

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.

2009 Accomplishments

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

2010 Goals and Objectives

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

Budget Summary

COMMUNITY DEVELOPMENT REDEVELOPMENT FUND					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$3,716	\$11,700	\$9,187	\$6,000	(\$5,700)
OTHER	4,078,549	3,533,697	5,183,428	3,596,397	62,700
TOTAL	<u>\$4,082,265</u>	<u>\$3,545,397</u>	<u>\$5,192,615</u>	<u>\$3,602,397</u>	<u>\$57,000</u>
FUNDING SOURCE	2009		2010		2010
REDEVELOPMENT SALES TAX	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
MOTEL	\$373,900	10.2	\$304,500	8.7	
PACKAGE	476,500	13.0	499,100	14.3	
RESTAURANT	<u>2,807,900</u>	<u>76.8</u>	<u>2,691,600</u>	<u>77.0</u>	
SUBTOTAL	<u>3,658,300</u>	<u>100.0</u>	<u>3,495,200</u>	<u>100.0</u>	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	<u>\$3,658,300</u>	<u>100.0</u>	<u>\$3,495,200</u>	<u>100.0</u>	

Redevelopment Fund

Redevelopment Fund Expenses

Expenses can be broken down into three groups as follows:

- Metro Center subsidy - \$950,000
- Debt service – \$1,293,248
- All other expenses – \$1,359,149

Metro Center Subsidy

- Total 2010 City commitment is \$950,000 with \$400,000 from Redevelopment Fund and \$550,000 from Tourism Promotion Fund. If the current agreement with Rockford Area Convention and Visitors Bureau (RACVB) cannot be amended, then the Redevelopment Fund will loan \$550,000 (\$600,000 in 2011) until the current agreement ends. The Tourism Promotion Fund would begin paying its subsidy contribution to the Metro Center in 2012 as well as repaying the Redevelopment Fund the \$1,150,000.

Debt Service

- \$191,018 for debt service (2000 \$4.0 million and 2004 \$3.07 million refunding bond issue) for funding improvements associated with the construction of a 33,000 square foot supermarket in the 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).
- \$650,187 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.
- \$10,175 net (2010 debt service \$1,840,643) for debt service on the Metro Center. In 2007, the City issued \$23 million in bonds for remodeling the Metro Center and acquiring an AHL franchise. Financing for debt repayment includes assistance from Winnebago County (\$460,000), the Redevelopment Fund (\$10,175), and the 2009 \$8.065 Metro Center taxable refunding issue (\$1,370,468).
- \$441,868 for debt service on the 2009 \$8.065 Metro Center taxable refunding issue. Designed to abate 2009 – 2014 debt service for the 2007 issue, debt service from 2009 through 2026, funded from the Redevelopment Fund, will range from \$441,868 to \$1,229,868.

All Other Expenses

- \$131,900 is provided to RACVB. The County and the 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.

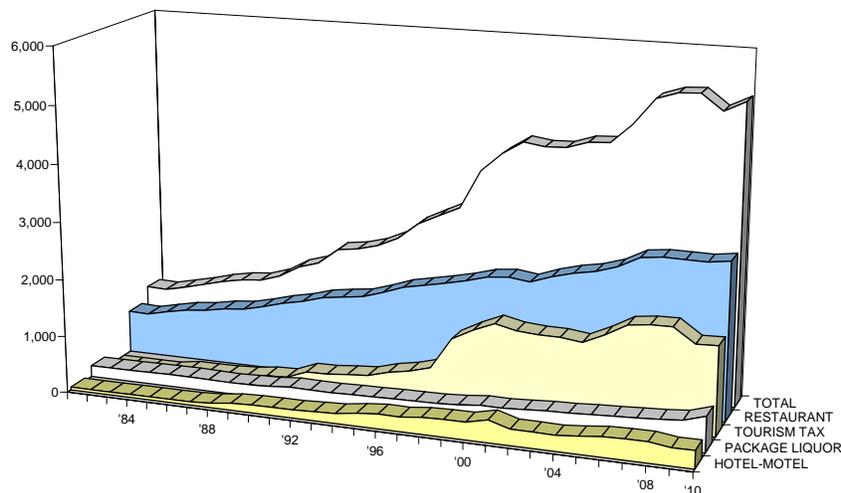
Redevelopment Fund

- \$2,000 to the RACVB for costs related to a kiosk at a motel by the interstate.
- \$200,000 to the Rockford Area Economic Development Council (RAEDC) to continue economic development efforts and industrial park marketing.
- \$150,000 for Coronado Performing Arts Center’s annual assistance (2008-2013).
- \$300,600 is allocated to the Coronado Theatre to pay for operating expenses.
- \$55,750 will be reimbursed to the Public Works Water Division for the Millennium Fountain maintenance.
- \$66,900 is transferred to the Public Works Property Division for staff services for building maintenance at Festival Park.
- \$8,000 for the maintenance of the Armory.
- \$150,000 to the Northern Illinois Technology Triangle (NITT) for hardware expenses related to the I39, NIU, Rockford fiber ring.
- \$6,000 is budgeted for contractual expenses.
- \$58,600 is transferred to the General Fund to pay for a portion of the Community Development economic development staff.
- \$94,200 is for tax collection cost reimbursement.
- \$135,199 is for interest expense.

Budget Analysis

2008 tax revenue, budgeted at \$3,643,100, was \$3,530,918 at year’s end, a loss of \$112,200 (3.1%) from the budget and an increase of \$14,800 (0.4%) from the 2007 actual. Tax revenue for 2009, budgeted at \$3,658,300, was \$3,506,778, a loss of \$151,500 (-4.1%) for 2009, a decrease of \$136,300 (-3.7%) from the 2008 budget of \$3,643,100 and a decrease of \$24,000 (-0.7%) from 2008’s actual.

CITY OF ROCKFORD, ILLINOIS REDEVELOPMENT/TOURISM SOURCES OF REVENUE 1981-2010



Assumptions for revenue growth are 1% for motels (8.7%), 3% for package liquor (14.4%), and 2% for restaurants (76.9%) for a total of 2.0%. Growth in the last five years has ranged as follows: motels, -14.1% to 13.7%, package liquor, 4.1% to 7.1%, restaurants, -0.2% to 7.7%, and the three

Redevelopment Fund

combined, -0.6% to 7.8%. 2010 income is estimated to be \$3,495,200, a decrease of \$147,900 (-2.1%) from the 2009 budget and a decrease of \$11,600 (-0.3%) from the 2009 actual.

The restructuring of the 2007 taxable debt as well as the elimination of \$50,000 in expense, the deferral of \$150,000 in expense, and the payment of \$1,079,764 of debt service from other funds was a significant restructuring for this fund for 2009. 2010 plans include the elimination of \$695,900 in previous expense. In addition, during the 2010 fall supplemental appropriation ordinance process, development funds will be reviewed and appropriate transfers made as necessary.

In 2009, the Redevelopment Fund spent \$5,192,615 or 146.5% of the budgeted allocation. In the past several years, 94% to 131% of the budget has been spent.

Five Year Financial Forecast

The 2011-2015 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 and the slowing economy. The refinancing and the structural changes made in 2009 should insure the long term viability of this fund.

REDEVELOPMENT FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$3,567	\$3,640	\$3,715	\$3,792	\$3,870
Expenses	<u>3,576</u>	<u>2,842</u>	<u>2,847</u>	<u>4,152</u>	<u>4,184</u>
Excess (Deficit)	<u>(9)</u>	<u>798</u>	<u>868</u>	<u>(360)</u>	<u>(314)</u>
Beginning Balance	<u>(3,749)</u>	<u>(3,758)</u>	<u>(2,960)</u>	<u>(2,092)</u>	<u>(2,452)</u>
Ending Balance	<u>(\$3,758)</u>	<u>(\$2,960)</u>	<u>(\$2,092)</u>	<u>(\$2,452)</u>	<u>(\$2,766)</u>