.

The Project Area should become one of the City's premier employment centers that will complement and enhance the adjacent community area.

## ***B. Land Use Plan***

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

As indicated in Figure 2, the Project Area will be redeveloped as a planned and cohesive industrial and employment district providing sites for a wide range of land uses, including manufacturing, distribution, assembly, warehousing and research and development uses.

The Land Use Plan designates two general land use categories within the Project Area, as described below:

- The *Industrial District* encompasses the major portion of the Project Area and is the predominant land use. The industrial district is suitable for a wide mix of land uses, including manufacturing, assembly, distribution, warehousing, office, and research and development facilities. Within the industrial district, large-scale, planned new industrial development will be promoted on vacant, deteriorated and underutilized properties.
- The *Public Use District* encompasses an approximately 300 foot wide linear system of open space along the lake edge which serves as a link to Chicago's original vision of open space that will extend along the entire Project Area lakefront, providing nearly continuous public open space from 79th Street south to the Calumet River. New park space may include playfields and other recreational facilities, specialty gardens, a lagoon, hockey rinks, wildlife habitats, and continuous pedestrian and bicycle paths.

## ***C. Redevelopment Improvements and Activities***

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment financing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Redevelopment Plan. Such redevelopment agreements may be for the assemblage of land; the construction, rehabilitation, renovation or restoration of improvements or facilities; the provision of services; or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Redevelopment Plan.



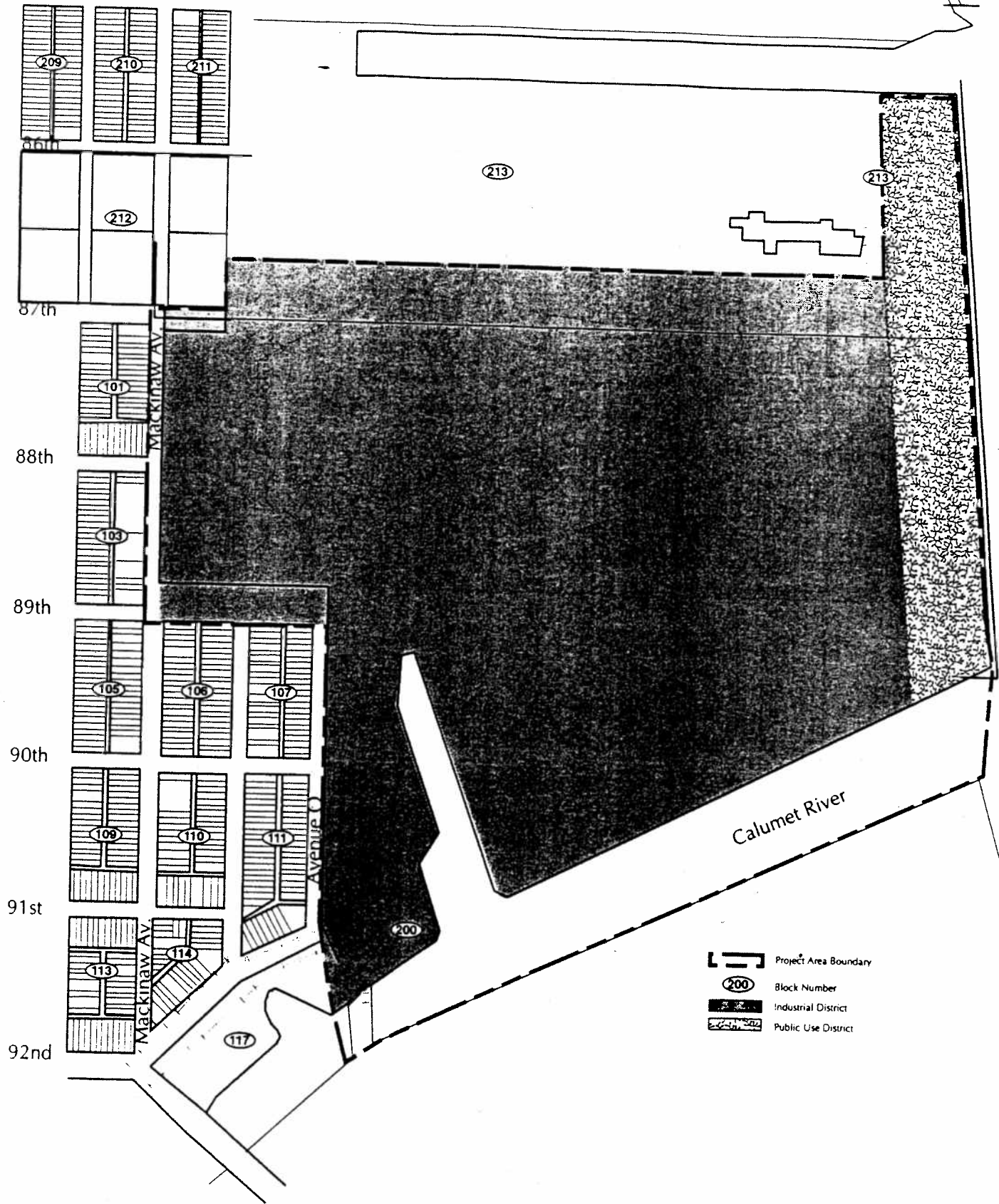


Figure 2  
LAND USE PLAN

## **1. Property Assembly**

Property acquisition and land assembly by the private sector in accordance with this Redevelopment Plan will be encouraged by the City. To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the tax reactivation program and may be for the purpose of: (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Plan, the City will follow its customary and otherwise required procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

The Project Area is part of the proposed South Chicago/South Works Redevelopment Plan which is to be designated and adopted by the City in November of 1999. The City has the power to assemble and acquire property pursuant to the designation. Such acquisition and assembly under that authority is consistent with this Redevelopment Plan. Nothing in this Redevelopment Plan (including the preceding paragraph) shall be deemed to limit or adversely affect the authority of the City under the proposed South Chicago/South Works Redevelopment Plan to acquire and assemble property. Accordingly, incremental property taxes from the Redevelopment Project Area may be used to fund the acquisition and assembly of property by the City under the authority of the Redevelopment Plan.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment. The City may remove and grade soils and prepare sites with soils and materials suitable for new construction.

## **2. Provision of Public Works or Improvements**

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

**a) *Streets and Utilities***

A range of individual roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

**b) *Parks and Open Space***

Construction of future parks, river walkways and open spaces may be provided, including the construction of pedestrian walkways, lighting, landscaping and general beautification improvements, for the use of the general public.

**3. *Rehabilitation of Buildings***

The City may provide assistance for rehabilitation of buildings constructed within the Project Area, if such buildings require improvements in the future.

**4. *Job Training and Related Educational Programs***

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented.

**5. *Taxing Districts Capital Costs***

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

**6. *Interest Subsidies***

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;
- (c) if there are not sufficient funds available in the special tax allocation fund to make the payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the: (I) total costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.

**7. Analysis, Administration, Studies, Surveys, Legal, etc.**

The City may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

**D. Redevelopment Project Costs**

The various redevelopment expenditures which are eligible for payment or reimbursement under the Act are reviewed below. Some of the costs listed below will become eligible costs under the Act pursuant to an amendment to the Act which will become effective November 1, 1999. Following this review is a list of estimated redevelopment project costs which are deemed to be necessary to implement this Redevelopment Plan (the "Redevelopment Project Costs").

**1. Eligible Redevelopment Project Costs**

Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- 1) 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, financial, planning or other services, and the cost of marketing sites within the area to prospective businesses, developers, and investors, provided that no charges for professional services are based on a percentage of the tax increment collected;
- 2) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land, site preparation, and site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete asphalt barriers;
- 3) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements;
- 4) Costs of the construction of public works or improvements;

- 5) Costs of job training and retraining projects, including welfare to work programs;
- 6) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- 7) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- 8) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- 9) Payment in lieu of taxes as defined in the Act;
- 10) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act (as defined in the Act) and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code (as defined in the Act);
- 11) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  1. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;

2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
  3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  4. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.
- 12) The cost of day care services for children of employees from low-income families working for businesses located within the Redevelopment Project Area and all or a portion of the costs of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the Redevelopment Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county or regional median income, adjusted for family size, as determined from time to time by the United States Department of Housing and Urban Development.
- 13) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

If a special service area has been established pursuant to the Special Service Area Tax Act, [35 ILCS 235/0.01 *et. seq.*] then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

## **2. Estimated Redevelopment Project Costs**

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

### ***E. Sources of Funds to Pay Redevelopment Project Costs***

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the municipality may deem appropriate. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. The City may incur Redevelopment Project Costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

The Project Area may, in the future, be contiguous to, or separated only by a public right of way from, other redevelopment project areas. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right of way, and vice versa. The amount of revenue from the Project Area made available to support such contiguous redevelopment project areas, or those separated only by a public right of way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right of way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.61-1 et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right of way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Exhibit II of this Redevelopment Plan.

### ***F. Issuance of Obligations***

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Project Area is adopted (By December 31, 2023). Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

**G. Valuation of the Project Area**

**1. Most Recent EAV of Properties in the Project Area**

The most recent 1998 EAV of all taxable parcels in the Project Area is estimated to be \$3,330,641. This EAV is based on 1998 EAV and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk. This certified amount shall become the Certified Initial EAV from which all Incremental Property Taxes in the Project Area will be calculated by the County. Table 1 below summarizes the 1998 EAV of the Project Area by Tax Block.

**Table 1. 1998 EAV by Tax Block**  
**South Works Industrial Redevelopment Project Area**  
**Chicago, Illinois**

<b>BLOCK</b>	<b>1998 EAV</b>
26-05-200	\$ 3,153,814
21-32-213	\$ 176,827
<b>TOTAL</b>	<b>\$ 3,330,641</b>

This figure is based on 1998 Assessed Values and the 1998 Cook County State Equalization Factor and is subject to verification by the Clerk of Cook County. After verification, the figure shall be certified by the County Clerk of Cook County, Illinois. This certified amount shall become the Certified Initial EAV from which all Incremental Property Taxes will be calculated by the County.



## 2. Anticipated Equalized Assessed Valuation

By the tax year 2022 (collection year 2023) and following the construction of roadway and utility improvements, installation of additional and upgraded lighting, improved signage and landscaping, etc. and substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to total between \$47,200,000 and \$51,900,000. Both estimates are based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) 2% annual inflation in EAV is estimated in the district between years 2001-2022; 3) between 2,000,000 and 2,300,000 square feet of industrial space is estimated to be constructed in the Project Area and occupied by 2010; and 4) the 1998 state equalization factor of 2.1799 is used in all years to calculate estimated EAV.

## VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous blight factors, and these factors are reasonably distributed throughout the Project Area. Blight factors within the Project Area are widespread and represent major impediments to sound growth and development.

The decline of and the lack of private investment in the Project Area are evidenced by the following:

- The entire Project Area has remained vacant since 1992 when the last phases of steel production were shut down and all buildings remaining at that time demolished.
- Although the current owner of the site (USX) has aggressively marketed the entire former steel mill site of close to 573 acres for development, no qualified offers had been received in response to its marketing program.
- In 1972, when the USX facility was operating, USX employed 15,000 people, had a capacity to produce 4 million tons of steel, and paid approximately \$12,000,000 in property taxes. By 1992, employment dropped to 1,000 people, production declined to 1 million tons and property taxes totaled \$3,000,000. Today, South Works employs less than 20 persons, produces no steel and pays approximately \$600,000 in property taxes.

## VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that blight factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

*Section V* of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in EAV caused by the Redevelopment Projects.

## VIII. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

South Cook County Mosquito Abatement District. The district provides mosquito abatement services to the City of Chicago (south of 87th Street) and communities located in southern Cook County.

Chicago Community College District 508. This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. Not included in the Project Area but within three blocks of the Project Area boundary is Thorp Elementary School. The location of this school is indicated in Figure 3, *TIF Boundary and Surrounding Public Facilities*.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. Not included in the Project Area but adjacent to the Project Area boundary is the proposed site of a new neighborhood park. This future park is indicated in Figure 3, *TIF Boundary and Surrounding Public Facilities*.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

In addition to the major taxing districts summarized above the City of Chicago Library Fund, the Chicago Urban Transportation District, have taxing jurisdiction over part or all of the Project Area. The City of Chicago Library Fund and the Chicago Urban Transportation District (formerly a separate taxing district from the City) no longer extend taxing levies but continue to exist for the purpose of receiving delinquent taxes.

### ***A. Impact of the Redevelopment Project***

In 1994, the Act was amended to require an assessment of any financial impact of the Redevelopment Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The replacement of vacant and underutilized properties with industrial development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District and the City. The estimated nature of these increased demands for services on these taxing districts are described below.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of vacant and underutilized properties with industrial development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The replacement of vacant and underutilized properties with industrial and business development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Park District. The future development of the proposed lakefront park and open space area as illustrated in Figure 3 is anticipated to cause an increase in the demand for park district services and capital improvements.

### ***B. Program to Address Increased Demand for Services or Capital Improvements***

The City intends to monitor development in the areas and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Metropolitan Water Reclamation District of Greater Chicago. As it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District, no assistance is proposed for the Metropolitan Water Reclamation District.

City of Chicago. It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special program is proposed for the City.

Chicago Park District. It is expected that there will be an increase in demand for park district services and programs associated with the Project Area. The City will support the Chicago Park District in securing funding commitments toward the future development of the proposed lakefront park and open space.

Other Taxing Districts. It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, South Cook County Mosquito Abatement District, Chicago Community College District 508, Board of Education of the City of Chicago, and the Chicago School Finance Authority's services and programs associated with the Project Area can be adequately handled by existing services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts.

The City's program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in this Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs; and (iii) the generation of sufficient Incremental Property Taxes to pay for the Redevelopment Project Costs in Exhibit II. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise its program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of estimated Redevelopment Project Costs.

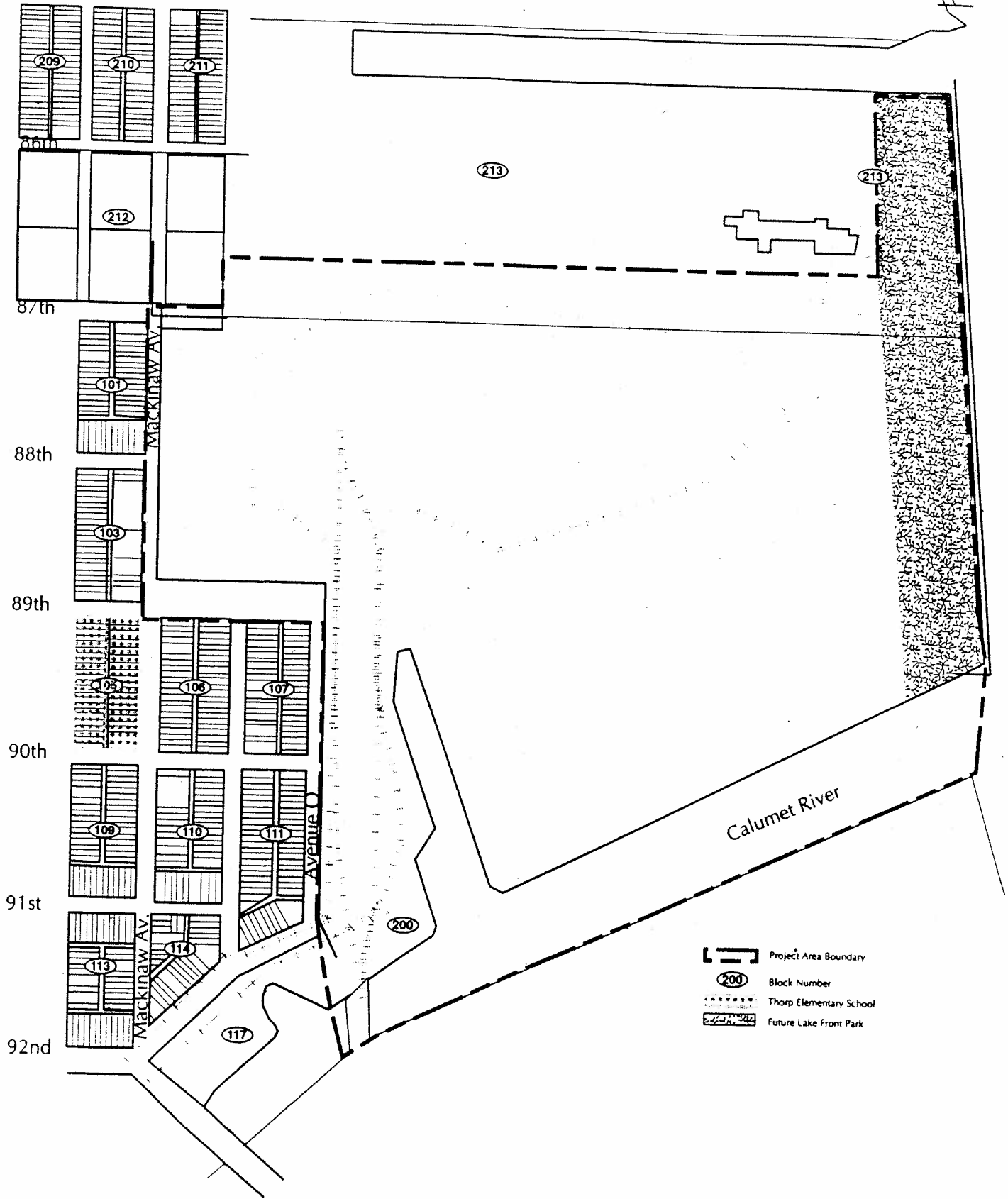


Figure 3  
**TIF BOUNDARY & SURROUNDING PUBLIC FACILITIES**

**SOUTH WORKS INDUSTRIAL**

Tax Increment Financing Redevelopment Project

**Chicago, IL**

Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

**IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR  
THE PROJECT AREA TO LAND USES APPROVED BY  
THE PLANNING COMMISSION OF THE CITY**

This Redevelopment Plan and the Redevelopment Project described herein include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan.



## **X. PHASING AND SCHEDULING**

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The estimated date for completion of Redevelopment Projects is no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (by December 31, 2023).

## **XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN**

This Redevelopment Plan may be amended pursuant to the Act.

## **XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN**

The City is committed to and will affirmatively implement the following principles with respect to this Redevelopment Plan:

- A) The assurance of equal opportunity in all personnel and employment actions, 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, age, handicapped status, national origin, creed or ancestry.
- B) This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- C) Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises and the City Resident Construction Worker Employment Requirement to the extent required in Redevelopment Agreements.

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

**EXHIBIT I: Legal Description of the Project Area**

## SOUTH WORKS INDUSTRIAL TIF

ALL THAT PART OF SECTION 32, TOWNSHIP 38 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN AND SECTION 5, NORTH OF THE INDIAN BOUNDARY LINE AND SECTION 5, SOUTH OF THE INDIAN BOUNDARY LINE, BOTH IN TOWNSHIP 37 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF E. 89TH STREET WITH THE WEST LINE OF AVENUE "O";

THENCE WEST ALONG SAID SOUTH LINE OF E. 89TH STREET TO THE WEST LINE OF S. MACKINAW AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. MACKINAW AVENUE TO THE NORTH LINE OF E. 87TH STREET;

THENCE EAST ALONG SAID NORTH LINE OF E. 87TH STREET TO A LINE 41 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 28 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID LINE 41 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 32 TO A LINE 276 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 32;

THENCE EAST ALONG SAID LINE 276 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 32 TO A LINE 300.00 WEST OF AND PARALLEL WITH THE WEST LINE OF LAKE MICHIGAN IN EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 32;

THENCE NORTH ALONG SAID LINE 300.00 WEST OF AND PARALLEL WITH THE WEST LINE OF LAKE MICHIGAN IN EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 32 TO THE SOUTH LINE OF THE "NORTH SLIP";

THENCE EAST ALONG SAID SOUTH LINE OF THE "NORTH SLIP" TO SAID WEST LINE OF LAKE MICHIGAN IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 32;

THENCE SOUTH ALONG SAID WEST LINE OF LAKE MICHIGAN TO THE NORTHERLY LINE OF THE CALUMET RIVER;

THENCE SOUTHERLY ALONG A STRAIGHT LINE TO THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF THE CALUMET RIVER WITH THE WEST LINE OF LAKE MICHIGAN;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF THE CALUMET RIVER TO THE EAST LINE OF THE ELGIN, JOLIET AND EASTERN RAILROAD RIGHT OF WAY;

THENCE NORTHWESTERLY ALONG A STRAIGHT LINE TO THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF THE CALUMET RIVER WITH THE SOUTHWESTERLY LINE OF LOT 3 IN ILLINOIS STEEL COMPANY'S SOUTH WORKS RESUBDIVISION OF LOTS PIECES, AND PARCELS OF LAND IN SECTION 32, TOWNSHIP 38 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN AND IN SECTION 5, NORTH OF THE INDIAN BOUNDARY LINE IN TOWNSHIP 37 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID SOUTHWESTERLY LINE OF LOT 3 IN ILLINOIS STEEL COMPANY'S SOUTH WORKS RESUBDIVISION TO THE SOUTHEASTERLY LINE OF THE CHICAGO & ROCK ISLAND RAILROAD RIGHT OF WAY;

THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF THE CHICAGO & ROCK ISLAND RAILROAD RIGHT OF WAY TO THE EASTERLY LINE THEREOF, SAID EASTERLY LINE OF THE CHICAGO & ROCK ISLAND RAILROAD RIGHT OF WAY BEING ALSO THE SOUTHERLY EXTENSION OF THE EAST LINE OF AVENUE "O";

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND THE EAST LINE OF AVENUE "O" TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF E. 89<sup>TH</sup> STREET;

THENCE WEST ALONG SAID THE EASTERLY EXTENSION OF THE SOUTH LINE OF E. 89<sup>TH</sup> STREET TO THE POINT OF BEGINNING ON THE WEST LINE OF SAID AVENUE "O".

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

## EXHIBIT II: Estimated Redevelopment Project Costs

<u>ELIGIBLE EXPENSE</u>	<u>ESTIMATED COST</u>
Analysis, Administration Studies, Surveys, Legal, Etc.	\$ 1,250,000
Property Assembly (including Acquisition, Site Prep, Demolition and Environmental Remediation	\$ 36,850,000
Public Works & Improvements <sup>[1]</sup>	
- Streets and Utilities	\$ 7,000,000
- Parks and Open Space	\$ 5,000,000
Rehabilitation of Buildings	\$ 800,000
Job Training, Retraining, and Welfare to Work	\$ 1,500,000
Day Care	\$ 500,000
Developer/Interest Subsidy	<u>\$ 1,000,000</u>
<b>TOTAL REDEVELOPMENT COSTS</b>	<b>\$ 53,900,000</b> <sup>[2]</sup>

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[1] This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Project Area. As permitted by the Act, the City may pay or reimburse all or a portion of the taxing districts' capital costs resulting from the Redevelopment Project, pursuant to a written agreement by the City accepting and approving such costs.

[2] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas, or those separated only by a public right of way, that are permitted under the Act to be paid from incremental property taxes.

**EXHIBIT III: South Works Industrial Project Area Tax Increment  
Financing Eligibility Report**



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**SOUTH WORKS INDUSTRIAL  
REDEVELOPMENT PROJECT AREA  
ELIGIBILITY REPORT**

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Prepared for the  
Department of Planning and Development  
City of Chicago

Prepared by:  
R. M. Chin & Associates, Inc.  
and  
Trkla, Pettigrew, Allen & Payne, Inc.

July 13, 1999

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## EXECUTIVE SUMMARY

The purposes of this report entitled *South Works Industrial Redevelopment Project Area Eligibility Report* (the "Eligibility Report") are to: (i) document the blighting factors that are present within the South Works Industrial Redevelopment Project Area (the "Project Area"), and (ii) conclude whether the Project Area qualifies for designation as a "Blighted Area" within the definitions set forth in the Illinois *Tax Increment Allocation Redevelopment Act* 65 ILCS 5/11-74.4, *et. seq.*, (State Bar Edition) as amended (the "Act").

The Project Area is approximately 240 acres in size, located approximately 10 miles south and 4 miles east of the Chicago Loop. The Project Area is located in the southern portion of an expansive vacant area, approximately 573 acres in size and formerly occupied by the USX South Works steel mill (the "South Works Area"). Immediately west of the Project Area is a 330-acre portion of a residential community known as the "South Chicago Area". The boundaries of the Project Area are shown in Figure 1, *Project Area Boundary*.

The determination of whether the Project Area qualifies for designation as a "Blighted Area" pursuant to the Act is made by the City of Chicago (the "City") after careful review and consideration of the conclusions contained in this Eligibility Report. The conclusions contained in this Eligibility Report are based on an analysis of physical conditions found to be present within the Project Area. The documentation, analysis and conclusion of physical conditions are based on surveys and analyses conducted by R. M. Chin & Associates, Inc. ("RMCA") and Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") during August 1998, November 1998 and February 1999.

The basis for adopting the use of tax increment financing ("TIF") and the criteria for determining whether the Project Area qualifies as a Blighted Area are described in Section I, *Basis for Redevelopment*, and summarized briefly below. The summary that follows is limited to a discussion of the eligibility criteria for a blighted vacant area.

As set forth in the Act, a "redevelopment project area" must be not less than 1½ acres, and the municipality must make a finding that there exist conditions which cause the area to be classified as a blighted area. A blighted area may be either improved or vacant. If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

- A combination of 2 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; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- The area immediately prior to becoming vacant qualified as a blighted improved area.

- The area consists of an unused quarry or unused quarries.
- The area consists of unused railyards, rail tracks or railroad rights-of-way.
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.
- 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.
- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

Although it may be concluded that the mere presence of the minimum number of the stated factors in the Act may be sufficient to make a finding that there exist conditions which cause the area to be classified as a blighted area, the conclusions contained in this Eligibility Report are made on the basis that the blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the blighting factors must be reasonably distributed throughout the Project Area so that basically good areas are not arbitrarily found to be blighted areas simply because of proximity to areas that are found to be blighted areas.

On the basis of this approach, the Project Area is found to be eligible as a *vacant* Blighted Area within the blighted area definition set forth in the Act. Specifically:

1. The sound growth of the taxing districts is impaired by a combination of the following two factors: (i) obsolete platting of the vacant land; and (ii) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
2. 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.
3. The area consists of unused railyards, rail tracks or railroad rights-of-way.

Moreover, the extent and distribution of these factors have impaired the sound growth of the taxing districts. The conclusions of the eligibility analyses indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social stability of the City. The combination of factors present indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action, including designating the Project Area as a Blighted Area pursuant to the Act.

The following sections contain a description of the physical surveys conducted within the Project Area and the conclusions of the eligibility analyses undertaken to assist the City in determining whether the Project Area qualifies for designation as a Blighted Area pursuant to the Act.

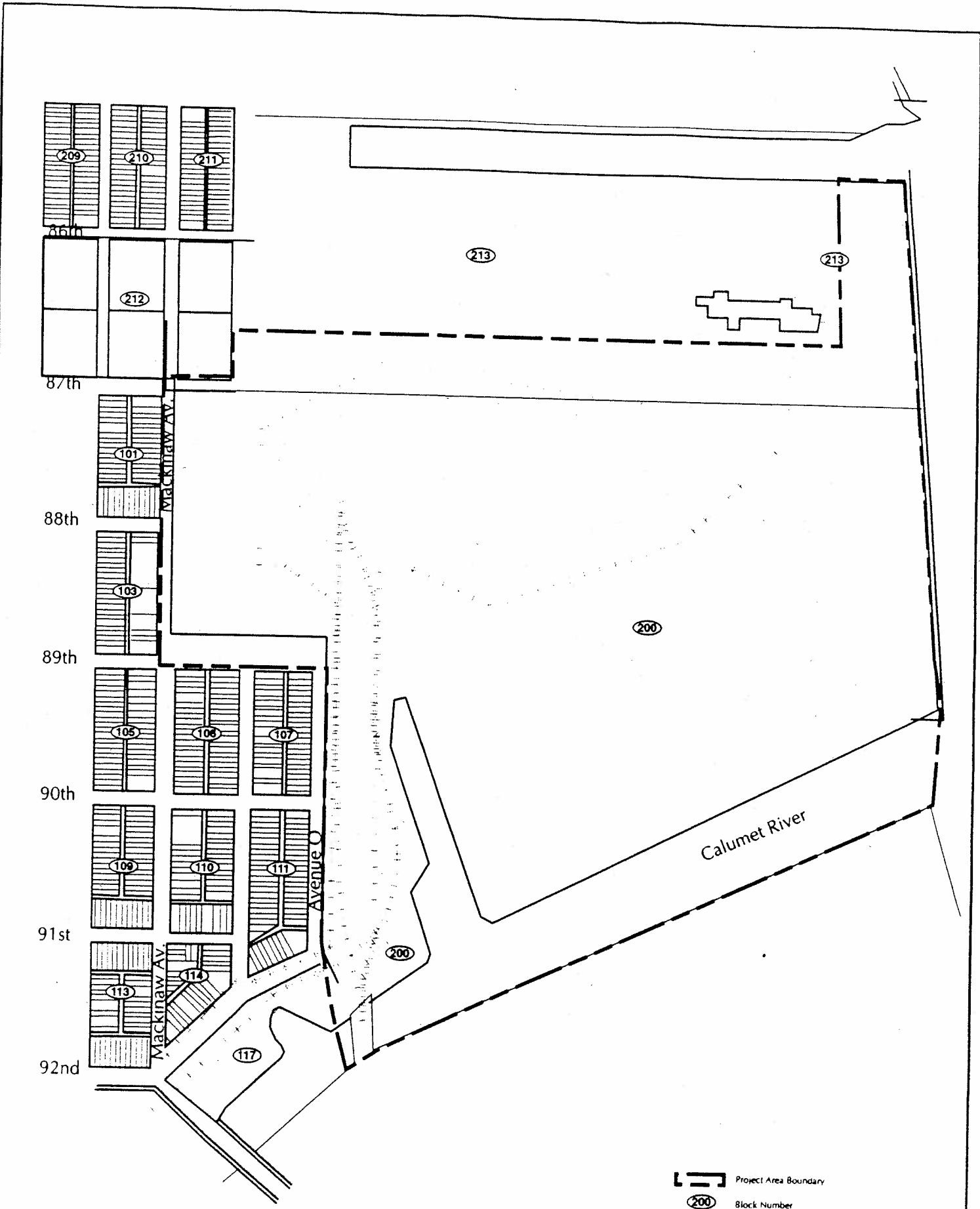




Figure 1  
PROJECT AREA BOUNDARY

 Project Area Boundary  
 Block Number



## I. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made two key findings in adopting the Act:

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

These conclusions were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements that must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area" within the definitions for each set forth in the Act (in Section 11-74.4-3). These definitions are described below.

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

### A. ELIGIBILITY OF A BLIGHTED AREA

A blighted area may be either be improved or vacant. If the area is *improved* (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen factors:

- Age
- Dilapidation
- Obsolescence
- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards

- Excessive vacancies
- Overcrowding of structures and community facilities
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning.

If the area is *vacant*, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

- A combination of 2 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; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- The area immediately prior to becoming vacant qualified as a blighted improved area.
- The area consists of an unused quarry or unused quarries.
- The area consists of unused railyards, rail tracks or railroad rights-of-way.
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.
- 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.
- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

## **B. ELIGIBILITY OF A CONSERVATION AREA**

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the fourteen factors listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.



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

Although the Act defines a blighted area and a conservation area, it does not define the various factors for each, nor does it describe what constitutes the presence or the extent of presence necessary to make a finding that a factor exists. Therefore, reasonable criteria should be developed to support each local finding that an area qualifies as either a blighted area or as a conservation area. In developing these criteria, the following principles have been applied:

1. The minimum number of factors must be present and the presence of each must be documented;
2. For a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act; and
3. The factors should be reasonably distributed throughout the Project Area.

## II. ELIGIBILITY ANALYSIS AND CONCLUSIONS

The determination of whether the Project Area qualifies as a Blighted Area pursuant to the Act is made by the City after careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Report. The conclusions contained in this Eligibility Report are based on an analysis of physical conditions found to be present within the Project Area. The analysis and conclusion of physical conditions are based on surveys and analyses of existing conditions and land uses as well as a review of third party documents conducted by RMCA and TPAP during August 1998, November 1998, and February 1999.

It is important to note that the test of eligibility is based on the conditions of the Project Area as a whole; it is not required that eligibility be established for each and every property in the Project Area. Although it may be concluded that the mere presence of a combination of the stated factors may be sufficient to make a finding that the area qualifies as a Blighted Area, the evaluation contained in this Eligibility Report was made on the basis that the required Blighted Vacant Area Factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of Blighted Vacant Area Factors throughout the Project Area must be reasonable so that basically good areas are not arbitrarily found to qualify simply because of their proximity to areas which do qualify.

### A. SURVEYS AND ANALYSES CONDUCTED

RMCA and TPAP conducted a site survey of the Project Area. During the site survey, existing land uses and site and building conditions were recorded. Figure 2, *Existing Land Uses*, illustrates the various existing land uses recorded within the Project Area. The recorded data was then tabulated by the Blighted Vacant Area Factors listed in the Act to determine the locations and extent to which the factors are present in the Project Area. Listed below are the types of surveys and analyses conducted by RMCA and TPAP.

1. Site surveys of the Project Area and neighboring areas adjacent to the Project Area;
2. Analysis of existing uses and their relationships;
3. Analysis of current parcel configuration and building size and layout; and
4. Review of previously prepared plans, transportation policies, studies and data.

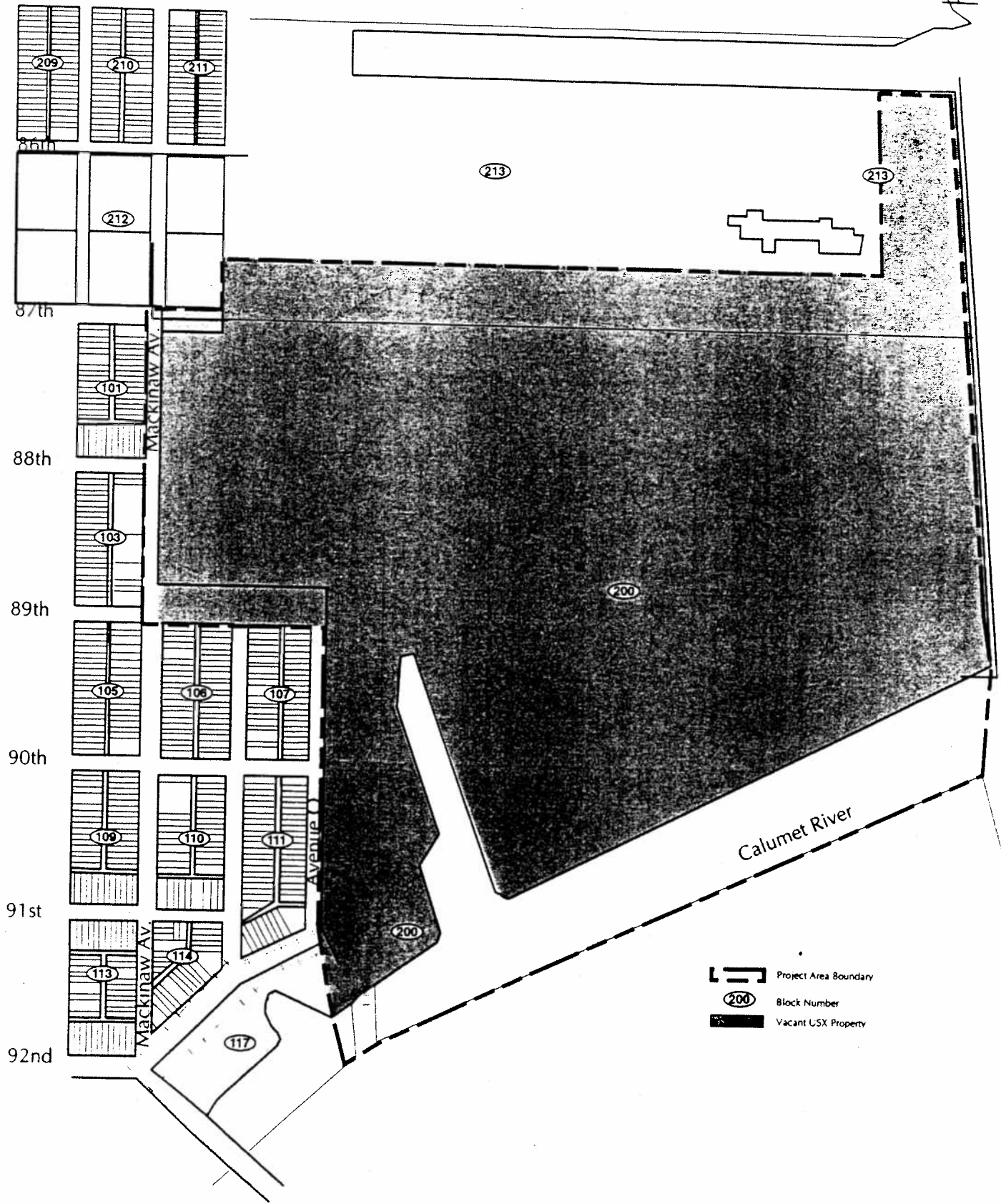


Figure 2  
EXISTING LAND USE

## B. BLIGHTED VACANT AREA FACTORS

Summarized on the following pages is a description of the Blighted Vacant Area Factors listed in the Act and that are relevant to determining whether the Project Area qualifies as a Blighted Area pursuant to the Act. Following the summary of each factor is a conclusion of the extent to which the factor is present within the Project Area.

Figures 3 - 5 illustrate the location of the Blighted Vacant Area Factors that are contained within the Project Area.

### 1. Combination of Two or More Factors

The Project Area may qualify for designation as a *vacant* Blighted Area, if the sound growth of the taxing districts is impaired by a combination of two or more of the following factors: (i) obsolete platting of the vacant land; (ii) diversity of ownership of such land; (iii) tax and special assessment delinquencies of such land; (iv) flooding on all or part of such vacant land; or (v) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land. The conclusions pertaining to these conditions and factors are documented below.

#### (1) Obsolete Platting

The American Institute of Real Estate Appraisers defines obsolescence in the *Dictionary of Real Estate Appraisal* as follows: "One of the causes of depreciation. An impairment of desirability and usefulness caused by new inventions, current changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external [economical]."

Land use and real estate development is driven by the highest and best use of a property at the time it is developed. Development of a property includes defining its use, platting the property, designing the physical and spatial characteristics of the property, and constructing the site improvements and structures. Over time, changes in design, technology, transportation, migration, economic forces, global competition, *etc.* may cause a property to become functionally or economically obsolete. These manifestations of obsolescence then begin to have an overall blighting influence on surrounding properties and detract from the economic vitality of the overall area. Where economic forces cause land uses to become obsolete, property value restoration may be achieved only through re-subdividing the site and converting it to a higher and better use.

The factor of obsolete platting is present to a major extent and impacts the entire Project Area. Factors contributing to this obsolescence include the size and configuration of the Project Area (close to 240 acres extending approximately 3,800 feet in an east-west direction and approximately 2,900 feet in a north-south direction

at a point near the center of the site). The Project Area lacks convenient access to and from the interstate freeway system and major arterial streets, and also lacks interior roads and parcel configurations to accommodate multiple users. The size and configuration of the current parcels were intended for the former single-purpose steel mill land-use. Additionally, the layout and construction of roadways, railways, stormwater drainage, and other site improvements occurred prior to the current platting and subdivision requirements of the City. Consequently, the platting and subdivision of the Project Area is obsolete by present-day standards.

Figure 3 illustrates that the Project Area is impacted by obsolescence.

(2) Diversity of Ownership

The Project Area is owned by one entity, so diversity of ownership does not exist.

(3) Tax or Special Assessment Delinquencies

There are no tax or special assessment delinquencies on the Project Area.

(4) Flooding on Vacant Area

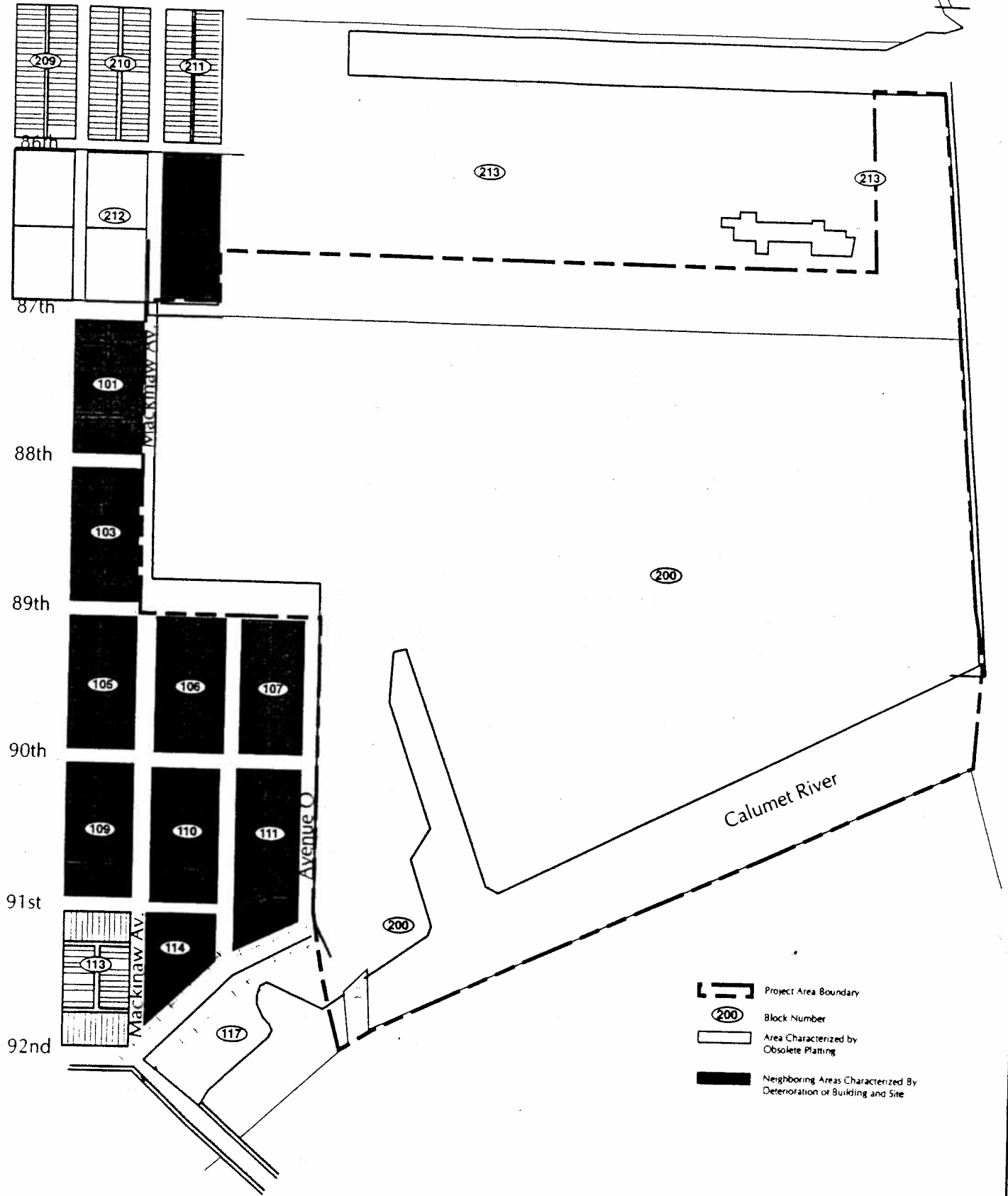
There is no flooding in the Project Area.

(5) Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Area

Surveys were conducted to determine whether there is a presence of deterioration of structures or site improvements in neighboring areas adjacent to the Project Area. The *South Chicago/South Works Redevelopment Project Area Designation Report*, prepared for the *South Chicago Redevelopment Plan*, documents the presence of deterioration of structures and site improvements in neighboring areas adjacent to the Project Area. RMCA and TPAP conclude that this factor is present in neighboring areas adjacent to the Project Area.

## Conclusions

On the basis of the above review of current conditions, the following Blighted Vacant Area Factors are present in the Project Area: (1) obsolete platting, and (2) deterioration of structures or site improvements in neighboring areas. Moreover, the extent and distribution of these factors have impaired the sound growth of the taxing districts. Figure 3, *Obsolete Platting and Deterioration of Buildings and Sites in Adjacent Areas*, illustrates the area impacted by obsolete platting and deterioration of structures or site improvements in neighboring areas.







-  Project Area Boundary
-  Block Number
-  Area Characterized by Obsolete Platting
-  Neighboring Areas Characterized By Deterioration of Building and Site

Figure 3  
 OBSOLETE PLATTING & DETERIORATION OF BUILDINGS & SITES IN ADJACENT AREAS



## 2. Unused Disposal Site

The Project Area may qualify for designation as a *vacant* Blighted Area, if the sound growth of the taxing districts is impaired by 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.

The firm of Harza Environmental Services ("Harza") reviewed information and drawings furnished by USX and interviewed current and former USX employees to assemble pertinent information on subsurface conditions and geotechnical characteristics of subsurface materials. The review by Harza indicates that the elevation of the South Works Area ranges from +7 to +16 feet above Chicago City Datum (CCD) at the west side and +16 to +20 feet CCD at the east side. Beneath the ground surface, heterogeneous fill extends to approximately +3 feet CCD at the west side and -20 feet CCD at the east side. The fill ranges from 4 to 40 feet in thickness and consists of slag, cinders, silty sand and gravel, concrete rubble, ore, coal, bricks and metal. Mostly, the fill has low density and is considered to be compressible.

Harza indicates that there are numerous buried shallow and deep foundations spread over the Project Area. It has been reported that the debris of demolished structures and the first one-foot of the foundation below grade were pushed into basements. Additionally, foundations below the first foot below grade have not been removed and remain as fill. The fill thickness is substantially deeper closer to the lake. Finally, the expected behavior of various types of foundations placed within the fill cannot be predicted.

### Conclusions

Based on the review of current conditions, the Project Area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction and demolition sites. Moreover, the extent and distribution of this factor has impaired the sound growth of the taxing districts. Appendix A, *Geotechnical Conditions*, contains the geotechnical conditions review contained within the report prepared by Harza. Figure 4, *Unused Disposal Site*, illustrates the area impacted by unused disposal site.

## 3. Unused Railyards, Rail Tracks or Railroad Rights-Of-Way

The Project Area may qualify for designation as a Blighted Vacant Area, if the sound growth of the taxing districts is impaired by the presence of unused railyards, rail tracks or railroad rights-of-way.

When USX was operating, the Elgin, Joliet and Eastern ("EJ&E") operated the railyards and rail tracks within the railroad rights-of-way located on the South Works Area. Upon closing of the South Works steel mill, EJ&E ceased services to USX at this location. However, EJ&E retained the right to continue to use portions of the South Works Area for its rolling stock. Over time, the EJ&E has removed portions of its track on the South Works Area, particularly within its

railyards. Although the size of these railyards remain the same, the number of tracks have been reduced and portions of the railyards are unused.

### **Conclusions**

Based on a review of current conditions, portions of the Project Area consist of unused railyards. Moreover, the extent and distribution of this factor has impaired the sound growth of the taxing districts. Figure 5, *Unused Railyards or Railroad Rights-Of-Way*, illustrates the area impacted by unused railyards.



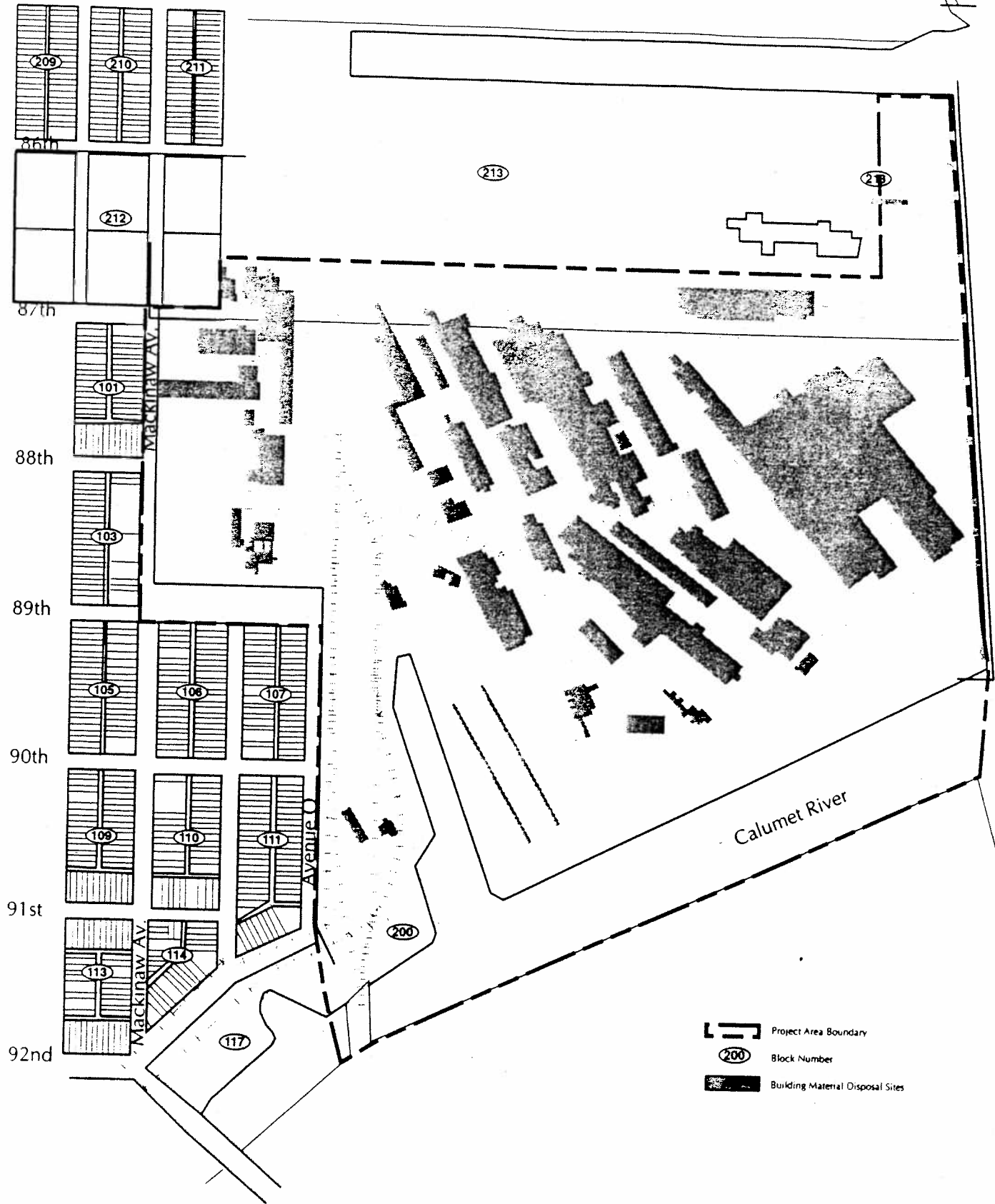


Figure 4  
UNUSED DISPOSAL SITE



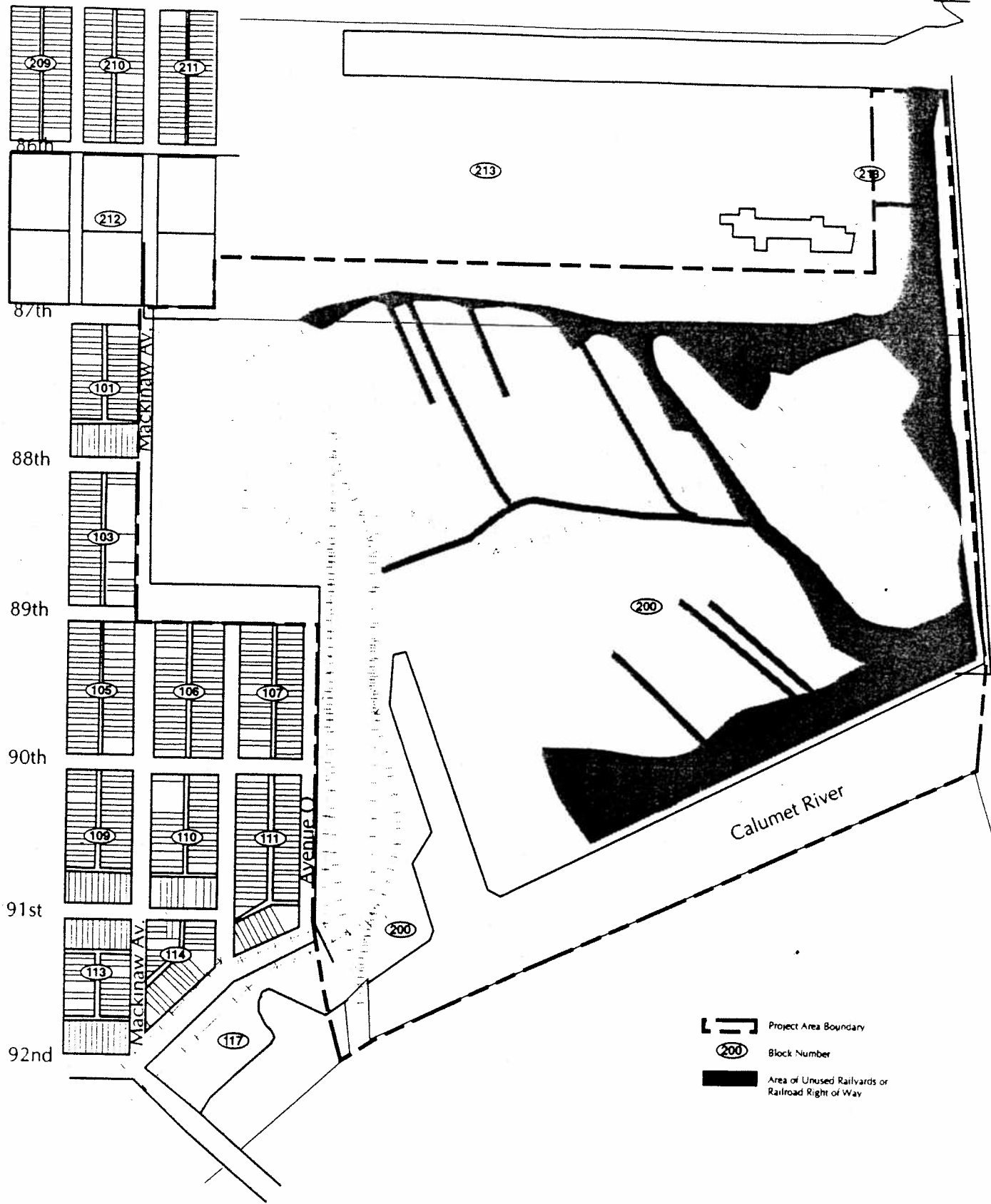





Figure 5  
UNUSED RAILYARDS OR RIGHTS-OF-WAY

-  Project Area Boundary
-  Block Number
-  Area of Unused Railyards or Railroad Right-of-Way



### III. EXTENT AND DISTRIBUTION OF REDEVELOPMENT AREA ELIGIBILITY

#### A. BLIGHTED VACANT AREA FACTORS

The Project Area meets the minimum size requirement of the Act for designation as a Blighted Vacant Area, and contains a combination of Blighted Vacant Area Factors. The Project Area contains approximately 240 acres, which exceeds the minimum size requirement of 1½ acres for designation as a redevelopment project area. The Project Area exceeds the minimum requirements for designation as a vacant Blighted Area. Vacant areas must meet one (1) of the Blighted Vacant Area requirements listed in the Act to qualify as a Blighted Area. The Project Area meets three (3) of the Blighted Vacant Area Factors set forth in the Act. Listed below are the Blighted Vacant Area Factors found to be present within the Project Area and the extent of their presence within the Project Area.

		Extent of Presence		
	Blighted Vacant Area Factors	Limited	Major	N.A. *
1.	Combination of Two Factors			
a)	<i>Obsolete Platting</i>		X	
b)	<i>Diversity of Ownership</i>			X
c)	<i>Tax or Special Assessment Delinquencies</i>			X
d)	<i>Flooding on Vacant Area</i>			X
e)	<i>Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Area</i>		X	
2.	Disposal Site		X	
3.	Unused railyards, rail tracks or railroad rights-of-way	X		

\* N.A. means either information not available, or data insufficient to reach a conclusion, or condition does not exist.

## REVIEW OF GEOTECHNICAL CONDITIONS

### GENERAL

Since the 1960's, several subsurface investigations have been performed at the USX South Works site for various improvements such as additional structures, storage areas, ore stockpile yards, and other similar projects. These previous geotechnical investigation reports were provided by United States Steel Corporation (USS) and are listed in the reference section of this report. The available reports were reviewed to gather pertinent information on subsurface conditions and geotechnical characteristics of subsurface materials. This information is summarized below to assist DPD in developing concepts for redevelopment of the site. A site plan and generalized soil profiles are presented in Figures 1 through 6. In addition, a map of the plant prior to demolition and a schedule of foundations are presented on Drawings USX-9, 10, and 11 attached. The information presented in these drawings was prepared based on review of reference drawings furnished by USX Corp. and on interviews with current and former employees designated by USX Corp. Harza has not performed additional site investigations, and has completely relied on information available in existing reports, drawings, and other references furnished to us to develop the information presented herein. Additional investigations, including additional records review, site surveys, and soil borings will be required prior to commencing design and construction of new facilities.

### STRATIGRAPHY

The existing ground surface elevation varies from elevations 7 to 16 feet of CCD (Chicago City Datum) at the west and 16 to 20 feet at the east side of the site. The subsurface stratigraphy can be summarized as follows:

Heterogeneous Fill. Beneath the ground surface, heterogeneous fill extends to approximately elevation +3 feet at the west and elevation -20 at the east side of the site. As shown in Figures 2 through 5, the fill ranges from 4 to 40 feet in thickness and consists of slag, cinders, silty sand and gravel, concrete rubble, ore, coal, bricks and metals. The fill is predominantly slag and ranges in size from silt to coarse gravel. Generally, the slag fill is reported to have high standard penetration blow count values. In our judgment, the blow count values are high because of the large sizes of material in slag. Mostly, the fill has low density and is considered to be compressible.

- ▶ Sand (SM-SP). A layer of natural fine to medium sand (Lake Deposit) underlies the fill. It ranges in thickness from 6 to 10 feet at the east to over 40 feet at the west. The sand is reported to be mostly dense with a horizon of loose material between elevation -10 and -30 in approximately the southern one-third area of the site.
- ▶ Silty Clay, Clayey Silt (CL-ML). A layer of stiff to hard silty clay (Till) with some sand and gravel and inclusion of boulders is mostly present at the site beneath the sand layer. This layer appears to be absent at the northern-end and is about 20 feet thick at the south and east of the site. It appears that, the compressible Chicago Blue Clay is not present at the site. This finding is in conformance with the data presented by Peck and Reed in Bulletin No. 423 (Engineering Properties of Chicago Subsoils, 1954).
- ▶ Bedrock. The silty clay till is underlain by the limestone bedrock. The top of the bedrock varies from a high of elevation -15 feet in northeast area to less than elevation -50 feet at other area of the site. The bedrock is expected to be weathered within the top horizon.
- ▶ Groundwater. The groundwater has been observed in fill at elevations ranging from +3 to +5 feet. It is expected that the groundwater is effected by the fluctuation of water level in Lake Michigan. Changes in groundwater level are also anticipated due to seasonal variations.

## DISCUSSION OF FOUNDATION CONDITIONS

Based on information in the available documents, it is our understanding that the following types of foundations have been typically constructed at the facility:

- ▶ Spread footings in the fill or native soil
- ▶ Slabs on grade (in fill)
- ▶ Basements
- ▶ Columns on piles
- ▶ Mass foundations
- ▶ Mat foundations
- ▶ Slabs on piles
- ▶ Mass on piles
- ▶ Basements on piles
- ▶ Basement and mat foundations

These different types of foundations were designed and constructed to address specific requirements of the on-going use of the property.

The reports indicate that lightly loaded columns on a spread footing and lightly loaded slabs or basements were mostly supported on the fill. Also, structures with heavily loaded columns on

footings were supported on piles or caissons extending to hard pan till or bedrock. Differential settlement could be minimized using appropriate foundation preparation methods. A shallow pier foundation system extending through the fill to the natural soil may also be feasible in the east area of the site.

It is to be noted that the previous subsurface investigation for proposed Ore Unloading Facilities at North Slip reported chemical substances such as sulfite, sulphate, chloride, and salt in the subsoil and groundwater. Type II cement was recommended for this project to minimize attack of these chemicals on concrete.

The site is planned to be redeveloped for either residential and/or commercial and industrial use with some open park spaces. There are numerous buried shallow and deep foundations spread over the site. It has been reported that demolition of structures included pushing debris into basements and removing roughly the first foot of the foundation below grade, while leaving the remaining foundation below. As previously stated and as evident from the generalized subsurface profiles, the subgrade material over the entire site is a blanket of heterogeneous fill that consists of slag, cinder, and sand. The fill-thicknesses is less away from the lake and substantially more closer to the lake. The inconsistent nature of the fill material does not allow an overall site-wide evaluation of engineering properties and therefore, the expected behavior of various types of foundations placed within the fill can not be predicted.

The groundwater is expected to be present within fill generally at 10 to 15 feet below the surface. The groundwater level is anticipated to undergo local and seasonal variations.

Based on a review of the available information, it is our determination that additional subsurface investigation will be required prior to beginning of detailed planning and design of all future projects at the site. The investigations will be focused to obtain information on composition, strength, compressibility, and heterogeneousness of the fill.

For general consideration, please note that in Chicago area, typically shallow foundations are used for light structures due to the presence of compressible soft clay material, and all heavy structures are generally supported by deep foundations extending to the hard pan or bedrock.

## REFERENCES

List of the subsurface investigation reports reviewed:

1. Phase III Environmental Assessment of the Former South Works Plant for USX Realty Development by Waste Technology, Inc. (1994).
2. Report of Foundation Investigation for Proposed Ore Unloading Facilities North Slip for United States Steel Corporation by Dames and Moore (1979).

3. Soil Investigation Report No. 7850166 for Pavement Collapse Investigation Calumet River Frontage Road for United States Steel Corporation by Walter H. Flood & Co., Inc. (1978).
4. Report of Subsurface Investigation for Proposed Barge and Boat Loading facilities North Vessel Slip North Dock for United States Steel Corporation by Dames and Moore (1970).
5. Report of Foundation Investigation for Proposed 138 kv Transmission Line for United States Steel Corporation by Dames and Moore (1970).
6. Report of Foundation Investigation of Proposed Waste Gas Cleaning Facilities for United States Steel Corporation by Dames and Moore (1969).
7. Report of Foundation Investigation for South Works Rod Mill Project for United States Steel Corporation by Dames and Moore (1970).
8. Report of Foundation Investigation for Proposed Water Pollution Control for United States Steel Corporation by Dames and Moore (1967).
9. Soil Report for Proposed Cold Finishing Building for United States Steel Corporation by Walter H. Flood & Co., Inc. (1966).
10. Soil Report for Proposed Structural Mill Finishing Building Extension for United States Steel Corporation by Walter H. Flood & Co., Inc. (1966).
11. Report of Foundation Investigation of Improvements to 52-inch Structural Mill-Construction of Bay 12 and Extension to Bay 10 and 11 for United States Steel Corporation by Dames and Moore (1966).
12. Soil Report for Proposed Extension #2 Electric Furnace Building for United States Steel Corporation by Soil Testing Services, Inc. (1963).
13. Soil Report for Proposed Ladle Degassing Building for United States Steel Corporation by Soil Testing Services, Inc. (1962).

## LIMITATIONS

The services described in this report were performed consistent with generally accepted professional principals and practices and with Harza's agreement with DPD. This report is for the use and information of DPD unless otherwise noted. Reliance on this report by another must be at their risk unless Harza is consulted.

Opinions and recommendations contained in this report apply to conditions existing when services were performed and are intended for DPD within the purposes, locations, time frames, and project parameters indicated. Harza cannot be responsible for the impacts of any changes in environmental standards, practices, or regulations subsequent to performance of services without our further consultation. Harza can neither vouch for the accuracy of information supplied by others, nor accept consequences for unconsulted use of segregated portions of this report.