

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 2013

- 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

	2011	2012	2012	2013	INCREASE
APPROPRIATION	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
CONTRACTUAL	\$3,936	\$850	\$3,936	\$880	\$30
OTHER	<u>3,208,333</u>	<u>3,139,943</u>	<u>3,208,333</u>	<u>3,332,159</u>	<u>192,216</u>
TOTAL	<u>\$3,212,269</u>	<u>\$3,140,793</u>	<u>\$3,212,269</u>	<u>\$3,333,039</u>	<u>\$192,246</u>
FUNDING SOURCE	2010	2011	2012	2013	INCREASE
REDEVELOPMENT SALES TAX	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
MOTEL	\$308,266	\$377,969	\$311,300	\$320,600	9,300
PACKAGE	492,768	526,815	\$525,200	\$540,000	14,800
RESTAURANT	<u>2,756,254</u>	<u>2,997,842</u>	<u>\$2,815,000</u>	<u>\$2,850,000</u>	<u>35,000</u>
SUBTOTAL	\$3,557,288	\$3,902,626	\$3,651,500	\$3,710,600	59,100
INTEREST INCOME	<u>0</u>	<u>0</u>	<u>0</u>	<u>425,000</u>	<u>425,000</u>
TOTAL	<u>\$3,557,288</u>	<u>\$3,902,626</u>	<u>\$3,651,500</u>	<u>\$4,135,600</u>	484,100

BUDGET HIGHLIGHTS

- The budgeted subsidy for RAVE is \$1,345,000. With approval of a new operating agreement with RAVE in 2012, the City's public support for the BMO Harris Center, Coronado, and Davis Park decreases \$410,100.
- Debt service payments total \$1,582,100, an increase of \$113,700 from the prior year's budget. Debt service is budgeted for four 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 \$214,300. For the Coronado Theatre restoration, debt service is \$800,800. City support for the debt service for remodeling the BMO Harris Center and acquiring an AHL franchise totals \$5,800 for 2013, with much of the total payment of \$1.84 million payment being funded by a taxable refunding bond issue and Winnebago County. 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 \$200,000, the same as the prior year.

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- The \$150,000 budgeted last year for Coronado Performing Art's Center operating assistance has been eliminated since RAVE operates the facility.
- The amount transferred to the Public Works Property Division for staff services and other building related expenses declines \$326,800 to \$274,400. The purchase of service charge declines for the Coronado (\$343,000) and Festival Park (\$53,500) since RAVE operates these facilities.
- Tax revenue is budgeted at \$3,710,600 for 2013, an increase of 1.6% from the prior year's budget.
- Other revenue includes a \$514,200 transfer from the Tourism Fund to support debt service payments and \$425,000 in repayments for structured debt from RAVE.

REDEVELOPMENT FUND FIVE YEAR FORECAST

The 2014-2018 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$4,650	\$4,743	\$4,838	\$4,935	\$5,034
Expenses	<u>3,333</u>	\$3,600	\$3,672	\$3,745	\$3,820
Excess (Deficit)	<u>1,317</u>	<u>1,143</u>	<u>728</u>	<u>1,190</u>	<u>1,214</u>
Beginning Balance	(646)	<u>34</u>	<u>1,177</u>	<u>1,905</u>	<u>3,095</u>
Ending Balance	<u>\$671</u>	<u>\$1,177</u>	<u>\$1,905</u>	<u>\$3,095</u>	<u>\$4,309</u>