
**CITY OF WEST CHICAGO
ROUTE 59 AND ROUTE 64
REDEVELOPMENT PLAN AND PROJECT**

Jointly Prepared By:

City of West Chicago, Illinois

And

Kane, McKenna and Associates, Inc.

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LIST OF EXHIBITS

EXHIBITS

- Exhibit 1 - Legal Description
- Exhibit 2 - Boundary Map
- Exhibit 3 - Existing Land Use Map
- Exhibit 4 - Proposed Land Use Map
- Exhibit 5 - TIF Qualification/Designation Report

I. INTRODUCTION

In the context of planning for the Route 59 and Route 64 Redevelopment Project, the City of West Chicago (the "City") has initiated action related to the study of the Redevelopment Area (the "RPA") in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing ("TIF") District. Kane, McKenna and Associates, Inc. ("KMA"), in accordance with such resolutions, has agreed to undertake the study of the area with the assistance of City staff.

The City of West Chicago (the "City") is a mature residential and industrial community located in DuPage County, Illinois, approximately thirty-nine (39) miles west of the City of Chicago's "Loop". The City lies adjacent, to unincorporated DuPage County and the Village of Wayne to the north, the DuPage Forest Preserve and the Village of Winfield to the east. Fermi National Accelerator Laboratory and the Village of Warrenville to the south, and the DuPage County Airport and Kane County to the west.

This City was incorporated in 1849. West Chicago was the first Illinois community created by the advent of the railroads. In 1849, the tracks of the Galena and Chicago Union (G&CU) Railroad reached the area. The first railroad junction in the state was formed on the site that is now the City of West Chicago. The first industry came to the area in the 1880's. Today, industrial and commercial development are well represented within the City. The total population in the City has been growing at a brisk pace. In 1980, the population was 12,550. According to the 2000 Census, the population is over 23,000. Built up on the strength of the railroad, the City has historically been one of the largest industrial communities in the State of Illinois, producing thousands of manufacturing jobs and preserving the industrial tax base for the City and other taxing districts.

The City is situated proximate to major access points and regional land uses (DuPage Airport, the Illinois Route 59, Route 64 and Route 38. The City is located west of a regional forest preserve, and contains several large industrial parks.

The City of West Chicago adopted its Comprehensive Plan in 1996 which is intended to guide evolution and development of the City in the coming years. In terms of business and industry, the City intends to attract and encourage commercial and industrial users to locate, upgrade, expand and/or modernize their facilities within the City.

The area discussed in this Plan (the "Proposed Redevelopment Area" or "RPA") is roughly bounded by the Illinois Prairie Path, vacant land and single family homes to the north, Illinois Route 64 to the South, Illinois Route 59 to the west and the Illinois Prairie Path, vacant land and single-family homes to the east. The Proposed RPA is a mixture of retail and commercial uses with vacant outlots. The RPA is legally described in a subsequent section. A boundary map of the RPA is included as part of Exhibit 2. The Proposed RPA consists of approximately 30 acres.

The RPA suffers from deficiencies related to obsolescence, deterioration, excessive vacancies, inadequate utilities, lack of community planning, and lag in equalized assessed valuation growth.

The RPA was originally developed in 1988 as the K-Mart Planned Unit Development. Since its closure in 1998, the building has been divided into two (2) store fronts. The RPA also contains a vacant Dominick's grocery store. The building was constructed in 1990 and closed in 2002. Since the time of Dominick's closure, the store has been vacant. The two buildings together comprise a vacancy rate of forty-two percent (42%).

The RPA also has inadequate storm water detention. In order to redevelop the area, the stormwater detention needs to be increased by 100%.

From a City economic development perspective, the properties represent a significant potential for development. The vacant Dominick's site, the former K-mart building and the other vacant outlots present the City with opportunities for additional property and sales taxes to be generated within the RPA.

The qualification factors discussed with this Report qualify the area described below as a "blighted area", as such term is hereinafter defined pursuant to the TIF Act.

The City has reviewed the RPA for possible redevelopment for a period of time. A key goal of the City is to promote the development of the underutilized land and redevelop the existing improved sites in order to attract new development. Without public funds, the RPA may continue to be underutilized.

The creation and utilization of a TIF redevelopment plan is being investigated by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the RPA.

The RPA is suitable for redevelopment for retail and commercial uses. Coordination of infrastructure improvements related to stormwater detention is needed by the City. The City has undertaken an initiative, through the designation of the RPA, to redevelop key areas within the City and, in doing so, stabilizing and expanding benefits to the community and affected taxing districts.

The Redevelopment Plan

The City recognizes the need for implementation of a strategy to revitalize existing properties within the boundaries of the RPA and to stimulate and enhance private development. Investment attraction and expansion are key components of the strategy. The needed private investment may only be possible if tax increment financing (TIF) is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act (the "Act") Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1 et seq., as amended. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts that encompass the area in the form of a significantly expanded tax base.

The designation of the area as a Redevelopment Project Area will allow the City to address area deficiencies including (but not limited to):

- Providing viable reuse/redevelopment for underutilized parcels;
- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent commercial, retail and other City redevelopments;
- Providing infrastructure that is adequate in relation to City redevelopment plans;
- Providing roadway and traffic improvements within the area, including the continued review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Entering into redevelopment agreements in order to include the redevelopment of property and/or to induce new development to locate within the RPA;
- Providing for the improvements and/or rehabilitation of existing structures;
- Coordinating and providing adequate parking for all redevelopments;
- Improving area appearance through landscape, streetscape and signage programs; and
- Coordinating land assembly in order to provide sites for more modern redevelopment plans.

A map of the RPA boundaries is included in Exhibit 2 and is a part of this Redevelopment Plan and Project. The area on the whole would not reasonably be anticipated to be developed in a coordinated manner without the adoption of a Redevelopment Plan and Project. The City, with the assistance of Kane, McKenna and Associates, Inc. has commissioned this Redevelopment Plan and Project to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. This in turn will lead to operation of viable commercial uses within the area.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area is not less in the aggregate than 1½ acres.

Through this Redevelopment Plan and Project, the City will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts that encompass the RPA in the form of a stabilized and expanded tax base and creation of new employment and investment opportunities within the City as a result of new private redevelopment in the area.

Summary

It is found and declared by the City, through legislative actions as required by the Act, that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas. Public/private partnerships are determined to be necessary in order to achieve development goals. Without the development focus and resources provided under the Act, the development goals of the municipality would not reasonably be expected to be achieved.

It is found and declared by the City that the use of incremental tax revenues derived from the tax rates of various taxing districts in the Redevelopment Project Area for the payment of redevelopment project costs is of benefit to said taxing districts. This is because these taxing districts whose jurisdictions are included in the Redevelopment Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan and Project pursuant to 65 ILSC Section 5/11-74.4.3(n)(5) of the Act, that this Plan and Project will not result in the displacement of 10 or more inhabited residential units and there are less than seventy-five (75) inhabited residential units within the RPA. Therefore, this Plan and Project does not include a housing impact study as would otherwise be required. The City will amend this Plan and Project (and the RPA) and provide a housing impact study in the manner prescribed by the Act should the City determine a need to withdraw such certification at a future time. In the event that any residential units are to be displaced (under 10 inhabited units), the City will determine if residents are very low or low income residents. If the residents are very low or low income, the City shall conform to federal relocation standards for the very low or low income residents, if applicable.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA.

Redevelopment of the RPA is tenable only if a portion of the improvements and other costs are funded by TIF District revenues.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Exhibit 1.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's Zoning Ordinance and comprehensive planning process (including any amendments thereto). The Redevelopment Plan and Project also conform to the City's comprehensive plan for development with the area.

General Goals of the City

- A) To provide for implementation of economic development and redevelopment strategies that benefit the City and its residents.
- B) To provide public infrastructure improvements including stormwater management and traffic management within the area.
- C) To encourage positive and feasible redevelopment of vacant sites and/or underutilized facilities.
- D) To strengthen the property tax base of the City and overlapping tax districts.
- E) To create new jobs and retain existing jobs for City and area residents.
- F) To coordinate all redevelopment within the City in a comprehensive manner, avoiding adjacent land use conflicts and negative community impacts.
- G) To create a cooperative partnership between City and private redevelopment entities.

Specific Objectives for the RPA

- A) Promote the redevelopment of existing properties and any available sites located within the RPA.
- B) Provide for necessary water detention and storm water management upgrades.
- C) Provide for the necessary site preparation, grading, and excavation (if necessary) of property located within the RPA.
- D) Coordinate redevelopment activities within the RPA in a manner that conforms with the fiscal and economic development policies of the City.
- E) Provide for enhanced site accessibility to major arterials.

Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- a) Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal;
- b) Reduce or eliminate negative factors as more fully described in the TIF Eligibility Report, present within the area. These factors include inadequate utilities, lack of community planning, obsolescence and excessive land coverage;
- c) Accomplish redevelopment over a reasonable time period;
- d) Provide for high quality development within the RPA; and
- e) Provide for an attractive overall appearance of the area.

The implementation of the Redevelopment Project will serve to improve the physical appearance of the RPA and contribute to the economic development of the area. The implementation of the RPA will provide new employment opportunities for community and City residents.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH WITHIN THE RPA AND ASSESSMENT OF FISCAL IMPACT ON AFFECTED TAXING DISTRICTS

A. Evidence of the Lack of Development and Growth Within the RPA

As found in Exhibit 6 of this Plan, the RPA has suffered from certain impediments to redevelopment. The area has not in recent years benefited from significant private investment and/or development. As a result, is not likely to sustain or gain significant value without encouragement by the City.

The RPA evidences inadequate utilities, lack of community planning, deterioration of structures and site improvements, obsolescence, excessive vacancies, and lag in equalized assessed valuation growth.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is not anticipated that the implementation of this Redevelopment Plan and Project will have a negative financial impact on the affected taxing districts. Instead, action taken by the City to stabilize and cause growth of its tax base through the implementation of this Redevelopment Plan and Project will have a positive impact on the affected taxing districts by arresting potential assessed valuation declines.

It is not anticipated that the RPA will require increased services from any affected taxing districts except by the City. Though strategies will be encouraged to promote growth via private investment within the area, specific objectives are geared to stabilize the RPA's existing strengths and revitalize the RPA's redevelopment potential. Should the City achieve success in attracting private investment which does result in the need for documented increased services from any taxing districts, the City will consider the declaration of sufficient surplus funds, which funds are neither expended nor obligated, as provided by the Act, to assist affected taxing districts in paying the costs for the increased services.

Any surplus Special Tax Allocation Funds, to the extent any surplus exists, will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts, including the City, after all TIF eligible costs either expended or incurred as an obligation by the City have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act. The exception to this provision will be to the extent that the City utilizes TIF funding to assist in the redevelopment of residential units. In such cases, the City will provide for the cost incurred by eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act.

V. TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Findings

The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district under Illinois law. Refer to the TIF Qualification/Designation Report, (Exhibit 5) which is attached as part of this Plan.

Eligibility Survey

The RPA was evaluated in December, 2003 and January to March, 2004 by representatives of Kane, McKenna and Associates, Inc., (KMA) and City staff. Analysis was aided by certain reports obtained from the City and other sources. In KMA's evaluation, only information was recorded which would directly aid in the determination of eligibility for a TIF district.

VI. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging the development of the RPA and encouraging private investment through public finance techniques including, but not limited to, Tax Increment Financing:

- 1) By implementing a plan that provides for the attraction of investment to redevelop underutilized property and buildings that are available within the RPA.
- 2) By constructing public improvements which may include (if necessary):
 - i. Street and sidewalk improvements (including new street construction and widening of current streets)
 - ii. Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation)
 - iii. Signalization, traffic control and lighting
 - iv. Off-street parking (if applicable)
 - v. Landscaping and beautification
- 3) By entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of interest rate subsidy as allowed under the Act.
- 4) By providing for site assembly, site preparation, clearance, and demolition, including grading and excavation, as well as incentives to assist with such work.
- 5) By the redevelopment of existing building inventory through necessary rehabilitation and improvement of structures, as well as incentives to assist with such work.
- 6) By exploration and review of job training programs in coordination with any City, federal, state, and county programs.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the City will implement a coordinated program of actions, including, but not limited to, acquisition, site preparation, clearance, demolition, environmental clean-up, provision of public infrastructure and related public improvements, and rehabilitation of structures, if necessary.

Site Preparation, Clearance, and Demolition

Property within the RPA may be acquired and improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment.

Land Assembly and Relocation

Certain properties in the RPA (or the entire RPA) may be acquired, assembled and reconfigured into appropriate redevelopment sites. Relocation activities may also be undertaken by the City.

Public Improvements

The City may, but is not required to provide, public improvements in the RPA to enhance the immediate area and support the Redevelopment Plan and Project. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains, as well as sanitary and storm sewer systems and detention related improvements; and
- Beautification, identification markers, landscaping, streetscape, lighting, and signage of public right-of-ways.

Rehabilitation

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conformance to City code provisions. Improvements may include exterior and façade related work as well as interior related work.

Interest Rate Write-Down

The City may enter into agreements with owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on annual basis out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The City may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs;
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

C. General Land Use Plan

Existing land use generally consists of retail and commercial uses and vacant outlots. All unimproved land is expected to be replaced with commercial and retail uses. Existing land uses are shown in Exhibit 3, attached hereto and made a part of this Plan. Exhibit 4, attached hereto and made a part of this Plan designates intended general land uses in the Redevelopment Project Area that will generally be similar to existing uses. The land uses will conform to the Zoning Ordinance and the Comprehensive Plan of the City.

D. Additional Design and Control Standards

The appropriate design controls including any Planned Unit Developments, as set forth in the City's Zoning Ordinance, shall apply to the RPA.

E. Estimated Redevelopment Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the TIF statute, and any such costs incidental to this Redevelopment Plan and Project. Private investments, which supplement "Redevelopment Project Costs", are expected to substantially exceed such redevelopment project costs. Eligible costs permitted under the Act which may be pertinent to this Redevelopment Plan and Project include:

1. Costs of studies and 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, marketing, financial, planning, other special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected. No contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of three (3) years. In addition, "redevelopment project costs" shall not include lobbying expenses.
 - 1.1 Annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
 - 1.2 The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors is permitted;
2. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, site preparation, 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 or asphalt barriers, and the clearing and grading of land;
3. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs of replacing an existing public building if, pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
4. Costs of the construction of public works or improvements, and redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to the effective date of the amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;

5. Costs of job training and retraining projects including the costs of "welfare to work" programs implemented by businesses located within the redevelopment project area;
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 pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the 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 the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
9. Costs of job training, 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 the Redevelopment Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City 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 agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code.
10. 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;
 - b) such payments in any one-year may not exceed 30% of the annual interest costs incurred by the developer with regard 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 pursuant to this paragraph (10) 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% of the (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.
11. Unless explicitly stated herein, the costs of constructing new privately owned buildings shall not be an eligible redevelopment project cost.
12. None of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, has become economically obsolete, or was no longer a viable location for the retailer or serviceman.

Estimated costs are shown in the next section. Adjustments to these cost items may be made without amendment to the Redevelopment Plan.

**WEST CHICAGO
ROUTE 59 and ROUTE 64
REDEVELOPMENT PROJECT AREA
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
1. Land Acquisition and Assembly Costs including Demolition and Relocation, and incentives associated with such work	\$2,500,000
2. Site Preparation/Environmental Remediation, including incentives associated with such work	\$ 500,000
3. Utility Improvements including, but not limited to, water, storm, sanitary sewer, detention, and road/traffic management improvements	\$2,000,000
4. Rehabilitation of Structures, including incentives associated with such work	\$2,000,000
5. Interest Costs Pursuant to the Act	\$ 500,000
6. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$1,500,000
7. Job Training	\$ 500,000
TOTAL ESTIMATED PROJECT COSTS	\$9,500,000

- (A) All project cost estimates are in year 2004 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for Eligible Redevelopment Project Costs shall not exceed the amount set forth above, as adjusted pursuant to the Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Statute

Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from property tax increment revenues, proceeds from municipal obligations, if any, to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Plan and Project.

"Redevelopment Project Costs" specifically contemplate those eligible costs set forth in the Act. The majority of development costs will be privately financed, and TIF or other public sources are to be used, subject to approval by the City, only to leverage and commit private redevelopment activity.

The tax increment revenues which will be used to pay debt service on the municipal obligations, if any, and to directly pay redevelopment project costs shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2003 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the City may from time to time deem appropriate. Pursuant to the Act, the City may utilize property tax increment revenues from any contiguous Redevelopment Project Areas to fund eligible redevelopment costs that are incurred as part of the Redevelopment Plan and Project.

The Redevelopment Project Area would not reasonably be expected to be developed in a coordinated manner without the use of the incremental revenues provided by the Act.

G. Nature and Term of Obligations to be Issued

The City may issue obligations secured by the tax increment Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the City by virtue of its power pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the Redevelopment Project Area. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year, may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance, including tax increment revenues from contiguous RPAs.

Those revenues not required for principal and interest payments, for required reserves, for bond sinking funds, for redevelopment project costs, for early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan, may be declared surplus and shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions, and on such other terms, all as the City may determine.

H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the Redevelopment Project Area

The most recent estimate of equalized assessed valuation (EAV) for tax year 2003 of the property within the RPA is approximately \$3,761,710 for the RPA. The Boundary Map, Exhibit 2, shows the location of the RPA.

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the Redevelopment Project Area over a twenty-three (23) year period, it is estimated that the equalized assessed valuation (EAV) of the property within the Redevelopment Project Area will increase by approximately \$10,750,000, depending upon the scope of the projects and actual market conditions.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses are conformant with City zoning and planning requirements. Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

Land Assembly: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site or financial assistance via incentives may be provided to assist with this work.

Demolition/Site Preparation/Environmental Remediation: Existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses. Demolition may be undertaken by the City. Additionally, the redevelopment plan contemplates site preparation, or other requirements necessary to prepare sites for desired redevelopment projects, including environmental clean-up, if necessary. Financial assistance via incentives may be provided to assist with this work.

Rehabilitation: The City may assist in the rehabilitation of buildings or site improvements located within the RPA; such assistance may take the form of incentives.

Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.

Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The provision of necessary detention or retention facilities may also be undertaken by the City.

Roadway/Street/Parking Improvements: Widening and/or improvement of existing road improvements and/or vacation of roads may be undertaken by the City. Certain secondary streets/roads may be extended or constructed; private driveways connecting the area to the major arterials may be relocated. Related sidewalk, curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the general public. Traffic signals may be sought should the warrant be met.

Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

Relocation: If very low or low income residents are to be displaced, the City will conform to federal relocation guidelines. Other uses will be subject to City review and evaluation.

Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.

Public Safety Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

Interest Rate Write Down: The City may fund a portion of interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Professional Services: The City may fund necessary planning, legal, engineering, administrative, marketing and financing costs during project implementation. The City may reimburse itself for eligible administrative costs pursuant to the Act.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year in which the ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT

This Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

EXHIBIT 1

LEGAL DESCRIPTION

OLIVER SQUARE TIF DISTRICT LEGAL DESCRIPTION

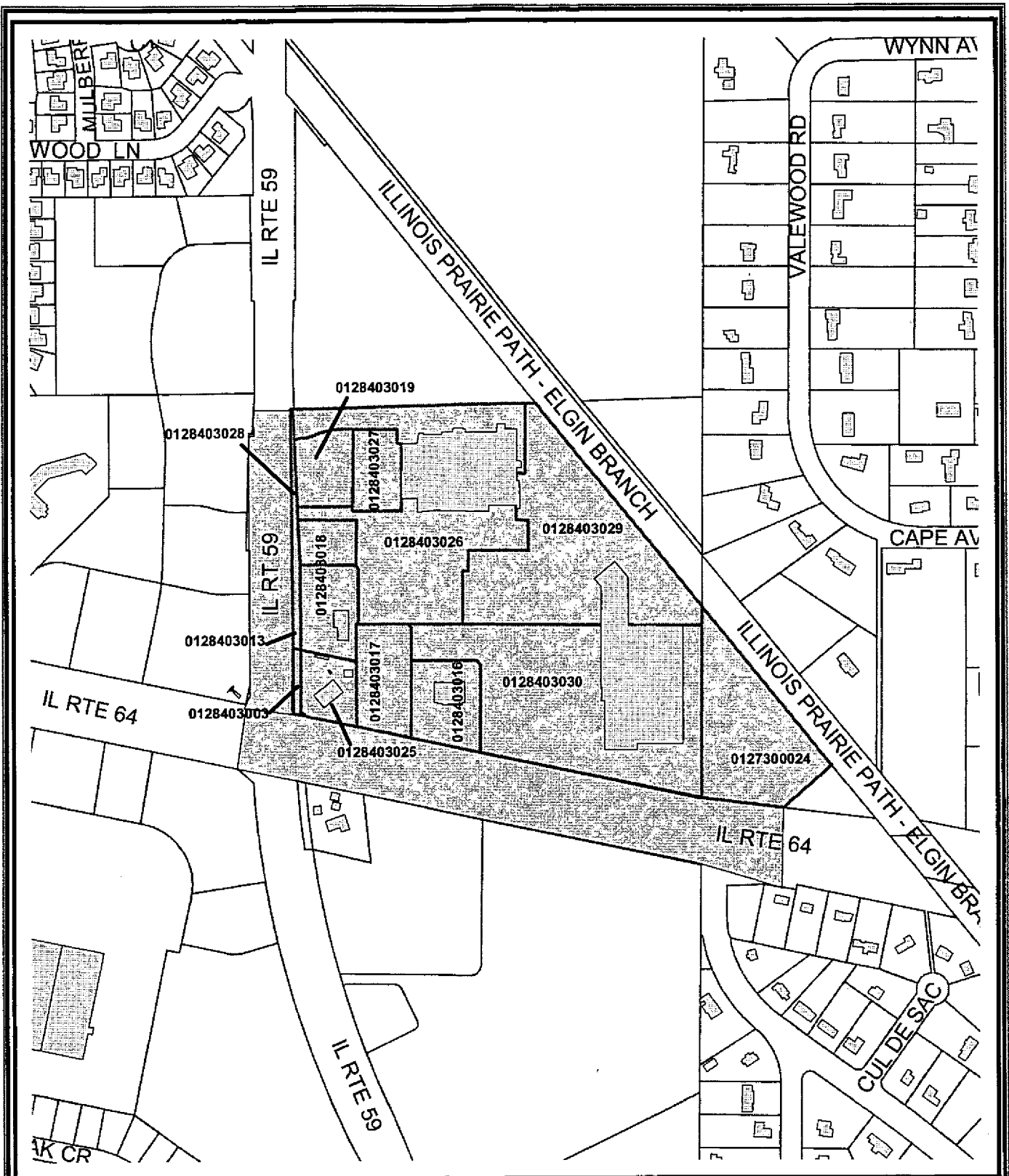
THAT PART OF THE SOUTHWEST QUARTER OF SECTION 27 AND PART OF THE SOUTHEAST QUARTER OF SECTION 28, ALL IN TOWNSHIP 40 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED WESTERLY BY THE EASTERLY RIGHT-OF-WAY LINE OF STATE ROUTE 59; BOUNDED SOUTHERLY BY THE NORTH LINE OF STATE ROUTE 64 (NORTH AVENUE); BOUNDED EASTERLY BY THE SOUTHEASTERLY LINE OF LOT 7 IN THE AMENDED AND RESTATED PLANED UNIT DEVELOPMENT PLAT OF K MART SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED SEPTEMBER 20TH, 1990 AS DOCUMENT NUMBER R20-125392; BOUNDED NORTHEASTERLY BY THE SOUTHERLY LINE OF THE ILLINOIS PRAIRIE PATH-ELGIN BRANCH; AND BOUNDED NORTHERLY BY THE NORTH LINE OF SAID AMENDED AND RESTATED PLANED UNIT DEVELOPMENT PLAT OF K MART SUBDIVISION; ALL IN DUPAGE COUNTY ILLINOIS.

ALSO:

ALL THAT PART OF SAID STATE ROUTE 59 LYING WESTERLY OF, AND ADJOINING, THE ABOVE DESCRIBED PARCEL;

AND ALSO:

ALL THAT PART OF SAID STATE ROUTE 64 (NORTH AVENUE) LYING SOUTH OF, AND ADJOINING, THE ABOVE DESCRIBED PARCEL.



CITY OF WEST CHICAGO
TIF DISTRICT BOUNDARY MAP

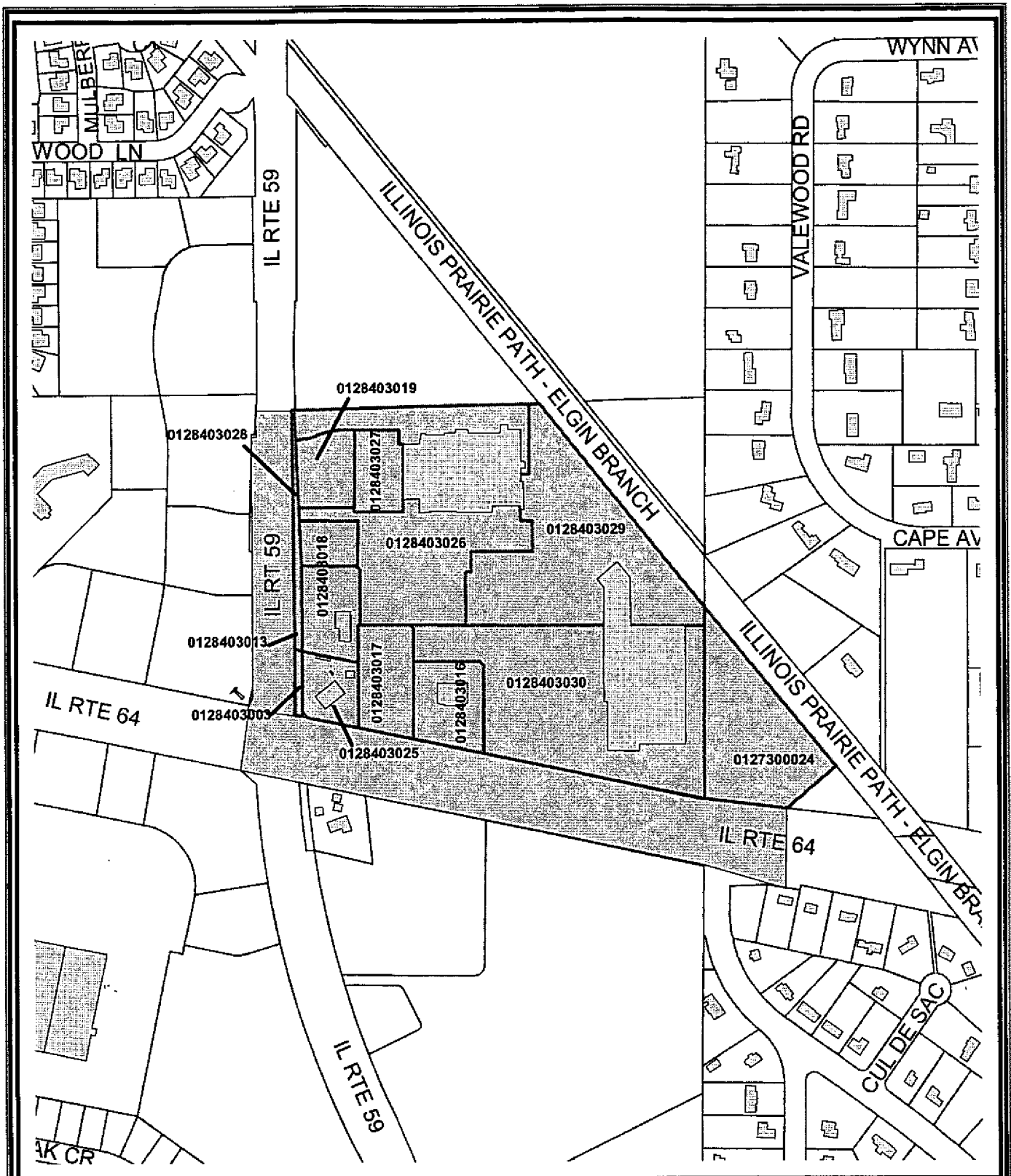
diversquare_lif.mxd 5/2004

-  PARCELS
-  BUILDING
-  TIF DISTRICT



1 inch equals 400 feet

Exhibit 2



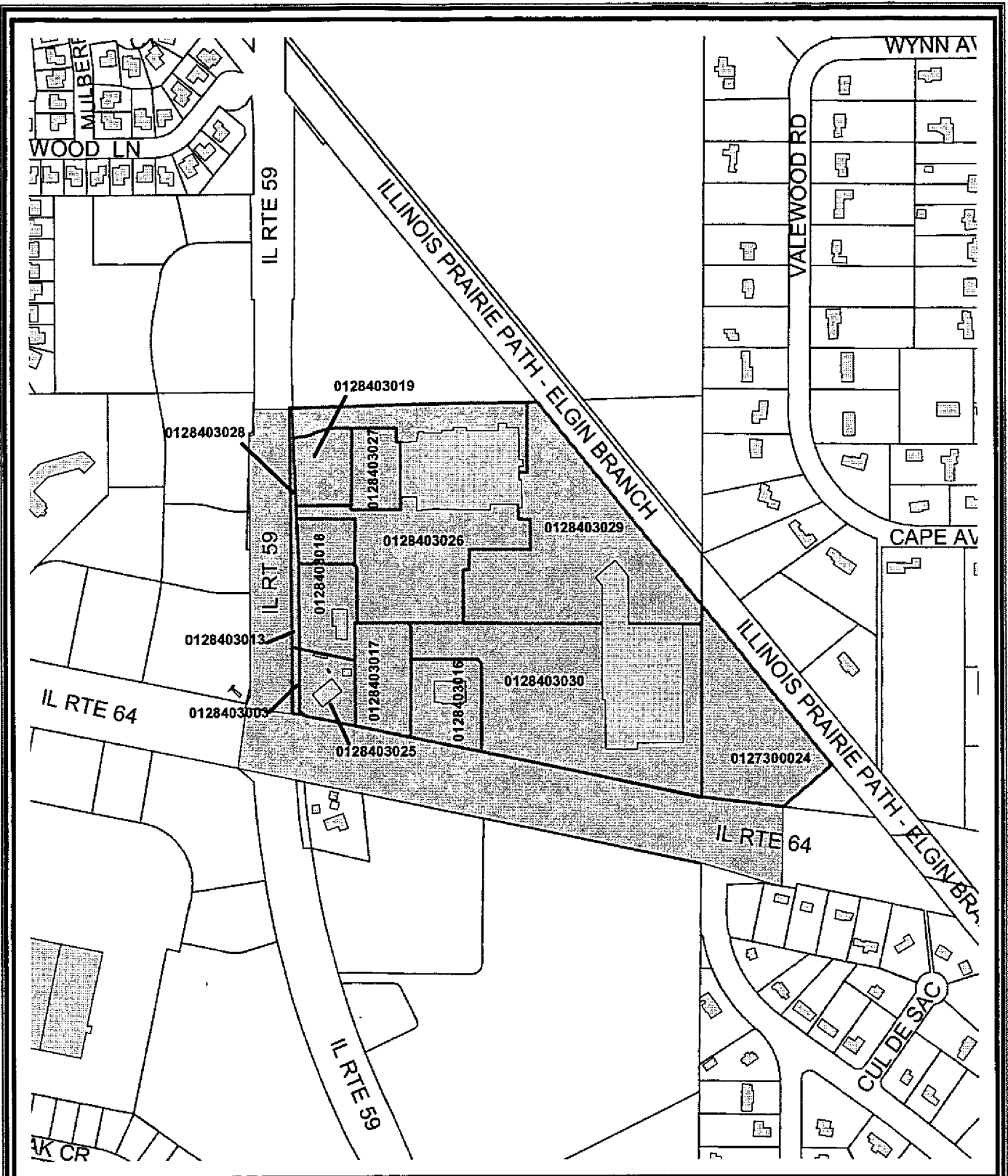
CITY OF WEST CHICAGO
TIF DISTRICT BOUNDARY MAP
EXISTING LAND USES- RETAIL COMMERCIAL

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-  PARCELS
-  BUILDING
-  TIF DISTRICT



1 inch equals 400 feet



CITY OF WEST CHICAGO
TIF DISTRICT BOUNDARY MAP
PROPOSED LAND USES- RETAIL COMMERCIAL

oliversquare_of.mxd 5/2004

-  PARCELS
-  BUILDING
-  TIF DISTRICT



1 inch equals 400 feet

Exhibit 4

**CITY OF WEST CHICAGO
PRELIMINARY TIF QUALIFICATION/DESIGNATION REPORT
PROPOSED ROUTE 59 AND ROUTE 64 TIF DISTRICT (TIF NO. 2)**

A study to determine whether all or a portion of an area located in the City of West Chicago qualifies as a blighted improved area as set forth in the definition in the Tax Increment Allocation Redevelopment Act of 65 ILCS Section 5/11-74.4-3, et seq. of the Illinois Compiled Statutes, as amended.

Prepared For:

City of West Chicago, Illinois

Prepared By:

Kane, McKenna and Associates, Inc.

April, 2004
Exhibit 5

**CITY OF WEST CHICAGO
PRELIMINARY TIF QUALIFICATION REPORT
PROPOSED ROUTE 54 AND ROUTE 69 TIF DISTRICT (TIF NO. 2)
TABLE OF CONTENTS**

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V.	Qualification of RPA Findings of Eligibility	14
VI.	Summary of Findings and Overall Assessment of Qualification	20

MAP

TIF Boundary

EXHIBIT 1

Legal Description

I. INTRODUCTION AND BACKGROUND

In the context of planning for the designation of the proposed Redevelopment Project Area, the Route 54 and Route 69 TIF (TIF No. 2) (the "RPA"), the City of West Chicago (the "City") has authorized the study of the area in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing (the "TIF") District. Kane, McKenna and Associates, Inc. ("KMA"), has agreed to undertake the study of the area. The RPA is located in the northeast section of the City. The area includes retail, commercial and vacant outlots.

The RPA is generally bordered by Illinois Prairie Path, vacant land and single-family homes to the north, IL Route 64 to the south, IL Route 59 to the west, and the Illinois Prairie Path, vacant land and single-family homes to the east.

The RPA primarily contains commercial, retail and unimproved uses. The RPA contains the Oliver Square Shopping Center, which is comprised of two (2) large buildings, two (2) fast food restaurants, a bank and several vacant outlots. The RPA includes approximately thirty (30) acres in size (not including rights-of-way).

The RPA was originally developed in 1988 as the K-Mart Planned Unit Development. Since K-Marts closure of the site in approximately 1998, the building has been divided into nine storefronts. The now vacant Dominick's building was constructed in 1990 and closed in 2002. Three (3) outlot developments are located in the southwest portion of the RPA. While the area was originally designed with adequate stormwater capacity. The area's current detention is no longer adequate. It is estimated that the current detention size will need to be increased up to 100%.

The RPA as a whole suffers from excessive vacancies. The Oliver Square Shopping Plaza is forty-two percent (42%) vacant. (The former Dominick's grocery store has been vacant for three (3) years.) These high vacancy rates are due to market conditions, obsolete building characteristics, lack of adequate roadway access and poor signage. The qualification factors discussed within this report qualify the area as a "blighted area", as that term is hereinafter defined pursuant to 65 ILCS Section 5/11-74.4-3, et. seq., as amended.

Site preparation and the redevelopment of existing structures may also be required. In order to accommodate new uses within the area, provision of infrastructure services may be needed in the RPA. The area's parking lots, roadways, walkways and ingress and egress points also need improvement and coordination if redevelopment were to occur. The City believes that a TIF District designation will be essential as part of the strategy to address issues described above.

Site improvements within the RPA were found to have varying degrees of deterioration. This lack of proper upkeep resulted in the parking lots suffering from many of the detrimental effects related to aging. Portions of driveways are in similar condition. Such conditions present a challenge for future coordinated development.

OBJECTIVES

The City's redevelopment objectives propose to enhance mixed use redevelopment opportunities within the RPA as a whole. To achieve this objective the City proposes the following guidelines:

- To coordinate existing uses or reuses within the RPA.
- To attract market driven redevelopment.
- To assist site preparation and rehabilitation in order to provide for the reuse of properties.
- To assist and provide services to businesses and enterprises that seek retail and commercial locations within the City.
- To revitalize growth in the area as part of the provision of new and efficient infrastructure improvements of the City.

Given City goals under its comprehensive planning process and the conditions briefly described above, the City has made a determination that it is highly desirable to promote the redevelopment of the RPA. Without an implementation plan for redevelopment, City officials believe current conditions will worsen. The City intends to create and implement such a plan in order to increase tax revenues associated with the RPA and to increase the community's tax base.

Given the conditions into which the RPA has required coordination for a variety of uses, the City is favorably disposed toward supporting redevelopment efforts. However, the City is determined that redevelopment takes place through the benefit and guidance of comprehensive economic planning by the City. Through this coordinated effort, the area is expected to improve. Development barriers, inherent with current conditions, which impede economic growth under existing market standards, are expected to be addressed.

The City has determined that redevelopment currently planned for the RPA may only be feasible with public finance assistance. The creation and utilization of a TIF redevelopment plan is intended by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the area.

The use of TIF relies upon induced private redevelopment in the RPA creating higher real estate value that would otherwise decline or stagnate without such investment, leading to increased property taxes and sales taxes compared to the previous land-use. In this way the existing tax base for all tax districts is protected and a portion of future increased taxes are pledged to attract the needed private investment.

II. QUALIFICATION CRITERIA USED

Kane, McKenna and Associates, Inc. examined the RPA in December 2003, and January to February 2004, and reviewed information collected for the area to determine the presence or absence of appropriate qualifying factors listed in the Illinois "Tax Increment Allocation Redevelopment Act" 65 ILCS Section 5/11-74.4-1 et. seq., as amended (hereinafter referred to as the "Act"). The relevant sections of the Act are found below.

The Act sets out specific procedures, which must be adhered to in designating a redevelopment project area. By definition, a "Redevelopment Project Area" is:

"an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation area."

Under the Act, "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

- (1) If improved, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of five (5) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area:

(A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration: With respect to buildings, defects including, but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies: The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up: The redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

(L) Lack of Community Planning: The redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) The total equalized assessed value of the redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

III. THE STUDY AREA

The area of study consists of commercial and retail property, as well as vacant outlots (the "Study Area"). The RPA includes properties bounded by Illinois Prairie Path, various vacant land and single-family homes to the north, IL Route 59 to the west, IL Route 64 to the south, and Illinois Prairie Path, various vacant and land and single-family homes to the east. The improved portion consists of thirteen (13) parcels and six (6) buildings.

The Study Area is dominated by the Oliver Square Shopping Center and three (3) outlot developments. In evaluating the properties within the area, KMA completed its analysis based on the "blighted area" criteria cited in 65 ILCS 5/11-74-3(a)(1) (the "Blighted Improved Area Definition"). The Blighted Improved Area Definition provides thirteen (13) factors in such definition of blighted area from which to determine a finding of a blighted area. The Act requires that evidence of at least five (5) of those factors must be present in order to qualify an area for consideration as a TIF District.

IV. METHODOLOGY OF EVALUATION

In evaluating the RPA's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates. Site surveys were completed from each tract of land (based upon blocks), within the area.
- 2) Exterior evaluation of structures and associated site improvements, noting such conditions as deterioration, obsolescence and deleterious layout and land-use was completed. Additionally, 1998 through 2003 tax information from the DuPage County Clerk's Office, parcel tax maps, historical series of aerial photos, site data, local history (discussions with City officials and staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, obsolete platting, etc.). Kane, McKenna reviewed the area in its entirety. City redevelopment goals and objectives for the area were also reviewed with City officials. A aerial photograph analysis of the area was conducted and was used to aid this evaluation.
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, criteria factors of specific structures and site conditions on the parcels. The area was studied in relation to review of available economic development and traffic planning reports, City ordinances, 1998 through 2003 tax information from the DuPage County Clerk's Office and other City data, parcels tax maps, aerial photos, site data, local history (discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, obsolete platting, etc.). Kane, McKenna reviewed the area in its entirety. City redevelopment goals and objectives for the area were also reviewed by City staff with City officials.
- 4) The RPA was examined to assess the applicability of the different factors, required for qualification for TIF designation under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The RPA was examined to determine the applicability of the thirteen (13) different blighting factors for qualification for TIF designation under this statute.

V. QUALIFICATION OF RPA/FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of the TIF District, an analysis of each of the eligibility factors summarized in Section II, it has been determined that the following factors are present to support qualification of the RPA as a "blighted improved" area.

IMPROVED AREA FACTORS

The RPA is found to qualify as a "blighted area" under the Blighted Improved Area Definition.

1. Lag in Equalized Assessed Valuation (EAV)*:

The total equalized assessed value of the proposed redevelopment project area has increased at an annual rate that is less than the annual rate for the balance of the City's EAV for four (4) of the last five (5) years.

<u>Year</u>	<u>Improved TIF EAV</u>	<u>Percent</u>	<u>Balance of City EAV</u>	<u>Percent</u>
2003	\$3,761,710	-15.52%	\$544,826,588	5.66%
2002	\$4,453,034	-13.89%	\$515,617,094	11.72%
2001	\$5,171,480	-4.29%	\$461,491,782	9.51%
2000	\$5,403,400	-3.29%	\$421,414,590	10.32%
1999	\$5,587,310	31.42%	\$381,978,959	11.49%
1998	\$4,251,480	--	\$342,591,099	--

Source: DuPage County Clerk's Office

2. Excessive Vacancies: "The presence of buildings that are unoccupied or under utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies".

* To be revised upon update of historical parcel EAV information.

The Oliver Square Shopping Plaza has suffered from chronic vacancies for several years. The 80,000 sq.ft. former Dominick's grocery store has been vacant for three (3) years. Poor visibility, signage, access and lack of an anchor tenant have contributed to such rates. Typical retail vacancy rates are in the range of 5% to 10%, based on Urban Land Institute data and commercial brokerage sources.

3. Lack of Community Planning: "The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning".

The RPA exhibits several characteristics which support a lack of community planning.

The redevelopment project area has developed without the benefit of a community plan. This is evidenced, in part, by the lack of stormwater management. When the area was originally developed, the stormwater detention was adequate, however, now the detention must be increased by nearly 100%. Incremental development of the area has also resulted in properties that are partially obscured by outlot development and limited by existing ingress and egress points and poor signage. These factors have contributed to a vacancy rate for the area that is over 33%. This lack of community planning has contributed to a lower tax base than would be expected if the area developed in a cohesive, consolidated and planned development which maximizes the development potential of the area.

4. Obsolescence: "The condition or process of falling into disuse. Structures that have become ill-suited for their original use".

Over eighty-three percent (83%) of the building's square footage exhibits conditions of obsolescence.

- The Oliver Square Shopping Plaza demonstrates characteristics of an outdated shopping center and has evidenced excess vacancies.
- The Oliver Square Shopping Plaza Equalized Assessed Valuation (EAV) has lagged behind the Balance of the City's EAV for three (3) of the last five (5) years due in part to vacancies and obsolescence.
- The parcels with the former Dominick's and K-Mart buildings have exhibited a decline in EAV due to vacancy and/or obsolescence.
- The loss of anchor tenants has also resulted in a reduction in property valuation.

5. Inadequate Utilities: "Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: 1) of insufficient capacity to serve the uses in the RPA; 2) deteriorated, antiquated, obsolete or in disrepair; or 3) lacking within the RPA".

The Study Area lacks adequate stormwater detention. It is estimated by Village staff that the size of the current stormwater capacity must be increased by nearly 100% in order to adequately serve the area.

6. Deterioration: "With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

Over thirty percent (30%) of the parcels exhibit deterioration of site improvements, primarily parking lot and/or driveway related improvements. These conditions include: severe cracking of pavement, potholes and buckled pavement.

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to potential Route 59 and Route 64 RPA(TIF No. 2) by the City:

1. The area is contiguous and is greater than 1½ acres in size.
2. The area qualify as a "blighted improved area". A more detailed analysis of the qualification findings is outlined in this report.
3. All property in the area would substantially benefit by the redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area.
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the RPA as a TIF District.

The area has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to business attraction as well as the coordination of redevelopment efforts for market place redevelopment. There efforts will be important to the area's continued improvement and preservation of tax base.