



City of Chicago



O2018-9196

Office of the City Clerk

Document Tracking Sheet

Meeting Date:

11/14/2018

Sponsor(s):

Emanuel (Mayor)

Type:

Ordinance

Title:

Neighborhood Opportunity Fund grant and redevelopment agreement with Bronzeville Salon Suites for commercial development at 80 E Pershing Rd

Committee(s) Assignment:

Committee on Budget and Government Operations

CHICAGO, December 12, 2018

To the President and Members of the City Council:

Your Committee on the Budget and Government Operations, having had under consideration an Ordinance authorizing the execution of a Neighborhood Opportunity Fund Grant and Redevelopment Agreement with Bronzeville Salon Suites for commercial development at 80 East Pershing Road; and having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the Ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

11 members of the Committee with 0 dissenting vote(s).

(Signed) Carrie M. Austin
Carrie M. Austin
Chairman

BUDG.



OFFICE OF THE MAYOR
CITY OF CHICAGO

1
RAHM EMANUEL
MAYOR

November 14, 2018

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinances authorizing grants under the Neighborhood Opportunity Fund.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

Mayor



ORDINANCE

WHEREAS, the City of Chicago (the "City"), is a home rule unit of government under Article VII, Section 6(a) of the Constitution of the State of Illinois, and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City is authorized under its home rule powers to regulate the use and development of land; and

WHEREAS, Chapter 16-14-010 et seq. of the Municipal Code of Chicago, as amended (the "Code") contains the Neighborhoods Opportunity Fund Ordinance (the "NOF Ordinance") establishing the Neighborhoods Opportunity Fund (the "NOF");

WHEREAS, the purpose of the NOF is to (a) promote growth within the downtown area through the floor area bonus provisions of Section 17-4-1000 of the Code, and simultaneously generate new revenues for investment in business development and job growth in neighborhoods impacted by poverty, high unemployment, and other indicators of economic deprivation; (b) strengthen neighborhood commercial corridors in qualified investment areas; and (c) address the decline of private investment in qualified investment areas that damages the City's overall economic competitiveness, impedes the sustainable and equitable development of the City as a whole, contributes to inequality and poverty, and has a detrimental effect on the City's quality of life; and

WHEREAS, the NOF shall be used for projects located in or directly benefiting qualified investment areas, as indicated on a map published by the Commissioner (the "Commissioner") of the Department of Planning and Development ("DPD") and updated at least once every five years; and

WHEREAS, the authorized uses of the NOF are for eligible costs (as defined in the NOF Ordinance) related to (a) commercial establishments that provide, on a permanent or short term (pop up) basis, goods and services which complement and revitalize the areas in which they are located, and which may include, without limitation, grocery stores, retail establishments, and restaurants that sell food primarily for consumption on premises; (b) cultural establishments that provide, on a permanent or short term (pop up) basis, recreational and educational opportunities which complement and revitalize the areas in which they are located; and (c) incubation, mentoring, and training of small businesses that otherwise qualify as authorized uses under (a) or (b) above; and

WHEREAS, DPD has determined that the applicant named in Exhibit A attached hereto (the "Grantee") meets the requirements of the NOF Ordinance and is eligible to receive a NOF grant for the project described in Exhibit A, in the amount and under the terms and conditions set forth in Exhibit A (the "Grant"); and

WHEREAS, DPD has recommended that the City Council of the City approve the Grant to the Grantee, now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

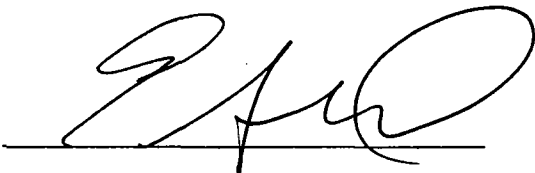
SECTION 2. The Commissioner and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute a redevelopment agreement with the Grantee and to execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Grant. The execution of such agreements and instruments and the performance of such acts shall be conclusive evidence of such approval. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Grant which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Grant to the Grantee.

SECTION 3. NOF proceeds in the amount set forth in Exhibit A are hereby appropriated for the purposes described herein.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any other provisions of this ordinance.

SECTION 5. This ordinance shall be in full force and effect from and after the date of its passage and approval.

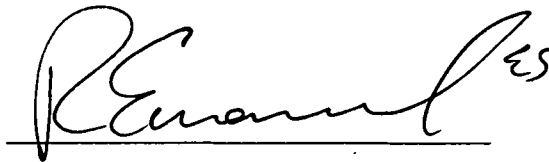
APPROVED

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

CORPORATION COUNSEL

DATED: 12/19/18

APPROVED

A handwritten signature in black ink that appears to read "Kavanaugh" followed by a superscript "45".

MAYOR

DATED: 12/19/18

Exhibit A

Attached



NOF CONDITIONAL AWARD LETTER

October 17, 2018

Eric T. Dantzler
Bronzeville Salon Suites
3935 South Wells Street #1
Chicago, Illinois 60609

Dear Mr. Dantzler,

Congratulations, your application for Mayor Emanuel's Neighborhood Opportunity Fund ("NOF") has been conditionally approved for up to **\$720,334** in NOF Grant assistance, subject to City Council approval and execution of a Redevelopment Agreement ("RDA") with the City of Chicago (the "City"), through the Department of Planning and Development ("DPD").

This letter outlines the general terms and conditions of the approval. Your application was selected and approved based on its proposed Project Plan and Project Scope, which are described below. If any changes are made to either the Project Plan or Project Scope, you must inform DPD in advance of proceeding. Any changes without DPD's prior written approval may result in forfeiture of the NOF Grant.

Property Address:

80 East Pershing Road
Chicago, Illinois 60653
17-34-322-063-0000

Project Plan and Project Scope:

New construction of a 6,500 sq. ft. building to create and house 18 fully equipped salon suites for independent beauty professionals.

Estimated Project Costs:

Estimated Project Costs	
Hard Costs	\$1,427,377
Soft Costs	\$105,450
Acquisition Costs	\$60,000
Other Costs	\$7,917
TOTAL	\$1,600,744

Payment of NOF Grant:

The NOF Grant will be reimbursed to the Grantee following the completion of the project and the issuance of a Certificate of Completion by DPD.

NOF Covenants:

1. ***Operations and Occupancy Covenants.*** The Grantee shall continuously own, occupy, and operate the entirety of the Project for three years following the issuance of the Certificate of Completion. If the Grantee fails to satisfy these requirements, the City shall have the right to cease NOF payments or terminate the RDA. The City may also have the right to place a lien on the subject property.
2. ***Annual Compliance Report.*** The Grantee shall be required to provide an Annual Compliance Report. The compliance monitoring period will extend at least 3 years from the issuance of the Certificate of Completion for the Project. Requirements for the Annual Compliance Reports will be detailed in the RDA.

NOF Grant Award Conditions:

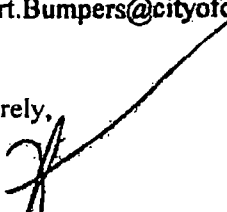
Disbursement of the NOF Grant funds is subject to the following conditions, which will be further detailed in the RDA.

1. ***Closing.*** Grantee shall close on the RDA within 90 days of Council authorization.
2. ***Certificate of Completion.*** Grantees are to complete construction expeditiously following the execution of the RDA. A Certificate of Completion must be issued prior to the second anniversary of the issuance of this NOF Conditional Award Letter, or the Project will be considered in default and the NOF Grant may be forfeited and the RDA may be terminated.
3. ***Project Budget.*** Increases to project costs will be your sole responsibility and will not necessitate an increase in the approved NOF Grant amount.
4. ***Project Financing.*** Proof of project financing, evidencing that all available sources of funds outside of the NOF Grant amount are secured and available.
5. ***Documentation.*** All eligible project costs must be appropriately documented. Documentation includes, but is not limited to, detailed invoices, cancelled checks, sworn owner's statement, sworn statement of contractor and subcontractor to owner and final lien waivers.
6. ***Permits.*** All permits which are required by the City's Municipal Code must be obtained in order for that work and its corresponding costs to be considered eligible for NOF assistance.
7. ***Business Licenses.*** All necessary business licenses must be obtained by the business prior to the NOF Grant being fully disbursed.
8. ***MBE/WBE Requirements.*** The Grantee must meet at least 26% MBE/ 6%WBE participation for the Project's direct and indirect costs of construction. Prior to the closing date, the Grantee, general contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Grantee's plan to achieve its obligations as established in the RDA and as mandated by City Council ordinance and DPD policy
9. ***City Residency/Prevailing Wage Requirements.*** City residents must perform 50% of all construction hours. Grantee is subject to the City's prevailing wage requirement for all construction trades, as established by the Illinois Department of Labor.
10. ***Permitted Uses.*** The Grantee understands that the permitted uses of property and improvements are only as allowed by the Redevelopment Agreement and the applicable zoning restrictions.

11. **Limitations on Other City Funds.** NOF funds may not be combined with other City funds, including but not limited to a TIF redevelopment agreement, the Small Business Improvement Fund or the Adopt-a-Landmark Fund.
12. **Build Community Wealth Bonus.** The amount of the Build Community Wealth Bonus is capped at 15% of your total eligible project costs for the support of locally-based business and property owners or for creating employment opportunities in areas in need of new jobs.

Once more, we wish to extend congratulations to you for being selected for Mayor Emanuel's NOF program. We look forward to supporting you in your efforts to revitalize our City's neighborhoods. Any questions regarding the NOF requirements and procedures can be addressed to Robert Bumpers, (312) 744-0107, Robert.Bumpers@cityofchicago.org.

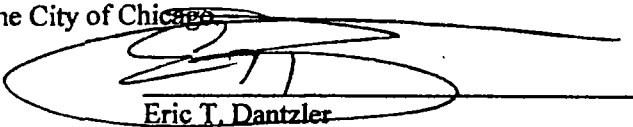
Sincerely,



David Reifman
Commissioner
Department of Planning and Development

On behalf of Bronzeville Salon Suites ("Grantee"), I accept the above terms and conditions of the NOF Grant offered by the City of Chicago.

10/19/18
Date



Eric T. Dantzler

Co-Owner
Title

Return one copy of this letter to:

City of Chicago
Department of Planning and Development
Attention: Robert Bumpers
121 North LaSalle Street, RM 1006
Chicago, IL 60602

**BRONZEVILLE SALON SUITES
PROJECT BUDGET**

	<u>Project Budget</u>	<u>MBE/WBE Budget</u>	<u>NOF - Eligible Budget</u>
Acquisition	\$ 60,000		\$ 60,000
Hard Costs			
Site Preparation/Excavation	\$ 55,000	\$ 55,000	\$ 55,000
Site Utilities Related Excavation	\$ -	\$ -	\$ -
Building Construction	\$ -	\$ -	\$ -
Plumbing/FP	\$ 150,000	\$ 150,000	\$ 150,000
Electrical	\$ 145,000	\$ 145,000	\$ 145,000
HVAC	\$ 90,000	\$ 90,000	\$ 90,000
Masonry	\$ 250,000	\$ 250,000	\$ 250,000
Elevator	\$ 200,000	\$ 200,000	\$ 200,000
Drywall	\$ 34,000	\$ 34,000	\$ 34,000
Concrete	\$ 90,000	\$ 90,000	\$ 90,000
Carpentry	\$ 85,000	\$ 85,000	\$ 85,000
Steel Truss Package	\$ 25,600	\$ 25,600	\$ 25,600
Insulation	\$ 30,000	\$ 30,000	\$ 30,000
Roofing	\$ 45,000	\$ 45,000	\$ 45,000
Acoustic Ceilings	\$ 20,000	\$ 20,000	\$ 20,000
Painting	\$ 25,000	\$ 25,000	\$ 25,000
Structural Iron	\$ 80,000	\$ 80,000	\$ 80,000
Interior Doors	\$ 35,874	\$ 35,874	\$ 35,874
Flooring	\$ 28,000	\$ 28,000	\$ 28,000
Windows	\$ 35,000	\$ 35,000	\$ 35,000
Landscaping (Fences)	\$ 10,000	\$ 10,000	\$ 10,000
General Contractor fees	\$ 100,000	\$ 100,000	\$ 100,000
Other FF&E	\$ -		\$ -
General Conditions	\$ 20,000	\$ 20,000	\$ 20,000
CM Fee	\$ -	\$ -	\$ -
Hard Cost Contingency	\$ -	\$ -	\$ -
Total Hard Costs	\$ 1,553,474	\$ 1,553,474	\$ 1,553,474
Soft Costs/Fees			
Architecture & Engineering	\$ -		\$ -
Environmental Remediation	\$ -		\$ -
Survey/title/appraisal	\$ -		\$ -
Bridge Loan Interest	\$ -		\$ -
Construction Interest	\$ -		\$ -
Permits	\$ -		\$ -
Other Soft Costs	\$ -		\$ -
Other Soft Costs	\$ -		\$ -
Other Soft Costs	\$ -		\$ -
Other Soft Costs	\$ -		\$ -
Other Soft Costs	\$ -		\$ -
Soft Cost Contingency	\$ -		\$ -
Total Soft Costs	\$ -	\$ -	\$ -
TOTAL	\$ 1,613,474	\$ 1,553,474	\$ 1,613,474
	MBE 26%	\$ 403,903	
	WBE 6%	\$ 93,208	
NOF ELIGIBLE GRANT	\$ 484,042		
NOF ELIGIBLE BCWB	\$ 242,021		
TOTAL ELIGIBLE	\$ 726,063		
NOF AWARD AMOUNT	\$ 720,334		