

Redevelopment Fund

Mission Statement

It is the mission of the Community Development Redevelopment Fund to finance Metro Centre Authority operating deficits, provide funds for redevelopment of the central city, and generate economic development.

Primary Functions → The fund is financed by a one-percent tax adopted in 1978 for a period of 20 years on motel and room charges, restaurant, lounge charges for food and liquor, and package liquor sales. This was renewed for additional ten-year periods in 1990 and 1999 with the tax to end in 2018. In addition to financing a portion of the Metro Centre Authority's deficits, the Fund provides the necessary capital for development opportunities, public improvements, and economic development efforts.

2008 Accomplishments

- The Redevelopment Fund financed the Metro Centre Authority operating deficits, provided funds for redevelopment activities, and assisted in financing economic development efforts.

2009 Goals and Objectives

- The Redevelopment Fund will finance the Metro Centre Authority bond issue, provide funds for redevelopment activities, and assist in financing economic development efforts.

Budget Summary

COMMUNITY DEVELOPMENT REDEVELOPMENT FUND								
APPROPRIATION	2007 ACTUAL	2008 BUDGET	2008 ACTUAL	2009 BUDGET	INCREASE (DECREASE)			
CONTRACTUAL	\$4,040	\$11,700	\$3,716	\$11,850	\$150			
OTHER	<u>6,728,181</u>	<u>3,725,571</u>	<u>4,078,549</u>	<u>3,717,881</u>	<u>(7,690)</u>			
TOTAL	<u>\$6,732,221</u>	<u>\$3,737,271</u>	<u>\$4,082,265</u>	<u>\$3,729,731</u>	<u>(\$7,540)</u>			
FUNDING SOURCE	2008 AMOUNT		2008 PERCENTAGE		2009 AMOUNT		2009 PERCENTAGE	
REDEVELOPMENT SALES TAX								
MOTEL	\$370,700		10.2		\$373,900		10.2	
PACKAGE	470,200		12.9		476,500		13.0	
RESTAURANT	<u>2,802,200</u>		<u>76.9</u>		<u>2,807,900</u>		<u>76.8</u>	
SUBTOTAL	<u>3,643,100</u>		<u>100.0</u>		<u>3,658,300</u>		<u>100.0</u>	
INTEREST INCOME	0		0.0		0		0.0	
TOTAL	<u>\$3,643,100</u>		<u>100.0</u>		<u>\$3,658,300</u>		<u>100.0</u>	

Redevelopment Fund

Redevelopment Fund Expenses

Expenses can be broken down into three groups as follows:

- Fixed costs – \$1,743,110 (2008 - \$1,807,600)
- Variable costs – \$352,500 (2008 - \$252,500)
- Variable project costs – \$1,634,600 (2008 - \$1,542,200)

Fixed Costs

- \$250,000 to the Council of 100 to continue economic development efforts and industrial park marketing.
- \$56,900 is transferred to the general fund to pay for a portion of the costs associated with the economic development staff.
- \$64,200 is transferred to the Public Works Property and Equipment Division for staff services for building maintenance at Festival Park.
- \$132,000 is provided to the Rockford Convention and Visitors Bureau. The County and City levy a tax on motel accommodations, three percent by the County and six percent by the City. The County passes the entire amount to the Bureau while the City keeps one percent for redevelopment efforts. The remaining five-percent is sent to the Bureau. With the annexation of four motels into the City in 1988, the City agreed to transfer the other one percent (for these four motels only) from the Redevelopment Fund to the Bureau.
- \$55,000 for the maintenance of the Armory. The maintenance expense of the above indicated buildings is partially offset by revenue generated from leasing out building space.
- \$308,760 is allocated to the Coronado Theatre to pay for operating expenses.
- \$61,900 will be reimbursed to the Public Works Water Division for the Millennium Fountain maintenance.

Direct Fund Expenses

- \$11,850 is budgeted for contractual expenses.
- \$530,000 is for reimbursement of police, fire, and public works costs incurred during festivals.
- \$91,500 is for tax collection cost reimbursement.
- \$181,000 is for interest expense.

Variable Costs

- \$2,500 for the City's share of assistance to Anderson Gardens.
- \$50,000 payment to SWIFTT (Southwest Ideas for Today and Tomorrow) for operating assistance.
- \$150,000 to the Northern Illinois Technology Triangle (NITT) for hardware expenses related to the I39, NIU, Rockford fiber ring.
- \$150,000 for Coronado Performing Arts Center's annual assistance (2008-2013).

Variable Project Costs

- \$147,068 for debt service (2000 \$4.0 million and 2004 \$3.07 million refunding bond issue) on fund improvements associated with the construction of a 33,000 square foot supermarket in the

Redevelopment Fund

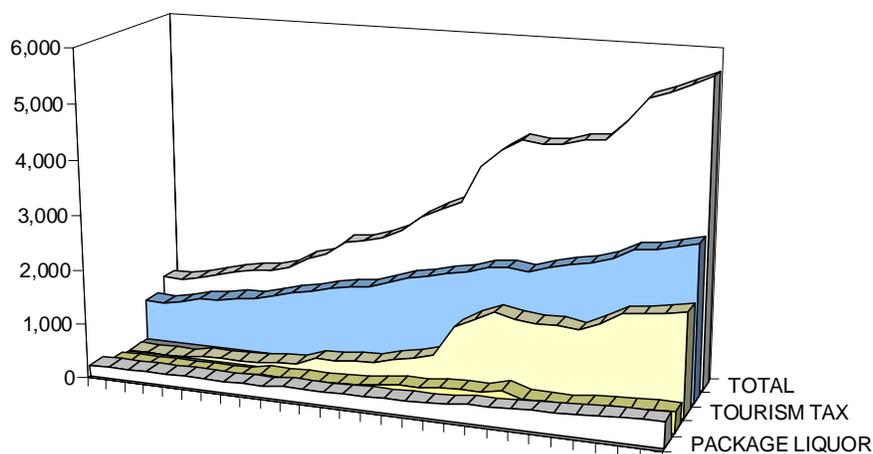
South Rockford Tax Increment Finance District. The initial phase included property acquisition, demolition of existing structures, site work on ten acres, construction, equipment, and tenant improvements. Debt service from 2007 to 2019 will range from \$336,018 to \$380,513 (Redevelopment share \$147,068 to \$225,518, with the balance paid from South Rockford TIF).

- \$590,562 for debt service on the Coronado. In 1999, the City issued \$7,000,000 in bonds for the Coronado Theatre restoration. City financing sources included the Tourism (1999-2003) and Redevelopment Funds as well as amusement and parking taxes at the Coronado Theatre. The Redevelopment Fund will pay the balance of the debt service due after the application of the two taxes. Debt service from 2007 to 2017 will range from \$545,075 to \$988,880.
- \$896,941 for debt service on the Metro Centre. In 2007, the City issued \$23 million in bonds for remodeling the Metro Centre and acquiring an NHL franchise. Financing for debt repayment includes assistance from the Winnebago County Board, the Redevelopment Fund, and Metro Centre revenues. The City's share will remain constant.

Budget Analysis

2007 tax revenue, budgeted at \$3,543,900, was \$3,516,164 at year's end, a loss of \$27,700 (0.1%) from the budget and \$75,500 (2.2%) from the 2006 actual. Tax revenue for 2008, budgeted at \$3,643,100, is \$3,530,918, a loss of \$112,200 (3.1%) for 2008, a decrease of \$13,000 (0.3%) from the 2007 budget of \$3,543,900 and an increase of \$90,224 (2.6%) from 2007's actual.

**CITY OF ROCKFORD, ILLINOIS
REDEVELOPMENT/TOURISM SOURCES OF REVENUE
1981-2009**



SOURCE: FINANCE DEPA

Redevelopment Fund

Assumptions for revenue growth are 3% for motels (10.2%), 3% for package liquor (12.9%), and 3% for restaurants (76.9%) for a total of 3.0%. Growth in the last five years has ranged as follows: motels, -3.3% to 13.7%, package liquor, 1.6% to 6.9%, restaurants, 0.2% to 7.7%, and the three combined, 0.5% to 7.8%. 2009 income is estimated to be \$3,658,300, an increase of \$15,200 (0.4%) from the 2008 budget and an increase of \$127,400 (3.6%) from the 2008 actual.

While Redevelopment Fund expenses have fluctuated from year to year, this has changed in the last several years. With the 1990 commitment to service part of the City Hall renovation project debt from 1998-2007, the 1999 Coronado commitment from 1999-2017, the 2000 South Main grocery store commitment from 2000-2019, and the 2007 Metro Centre renovation commitment from 2007-2026, the portion available for discretionary economic development spending has decreased.

In 2008, the Redevelopment Fund spent \$4,082,265 or 109.2% of the budgeted allocation. In the past several years, 94% to 131% of the budget has been spent.

Five Year Financial Forecast

The 2010-2014 five-year forecast assumes growth in taxes – one percent for motels, one-half of one percent for packaged liquor, and two percent for restaurants – reflecting the past history and the slowing economy. This plan calls for continuing support for the Block Grant, Metro Centre, Visitors Bureau, the Council of 100, and the Local Development Corporation. The impact of the variable project group was discussed above.

REDEVELOPMENT FUND 2010-2014 FINANCIAL FORECAST (IN 000'S)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues	\$3,768	\$3,881	\$3,998	\$4,118	\$4,241
Expenses	<u>3,674</u>	<u>3,779</u>	<u>3,921</u>	<u>3,972</u>	<u>3,956</u>
Excess (Deficit)	94	102	77	145	285
Beginning Balance	<u>(5,403)</u>	<u>(5,309)</u>	<u>(5,207)</u>	<u>(5,130)</u>	<u>(4,985)</u>
Ending Balance	<u>(\$5,309)</u>	<u>(\$5,207)</u>	<u>(\$5,130)</u>	<u>(\$4,985)</u>	<u>(\$4,699)</u>