



April 6, 2022

The Honorable Lori E. Lightfoot
City of Chicago, Office of the Mayor
121 N. LaSalle Street, Room 500
Chicago, IL 60602

Members of the Special City Council Committee on the Chicago Casino

RE: Chicago Casino Evaluation Report - Tribune Site / RNRA Response

Dear Mayor Lightfoot and Members of the Special City Council Committee on the Chicago Casino:

On behalf of the River North Residents Association (RNRA), we respectfully submit our initial response to the assessment of the Bally's Tribune casino bid as reflected in the Casino Evaluation Report of March 22, 2022. RNRA is a longstanding non-profit community organization representing approximately 23,000 area residents. Nearly 11,000 people live in the neighborhood immediately adjacent to the Tribune site across the Chicago River.

In RNRA's letter dated December 3, 2021, several fundamental concerns were expressed about the potential impact of this development on quality of life in our community. In this context, we evaluated the City's assessment of Proposal 02, Bally's Tribune, as to the suitability of this site for the demands and intensity of the 24/7 uses being proposed – **a 1 million square-foot development including a casino with 4,000 reserved gaming positions, a 3,000-seat theater, an outdoor music venue, up to a 500-room hotel, exhibition space, multiple restaurants, a food hall and a museum** – in an increasingly high-density, predominantly residential area. RNRA's critique reflects three key areas of concern.

Development Financing & Expertise

- The report makes clear there are potential challenges with the hedge-fund controlled company's ability to secure financing as it attempts to take Bally's from public to private status. In comparison to the other short-listed bids, the Bally's financing information is vague and includes the caveat that its commitment letters "do not take into account the proposed going-private transaction" as well as the statement that taking Bally's private will create a "more leveraged" company. ***Please provide a more detailed explanation of the financing plan, that addresses how this project will be adequately and sustainably funded, regardless of whether the proposed buyout of Bally's outstanding shares by Standard General is successful.***
- The average population in the 13 cities where Bally's presently operates its 15 casinos is approximately 110,000. Based on its current casino property portfolio, Bally's does not appear to have experience with developing and operating a multi-use project of this magnitude and complexity in a dense urban setting like the Tribune site. ***What gives the approval authorities confidence that this firm will be able to successfully execute and manage a proposed \$1.74 billion development in the third largest city in the U.S.?***

Transportation Impacts & Development Capacity of Area

- The report acknowledges the existing traffic congestion on Chicago, Grand and Halsted and references the City's ongoing capital improvement project to reconstruct the Chicago/Halsted viaduct and widen the Chicago Avenue bridge to address *existing infrastructure demands*. In view of the new mixed-use residential developments that are presently approved or under construction fronting Chicago and Halsted, and the added development intensity proposed for the Tribune site, ***has a traffic study been conducted that evaluates the combined area-wide impacts of these projects? If so, will this study be made public?***

- The report includes a rendering, at the top of page 31, showing three additional large residential towers between the south end of the casino complex and the Grand Avenue bridge. These are labeled “L” (480,000 GSF), “A-1” (668,000 GSF), and “A-2” (448,000 GSF). At present, RNRA has received no detailed information about these developments, which, if constructed, would add considerably to the density and further exacerbate congestion. **Has research been conducted that demonstrates that the planned improvements to existing infrastructure will be sufficient to alleviate current congestion, plus the impacts of all approved, proposed, and potential development? If so, will it be made public?**
- The report does not address the amount, source and availability of public funding needed to complete these improvements. **Is this information available to the public?**
- The report is also silent about whether Bally’s will offset all or part of the cost of the taxpayer-funded infrastructure enhancements that will substantially benefit their project. **Will Bally’s be required to share in this expense and if so, to what extent?**

Local Financial Impacts

- The report states that 78% of Bally’s projected gaming revenue is estimated to come from local customers, but the revenue analysis does not include any information about the impact on the city if the majority of discretionary spending by Bally’s casino customer base will be diverted from existing Chicago area businesses and recreation/entertainment venues. **Are estimates of the net economic impact of this development available?**
- Bally’s proposal commits to the interior buildout of just 100 hotel rooms in phase I, with the future buildout of an additional 400 rooms on a “best efforts” basis. According to the proposal, the difference in annual tax revenue between 100 and 500 hotel rooms is projected to be \$15 million by year six. Given this caveat, and the Tribune site’s close proximity to many existing hotels, the report’s revenue assumptions need further clarification. **What is likelihood that the additional 400 hotel rooms will ever be built out, and when?**
- The evaluation report does not address the fact that the Tribune publishing site is located in Enterprise Zone Four (EZ-4), and the temporary gaming facility is located in the Chicago/Kingsbury Tax Incremental Finance District (C/K TIF). **Will Bally’s be seeking any TIF and/or EZ benefits in the course of this development?**
- Casinos often negatively impact nearby residential property values. There are numerous residential buildings, and thousands of units, along the river, Chicago, Superior, Huron and Erie, all within the C/K TIF. **Has any research been conducted on the impact of the proposed casino on real estate values in the surrounding residential communities? If so, please share the results publicly.**

We respectfully request that our concerns be addressed and given appropriate consideration in the City’s analysis before determination of the final site for a Chicago casino. All RNRA statements and information concerning the proposed casino may be accessed at RNRChicago.org/Chicago-casino-proposals.

On behalf of the RNRA Board of Directors,

Brian Israel

Brian Israel, President
River North Residents Association

Cc: Samir Mayekar, Deputy Mayor, Economic and Neighborhood Development
Maurice Cox, Commissioner, Department of Planning and Development