

East Side Tax Increment Financing District

Mission Statement

It is the mission of the Community Development Tax Increment Financing District to conserve or improve areas, especially sections of the City that are neglected, through economic investment from both private and public sectors.

Primary Functions → The primary function of the tax increment financing (TIF) district is to develop/redevelop the area in the East Side TIF District in the City and to make the area more viable again. Such improvements (upon meeting qualifications) can be financed through TIF district revenues. Revenue for the districts is generated by the collection of property taxes each year at an increment based on the increase in assessed valuation of properties within the area since the districts are created. The excess tax revenue collected can only be used to fund projects located within the East Side District.

2004 Accomplishments →

- Assisted in an 18,000 sq. ft. expansion of the Rockford Register Star that will house the printer operation.
- Developed and issued the Request for Proposal (RFP) for redevelopment of the Ingersoll building.
- Provided financial assistance to the River District Association for the update of the River District Framework Plan and operations.
- Negotiated redevelopment of the Brew House into a mixed-use residential/commercial complex.

2005 Goals and Objectives →

- With the continuation of the façade program, maintain and improve the frontages of buildings in the East TIF District.
- Assist in the redevelopment of the Brew House project on Madison Street.
- Work with the River District Association to move to a fee for service basis.
- Choose a Master Developer to assist in the redevelopment of the Ingersoll building.
- Revenue will remain relatively flat in 2005 resulting in a limited number of new developments in this TIF District.

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Budget Summary

COMMUNITY DEVELOPMENT EASTSIDE TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2003 <u>ACTUAL</u>	2004 <u>BUDGET</u>	2004 <u>ACTUAL</u>	2005 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$3,880	\$6,000	\$3,703	\$31,600	\$25,600
SUPPLIES	0	0	0	0	0
OTHER	362,088	252,850	201,665	256,393	3,543
CAPITAL	0	0	0	0	0
TOTAL	<u>\$365,968</u>	<u>\$258,850</u>	<u>\$205,368</u>	<u>\$287,993</u>	<u>\$29,143</u>
FUNDING SOURCE		2004 <u>AMOUNT</u>	2004 <u>PERCENTAGE</u>	2005 <u>AMOUNT</u>	2005 <u>PERCENTAGE</u>
PROPERTY TAXES					
TAX INCREMENT		\$356,895	99.4	\$352,500	98.7
INTEREST INCOME		<u>2,000</u>	<u>0.6</u>	<u>4,800</u>	<u>1.3</u>
TOTAL		<u>\$358,895</u>	<u>100.0</u>	<u>\$357,300</u>	<u>100.0</u>

Budget Analysis

The 2005 budget is \$287,993, which is an increase of \$29,100 from the prior year. The majority of this increase is for consultants.

The Facade Improvement Program, which began in 1984, is \$50,000. Additional allocations in 2005 include \$25,000 to be transferred to the Community Development Department's Development Division for purchase of services, \$24,000 increment payment for the Social Security building, \$9,600 for the Old City Hall project, \$10,000 to the River District for planning and marketing purposes, \$5,000 for the River District Framework Study, \$5,000 tax rebate for the Icon apartment building, and \$2,500 for outdoor Christmas lighting. In addition, \$62,500 is budgeted for the Trinity Learning Center project that has several non-profit organizations such as the Cornucopia Food Pantry, LaVoz Latina, day care, and community room. In addition, \$1,600 is budgeted for contractual items and \$30,000 for consultants.

The Ingersoll building was purchased in 2002 with a bond issue for \$2,500,000, resulting in a debt service payment in 2005 of \$62,793. Debt service payments, lasting until 2011, range from \$62,793 to \$249,713.

Five Year Financial Forecast

The 2006-2010 five-year forecast assumes no growth for property taxes and that state and local sales tax will not be received. These funds are project, rather than service, oriented and are susceptible to considerable variance in direction and dollars.

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EAST SIDE TIF FUND 2006-2010 FINANCIAL FORECAST (IN 000'S)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues	\$362	\$360	\$358	\$357	\$357
Expenditures	<u>432</u>	<u>429</u>	<u>367</u>	<u>366</u>	<u>356</u>
Excess (Deficit)	<u>(71)</u>	<u>(69)</u>	<u>(9)</u>	<u>(9)</u>	<u>1</u>
Beginning Balance	<u>315</u>	<u>245</u>	<u>176</u>	<u>167</u>	<u>158</u>
Ending Balance	<u>\$245</u>	<u>\$176</u>	<u>\$167</u>	<u>\$158</u>	<u>\$158</u>