

Redevelopment Fund

MISSION STATEMENT

It is the mission of the Community Development Redevelopment Fund to finance Metro Center 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, 1999, and 2007 with the tax to end in 2028. In addition to financing a portion of the Metro Center Authority's deficits, the Fund provides the necessary capital for development opportunities, public improvements, and economic development efforts.

OBJECTIVES FOR FISCAL YEAR 2014

- The Redevelopment Fund will finance the Metro Center Authority operating deficits, provide funds for redevelopment activities, and assist in financing economic development efforts.

REDEVELOPMENT FUND BUDGET SUMMARY

	2012	2013	2013	2014	INCREASE
APPROPRIATION	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATED</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
CONTRACTUAL	\$5,992	\$880	\$10,722	\$3,680	\$2,800
OTHER	<u>4,432,383</u>	<u>2,797,859</u>	<u>2,335,537</u>	<u>4,071,216</u>	<u>1,273,357</u>
TOTAL	<u>\$4,438,375</u>	<u>\$2,798,739</u>	<u>\$2,346,259</u>	<u>\$4,074,896</u>	<u>\$1,276,157</u>
FUNDING SOURCE	2011	2012	2013	2014	INCREASE
REDEVELOPMENT SALES TAX	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
MOTEL	\$377,969	\$492,406	\$320,600	\$350,000	29,400
PACKAGE	526,815	469,582	540,000	500,000	(40,000)
RESTAURANT	<u>2,997,842</u>	<u>2,724,743</u>	<u>2,850,000</u>	<u>2,875,000</u>	<u>25,000</u>
SUBTOTAL	\$3,902,626	\$3,686,731	\$3,710,600	\$3,725,000	\$14,400
INTEREST INCOME	<u>0</u>	<u>1,558,982</u>	<u>425,000</u>	<u>433,320</u>	<u>8,320</u>
TOTAL	<u>\$3,902,626</u>	<u>\$5,245,713</u>	<u>\$4,135,600</u>	<u>\$4,158,320</u>	<u>\$22,720</u>

BUDGET HIGHLIGHTS

- The budgeted subsidy for RAVE is \$1,345,000 less repayments by RAVE to the city for structured debt.
- Debt service payments total \$2,464,091, an increase of \$1,442,030 from the prior year's budget. Debt service is budgeted for five bond issues. Bonds issued in 2000 associated with the construction of a 33,000 square foot supermarket in the South Rockford Tax Increment Finance District are budgeted at \$238,500. For the Coronado Theatre restoration, debt service is \$400,900. City support for the debt service for remodeling the BMO Harris Center and acquiring an AHL franchise totals \$1,382,800 for 2014. The city resumes debt service payments in 2014 for the \$16.7 million bond issued in 2007. Finally, \$441,900 is budgeted for the 2009 \$8.065 million BMO Harris Center taxable refunding issue.
- The budgeted amount for the Rockford Area Economic Development Council (RAEDC) is \$150,000, the same as the prior year.
- The \$150,000 budgeted last year for Coronado Performing Art's Center operating assistance has been eliminated since RAVE operates the facility.

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- Tax revenue is budgeted at \$3,725,000 for 2014, an increase of 0.4% from the prior year's budget.

REDEVELOPMENT FUND FIVE YEAR FORECAST

The 2015-2019 five-year forecast assumes growth in taxes – one percent for motels, three percent for packaged liquor, and two percent for restaurants – reflecting the past history. The refinancing and the structural changes made in 2009 and the change in the operating agreement with RAVE should insure the long term viability of this fund.

REDEVELOPMENT FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues	\$5,472	\$5,529	\$5,588	\$5,647	\$5,707
Expenses	<u>5,673</u>	\$5,673	\$6,278	\$5,826	\$5,700
Excess (Deficit)	<u>(201)</u>	<u>(144)</u>	<u>(690)</u>	<u>(179)</u>	<u>7</u>
Beginning Balance	<u>726</u>	<u>525</u>	<u>381</u>	<u>(309)</u>	<u>(488)</u>
Ending Balance	<u>\$525</u>	<u>\$381</u>	<u>(\$309)</u>	<u>(\$488)</u>	<u>(\$481)</u>