
**THE CITY OF BLUE ISLAND
COOK COUNTY, ILLINOIS**

**RESOLUTION
NUMBER 2017-025**

**A RESOLUTION FOR APPROVAL OF CLASS 6(B)
REAL ESTATE TAX INCENTIVE ABATEMENT FOR PROPERTY
LOCATED AT 3000 W. 139TH STREET, CITY OF BLUE ISLAND,
COOK COUNTY, ILLINOIS. (Scrap Metal Services, LLC.)**

**DOMINGO F. VARGAS, Mayor
Randy Heuser, City Clerk**

**DEXTER JOHNSON
LETICIA VIEYRA
NANCY RITA
TOM HAWLEY
BILL FAHRENWALD
CANDACE CARR
KENNETH PITTMAN**

**GEORGE POULOS
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KEVIN DONAHUE
ALECIA SLATTERY
JAN OSTLING
JAIRO FRAUSTO
NANCY THOMPSON**

Aldermen

RESOLUTION NO. 2017-025

A RESOLUTION FOR APPROVAL OF CLASS 6(B) REAL ESTATE TAX INCENTIVE ABATEMENT FOR PROPERTY LOCATED AT 3000 W. 139TH STREET, CITY OF BLUE ISLAND, COOK, COUNTY, ILLINOIS

Whereas, the City of Blue Island desires to promote the development and retention of industry in the City of Blue Island; and

Whereas, SMS Realty, LLC shall file with the office of the Assessor of Cook County, an application for a Class 6(b) classification under the Cook County Real Property Assessment Classification Ordinance, adopted by the Cook County Board of Commissioners on December 6, 1994, as amended; and

Whereas, the address of this property is 3000 W. 139th Street, Blue Island, Illinois, and the permanent real estate number of this property is 28-01-111-060-0000; and

Whereas, as part of the approval and incentive resolution, the City would recommend commitments for hiring preference of City residents through but not limited to job fairs, early interviews, etc.; and

NOW AND THEREFORE, BE IT RESOLVED by the City Council of the City of Blue Island, Cook County, Illinois, as follows:

SECTION ONE:

The City Council has determined that the use of the property is necessary and beneficial to the local economy of the City of Blue Island, Cook County, Illinois, and the City Council supports and consents to the Class 6(b) status for said property.

SECTION TWO:

The above finding of necessity and benefit to the local economy and support and consent for Class 6(b) status shall relate to the property legally identified by the address and PIN listed herein and contained in the attached Exhibit A.

SECTION THREE:

This resolution shall be in full force and effect upon its passage and approval as required by law.

SECTION FOUR:

The City Clerk shall forthwith transmit a certified copy of this Resolution to the Office of the Assessor of Cook County, Illinois, and to the business owners at the common address herein listed, and to such other parties in interest as required by law.

ADOPTED this 11th day of July, 2017, pursuant to a roll call vote as follows:

	YES	NO	ABSENT	PRESENT	ABSTAIN
Alderman Hawley			X		
Alderman Poulos	X				
Alderman Vieyra	X				
Alderman Bilotto		X			
Alderman Rita	X				
Alderman Donahue		X			
Alderman Carr		X			
Alderman Slattery		X			
Alderman Ostling			X		
Alderman Pittman	X				
Alderman Johnson	X				
Alderman Frausto	X				
Alderman Thompson		X			
Alderman Fahrenwald		X			
Mayor Vargas	X				
TOTAL	7	6	2		

APPROVED by the Mayor on July 11, 2017.

Domingo F. Vargas

DOMINGO F. VARGAS
MAYOR OF THE CITY OF BLUE ISLAND,
COUNTY OF COOK AND STATE OF ILLINOIS

ATTESTED and Filed in my office this
11th day of July, 2017.

Randy Heuser

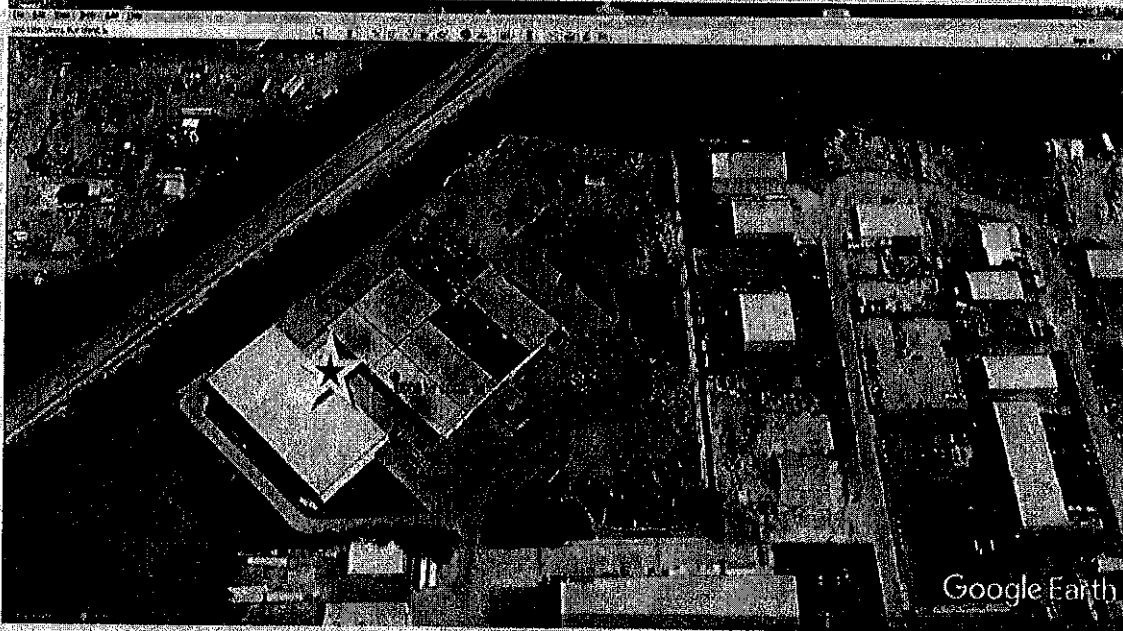
RANDY HEUSER
CITY CLERK



City of Blue Island
13051 Greenwood Ave
Blue Island, IL 60406
www.blueisland.org

PLANNING & BUILDING DEPARTMENT - STAFF REPORT

DATE: MAY 12, 2017
RE: SCRAP METAL SERVICES, LLC (SMS)



Applicant: SMS Realty, LLC

Owner: SMS Realty (Blue Island), LLC

Location: 3000 W. 139th St.

Zoning: I-2 General Industry

Current Use: Metal Recycling

Past Use: Metal Recycling

Use Area: 96,000 Sq. Ft., 2 buildings, situated on a 538,618 sq. ft. site

Introduction

Scrap Metal Services, LLC (SMS) is an established processor of ferrous (iron) and non-ferrous (non-iron) metal scrap. It is a private, family owned and operated, multi-location business. SMS is requesting the City of Blue Island's (the City) support for a request of a Class 6B Sustainable Emergency Relief (SER) Property Tax Incentive with Cook County. This is a 12-year, non-renewable incentive which reduces taxes by 60% for the first 10 years, 40% in year 11 and 20% in year 12.

The property consists of two buildings totaling 96,000 square feet, previously occupied by Metal Recycling Systems, located on a 12.4 acre lot at 3000 W. 139th Street in Blue Island.

Discussion

SMS came to Blue Island through its acquisition of the real estate and production equipment of former owner, Meal Recycling Systems after they filed for bankruptcy in May, 2014. SMS paid a total of \$3,610,434 for the operation, of which, \$1,800,000 was attributed to equipment.

The subject property is used to cut up, and reduce to small pieces, various types of ferrous and non-ferrous materials from larger sources. Metals which are processed here include aluminum, stainless steel, brass, copper and zinc.

SMS employees at this location have come from the staff of the previous operator, Metal Recycling Systems. Each Metal Recycling Systems employee was offered a position with SMS. Most accepted the offer. SMS immediately took over the operation and has continued operations since. The work force breakdown at this facility are as follows:

Chicago	16
Indiana	4
Thornton	2
Bremen (including Blue Island)	6
Other	7
Total	35

The facility averages 250 customers per day.

In 2011, scrap steel was selling for approximately \$500 per ton, as opposed to \$200 per ton today. In recent years, manufacturers have greatly reduced the price of new steel, which ultimately affects the price they can afford to pay for scrap.

Conclusion

The Class 6B Assessment would reduce property taxes by approximately 60% or to \$65,800 for the first 10 years based on current 2015 taxes of \$164,500. Year 11 taxes would be reduced by 40% and year 12, final year of the incentive, by 20%. This tax relief would allow SMS the opportunity to expand their business at a manageable rate and to reinvest in their current operation.

If the tax relief is granted, SMS plans to maintain production and employment at the site as well as purchase an additional scrap shredding machine at a cost of \$375,000 in addition to addressing and repairing damaged portions of floors and walls brought on by the wear and tear of daily operations. As part of the approval and Incentive resolution, the City will recommend ongoing commitments for hiring preference of City residents (job fair, early interviews, etc.)

Attachments

- Memo-Kane McKenna Associates, Inc.
- Dillon & Nash, Ltd. Request for 6B SER Incentive
- Cook County Assessor Class 6B Eligibility Application

MEMO



TO: Mark Miller

FROM: Robert Rychlicki
Kane, McKenna and Associates, Inc.

DATE: June 13, 2017

RE: Review of Proposed Class 6b Application—Scrap Metal Services, LLC (SMS)

The City of Blue Island (the "City") has requested Kane, McKenna and Associates, Inc. ("KMA") to review materials submitted by the following applicant regarding information related to the Cook County Class 6b incentive classification: Scrap Metal Services, LLC (SMS), located at 3000 West 139th Street, located on PIN 28-01-111-060.

Under the current Cook County Class program, assessment levels would be reduced from 25% to 10% for 10 years with a step up to 15% in year 11, 20% in year 12 and returns to full 25% in year 13 and no renewal is possible. The property is located in TIF 2 and is classified as Class 5 Industrial (25% assessment rate).

The project site consists of two 96,000 s.f. buildings on a site of 538,618 s.f. Total costs associated with the project to date are estimated at \$3,610,000.

Current 2015 taxes are \$164,500 based on the Class 5 assessment. The proposed Class 6b would reduce taxes by 60% or estimated at \$65,800 for the first 10 years of the incentive.

The applicant purchased the real estate and equipment of the former owner, Metal Recycling System in May, 2014 after the former owner filed for bankruptcy. The operation processes various types of ferrous and non-ferrous materials for reduction (cut up) from larger sources. Metals that are processed at the Blue Island site include aluminum, stainless steel, brass, copper, and zinc. Due to worldwide reductions in scrap metal costs, business opportunities are impacted by local operating costs including property taxes. If the Class 6 is granted the applicant would continue operations at the site and plans to purchase an additional \$375,000 shredding machine as well as building rehab.

There are 35 employees at the site with 6 employees from Bremen Township (including 3 Blue Island residents).

MEMO
Page Two
June 13, 2017



Recommendations

The application, if approved, would result in the following benefits to the City:

- a) Retained jobs and the potential for increased job creation.
- b) Continued occupancy of an existing industrial structure with expansion of equipment.

We would recommend that as part of the City's approval of the incentive resolution, the City review:

- a) Commitments for hiring preference for City residents (job fairs, early interviews, etc.).
- b) The City needs to evaluate the potential impacts on the TIF.

Currently, the 2016 property EAV is estimated at \$941,875 which is below the TIF 2 base EAV of \$990,032 – so no increment is forecast for 2017 receipts. The 2017 values are not finalized at this time, but the property owners have protested values and if the values are based on the 2016 experience, the 2017 values would be expected to be below or near the base. For the City, the trade off relating to the Class 6b approval in comparison to any potential TIF tax increment received over the next 12 years is the retention of jobs, and the potential for any expansion of jobs. The Class 6b designation requires the owner/taxpayer to offer "living wage" jobs to the employers (average wage up to \$13.65/hr). There are 35 jobs at the site and as stated above, 3 are City residents.



**CLASS 6B SUSTAINABLE EMERGENCY RELIEF (SER)
ELIGIBILITY APPLICATION**

(This form will ONLY be utilized for applicants who specifically elect for SER)

This Incentive is Not Renewable and applications will not be taken after November 30, 2018.

Carefully review the Class 6B Eligibility Bulletin before completing this Application. For assistance, please contact the Assessor's Office, Development Incentives Department, (312) 603-7529. This application, a filing fee of \$500.00, and supporting documentation (except drawings and surveys) must be filed as follows:

APPLICANT INFORMATION

Name: SMS Realty (Blue Island) LLC Telephone: (708) 730-1400
Address: 13830 Brainard Avenue
City: Burnham State: IL Zip Code: 60633

Contact Person (if different than the Applicant)

Name: David C. Dillon
Company: Dillon & Nash, Ltd. Telephone: (847) 498-3000
Address: 3100 Dundee Road
City: Northbrook State: IL Zip Code: 60062
Email Address: dave@dillonandnash.com / kris@dillonandnash.com (Paralegal)

PROPERTY DESCRIPTION (PER PIN)

If you are applying for more than three different PINs, please submit the additional PIN information in an attachment.

Street address: (1) 3000 West 139th Street

Permanent Real Estate Index Number: 28-01-111-060-0000

(2) _____

Permanent Real Estate Index Number: _____

(3) _____

Permanent Real Estate Index Number: _____

City: Blue Island State: IL Zip Code: _____

Township: Bremen Existing Class: 5

NARRATIVE

**Scrap Metal Services, LLC
3000 W. 139th Street
Blue Island, IL 60406**

**In support of its Request for a Class 6(b)
Sustainable Real Property Tax Incentive:**

The subject property is a 50 (+/-) year old, one and part two story masonry and metal panel constructed warehouse-type building containing 66,000 (+/-) feet with a 5,500 (+/-) sq. ft. office space (8.3%), 18 to 20 foot ceilings, six loading docks and three drive-in doors, plus a separate 30,000 sq. ft. metal panel constructed, storage building with no finished space or plumbing with 18 to 20 foot clear ceilings, two loading docks and one drive-in door. Total gross building area for both buildings is 96,000 sq. ft.

The property is situated on a 538,618 (+/-) sq. ft. site, zoned 1-2, General Industry District. The property was owned by Irvine Investments, LLC, and operated by the affiliated company, Metal Recycling Systems, LLC, as a scrap processing facility. After Metal Recycling Systems went bankrupt in 2014, it was acquired by Scrap Metal Services, along with the equipment and business assets of Metal Recycling Systems, LLC, on or about May 14, 2014. The attached documentation shows that the Quit Claim Deed to SMS Realty (Blue Island, LLC) issued on June 4, 2014, with SMS immediately running the operation.

**APPLICATION TO THE CITY OF BLUE ISLAND, ILLINOIS
FOR A CITY COUNCIL RESOLUTION IN SUPPORT OF A
CLASS 6(b) SUSTAINABLE EMERGENCY RELIEF ORDINANCE
FOR THE SCRAP METAL SERVICES' PROCESSING FACILITY
LOCATED AT 3000 W. 139th STREET, BLUE ISLAND, ILLINOIS**

INTRODUCTION

Scrap Metal Services, LLC ("SMS") is an established processor of ferrous and non-ferrous metal scrap. It is a private, family-owned and operated, multi-location business. It has grown rapidly in scrap processing, steel mill services and intermodal truck, railcar, intermodal container and railcar dismantling. SMS' Mission Statement is the following:

"Scrap Metal Services is committed to our suppliers and consumers by effectively sourcing, processing and marketing scrap metal for recycling. We actively pursue long lasting relationships by partnering with our customer, providing quality service built upon integrity, honesty and professionalism. We are committed to meeting our employees' and customers' needs by exceeding their expectations."

PROPERTY INFORMATION

Attach legal description, site dimensions and square footage, and building dimensions and square footage.

See attached "PROPERTY INFORMATION"

IDENTIFICATION OF PERSONS HAVING AN INTEREST IN THE PROPERTY

Attach a complete list of all owners, developers, occupants and other interested parties (including all beneficial owners of a land trust) identified by names and addresses, and the nature and extent of their interest.

See attached "PERSONS HAVING AN INTEREST IN THE PROPERTY"

INDUSTRIAL USE

Attach a detailed description of the precise nature and extent of the use of the subject property, specifying in the case of multiple uses the relative percentages of each use.

Include copies of materials, which explain each occupant's business, including corporate letterhead, brochures, advertising material, leases, photographs, etc.

See attached "INDUSTRIAL USE"

OCCUPANCY REQUIREMENTS

Industrial enterprise must have occupied the premises at the same location for a minimum of ten (10) consecutive years prior to the date of application.

- How many years has industrial enterprise occupied the premises? _____

Assumed operation of a business on premises since 1998?

ECONOMIC HARDSHIP VERIFICATION

Applicant must attach financial analysis (including tax returns for Federal/State/Local) and letter demonstrating economic hardship.

See attached "ECONOMIC HARDSHIP VERIFICATION"

NO CURRENT COOK COUNTY PROPERTY INCENTIVE

Applicant verifies that they are not receiving another Cook County property tax incentive for the same property.

- Is Applicant receiving another Cook County property tax incentive for this property?

YES [] NO [X]

SUBSTANTIAL OCCUPANCY VERIFICATION

Industrial enterprise must occupy a minimum 51% of premises.

- What percentage of industrial enterprise is occupied? 100%

EMPLOYMENT INFORMATION

How many permanent full-time and part-time employees do you now employ in Cook County?

Full-time: _____ Part-time: _____

How many permanent full-time and part-time employees do you now employ at this site?

Full-time: _____ Part-time: _____

LOCAL AND COOK COUNTY BOARD APPROVAL

A certified copy of a resolution or ordinance from the municipality in which the real estate is located (or the County Board, if the real estate is located in an unincorporated area) should accompany this Application.

The ordinance or resolution must expressly state that the municipality supports and consents to this Class 6B SER Application and that it finds that Special Circumstances makes the Incentive necessary for the industrial enterprise to continue operations at its current location and maintain its staff, and that without such designation the enterprise would not be economically viable causing the property to be imminent risk of becoming vacant and unused. If a resolution is unavailable at the time the application is filed, a letter from the municipality or the County Board, as the case may be, stating that a resolution or ordinance supporting the incentive has been requested may be filed with this application instead.

A certified copy of a resolution or ordinance from the County Board validating the municipal finding of special circumstances must be obtained by the Applicant. A letter from the County Board confirming that this resolution has been requested needs to be submitted to the Assessor's Office.

If, at a later date, the municipality or the County Board denies the applicant's request for a resolution or ordinance, the applicant will be deemed ineligible for the Class 6B SER incentive. In all circumstances, both resolutions must be submitted by the time the applicant files an "Incentive Appeal"

TERMINATION OF CLASS 6B SER

If the business ceases operation a Cease Operation Form must be submitted within 30 days of the end of operations. In addition, the Class 6B designation under SER may be terminated by the Assessor immediately under any of the following circumstances:

- Failure to file the required annual affidavit prior to the filing deadline;
- Failure to maintain the property in substantial compliance with all applicable local building safety, and health codes and requirements;
- Failure to comply with the Class 6B requirements of substantial occupancy

In return for receiving the incentive classification for the subject property, the undersigned owner(s) hereby stipulates and agrees that in the event of a termination, that the undersigned shall be personally liable for and shall reimburse to the County Collector an amount equal to the difference, if any, in the amount of taxes that would have been collected had the subject property been assessed without the incentive classification and the amount of taxes actually billed and collected upon the subject property for the tax year in which the incentive was revoked or cancelled during which the property was being assessed with the incentive classification. Failure of the undersigned to make such a reimbursement to the County Collector shall not constitute a lien upon the subject property but shall constitute an in personam liability, which may be enforced against the owners. If necessary, a Repayment Plan agreement could be established.

I, the undersigned, certify that I have read this Application and that the statements set forth in this Application and in the attachments hereto are true and correct, except as those matters stated to be on information and belief and as to such matters the undersigned certifies that he/she believes the same to be true.

_____ Signature	_____ Date
_____ Print Name	_____ Title

Subscribed and sworn before me this _____ day of _____, 20____

Signature of Notary Public

INCENTIVES CLASS LIVING WAGE ORDINANCE AFFIDAVIT

David C. Dillon as agent for the applicant set forth below, who is seeking a classification incentive as referenced below, I do hereby state under oath as follows:

1. As the agent for the applicant set forth below, I have personal knowledge as to the facts stated herein.
2. The property identified by PIN(s) with commonly known address(es), listed in Exhibit A attached and herein incorporated, are/is the subject of a pending application/renewal (*circle as appropriate*) for one of the following development incentives provided by the Code of Ordinances of Cook County, Chapter 74, Article II, Division 2, The Cook County Real Property Assessment Classification Ordinance, Sec. 74-60 et seq., as amended:

Class 6B Class 8 (*Industrial property*) Class 9

3. I have reviewed the Code of Ordinances of Cook County, Chapter 34, Article IV, Division 1 and The Cook County Living Wage Ordinance, Sec. 34-127 et seq., as amended (*the "Ordinance"*), and certify that the applicant is in compliance with the above referenced Cook County Living Wage Ordinance, due to one of the following options (*check as appropriate*):

Applicant is currently paying a living wage to its employees, as defined in the Ordinance.

OR

Applicant is not required to pay a living wage, pursuant to the Ordinance.

Further affiant sayeth not.

Agent's Signature

3100 Dundee Rd., #508, Northbrook, IL 60062
Agent's Mailing Address

SMS Realty (Blue Island), LLC
Applicant's Name

Applicant's e-mail address

David C. Dillon, Attorney for Applicant
Agent's Name & Title

847-498-3000
Agent's Telephone Number

13830 Brainard Avenue, Burnham, IL 60633
Applicant's Mailing Address

Subscribed and sworn before me this _____ day of _____, 20____

Signature of Notary Public

EXHIBIT A
(Please type or Print)

PIN(s)

28-01-011-060-0000

Common Address

3000 W. 139th St., Blue Island, IL 6

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION

I, RANDY HEUSER, DO HEREBY CERTIFY that I am the duly elected City Clerk of the City of Blue Island, Illinois and as such City Clerk of the City of Blue Island, Illinois, I am the keeper of the minutes and records of the proceedings of the City Council of said City and have in my custody the Resolutions and books of the records of said City.

I DO FURTHER CERTIFY that the attached and foregoing is a true and correct copy of that certain RESOLUTION: **A RESOLUTION FOR APPROVAL OF CLASS 6(B) REAL ESTATE TAX INCENTIVE ABATEMENT FOR PROPERTY LOCATED AT 3000 W. 139TH STREET, CITY OF BLUE ISLAND, COOK COUNTY, ILLINOIS. (SCRAP METAL SERVICES, LLC.)**

RESOLUTION NO. 2017 – 025 Which was adopted at a regular meeting of the City Council of the City of Blue 13 Aldermen were present; that at said meeting, on motion duly made and seconded that said Resolution do pass and upon the roll being called the vote of each Alderman present on the question of the passage of said Resolution was duly and separately taken by Ayes and Nays and his name and vote recorded in the minutes of the Proceedings of said City Council; that it appears from such recorded that **7** Aldermen including the Mayor voted Aye, **0** Aldermen Abstain, **2** Aldermen Absent and **6** Aldermen voted Nay.

I DO FURTHER CERTIFY that said Resolution was deposited in my Office on the **11th** day of **July, 2017**.

I DO FURTHER CERTIFY that the original Resolution of which the foregoing is a true copy, is entrusted in my care for safe keeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Corporate Seal of the City of **July 11, 2017**.

CORPORATE SEAL

City Clerk