

Industrial Tax Increment Financing Districts

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 TIF District and to make the area more viable. Improvements (upon meeting qualifications) can be financed through TIF district revenues. The collection of property taxes is on an increment basis and increases are based on increases in the assessed valuation of properties within the TIF District. The excess tax revenue collected can only be used to fund projects located within the TIF District.

There are six industrial TIF Districts, Kishwaukee-Harrison #1 and #2, Preston and Central, Rockford Global Trade Park #1, #2, #3.

2010 Accomplishments →

- Completed reconstruction projects for Kishwaukee Street and Kishwaukee Bridge.
- Continued implementation of Kishwaukee Corridor Study recommendations.
- Continued to coordinate Kishwaukee Corridor Empowerment Group.
- Continued cooperative marketing plan for industrial TIFs with RAEDC.
- Expanded boundary of Global TradePark TIF #1.
- Continued evaluation of creating Global TradePark South Redevelopment Planning Area.
- Advocated successfully for extension of Industrial Jobs Recovery Act.
- Completed negotiations for annexation boundary and utility agreement with Village of Davis Junction.
- Completed employee training activities for companies in Global Trade Park and Kishwaukee Harrison districts.
- Demolished buildings 10 and 19 at Barber Colman.
- Completed construction of Wanxiang's 40,000 square foot solar panel manufacturing facility.
- Commenced construction of Rockford Solar Partners' 200 acre solar farm.
- Haldex Hydraulics Corporation relocated machine tools creating eight new jobs, retaining 31 and investing \$5 million.

Industrial Tax Increment Financing Districts

- Ingersoll Machine Tool created new wind energy business with 87 new jobs, retained 69 jobs, and invested \$12 million.
- Ring Container Tech added 8,000 square feet, retaining 30 jobs and investing \$7.5 million.
- Pyramid Plastics, Inc added new machinery, creating 15 new jobs, retaining 40 and investing \$500,000.
- ABI, Inc added 25,000 square feet, creating 16 jobs, retaining four and investing \$1.07 million.
- Provided assistance to Global Display Solutions, Brew House, Cellusuede Products Inc, Navistar, Reload/Watco, Gates Corp, Testors, Driveline Systems, American Colloid Co: Jacobson Warehousing, Goeller Inc: Gfi Metal treating, B/E Aerospace, Arntzen Corp, UPS, Flow-EZE Co: Rockford Products, and W.A. Whitney:

2011 Goals & Objectives →

- Begin construction of Logistics Parkway extension.
- Begin construction of RockAero Park/Faith Center Church intersection/access road.
- Continue implementation of Kishwaukee Corridor Study recommendations.
- Continue to coordinate Kishwaukee Corridor Empowerment Group.
- Construct new Rockford Global TradePark sign.
- Continue cooperative marketing plan for industrial TIFs with RAEDC.
- Continue evaluation of creating Global TradePark South Redevelopment Planning Area.
- Initiate annexation of Gensler and Wolfenberger properties.
- Eliminate three sources of blight in industrial TIFs.
- Attract four new companies to industrial TIFs.
- Assist four existing companies to expand in industrial TIFs.
- Provide assistance to six existing companies in industrial TIFs.

Industrial Tax Increment Financing Districts

Budget Summary

COMMUNITY DEVELOPMENT GLOBAL TRADE PARK TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$16,323	\$3,027	\$13,500	\$10,000	(\$3,500)
OTHER	1,740,371	1,684,058	750,463	807,973	57,510
TOTAL	<u>\$1,756,694</u>	<u>\$1,687,085</u>	<u>\$763,963</u>	<u>\$817,973</u>	<u>\$54,010</u>
FUNDING SOURCE	2010		2011		2011
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$884,887	100.0	\$1,079,000	100.0	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	<u>\$884,887</u>	<u>100.0</u>	<u>\$1,079,000</u>	<u>100.0</u>	

COMM DEV GLOBAL TRADE PARK 2 TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$6,688	\$0	\$0	\$0
OTHER	812	215,169	133,700	200,000	66,300
TOTAL	<u>\$812</u>	<u>\$221,857</u>	<u>\$133,700</u>	<u>\$200,000</u>	<u>\$66,300</u>
FUNDING SOURCE	2010		2011		2011
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$211,200	99.8	\$216,900	98.9	
INTEREST INCOME	403	0.2	2,411	1.1	
TOTAL	<u>\$211,603</u>	<u>100.0</u>	<u>\$219,311</u>	<u>100.0</u>	

COMM DEV GLOBAL TRADE PARK 3 TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$0	\$0	\$0
OTHER	0	75,000	50,000	100,000	50,000
TOTAL	<u>\$0</u>	<u>\$75,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$50,000</u>
FUNDING SOURCE	2010		2011		2011
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$135,100	99.8	\$163,900	97.9	
INTEREST INCOME	312	0.2	3,539	2.1	
TOTAL	<u>\$135,412</u>	<u>100.0</u>	<u>\$167,439</u>	<u>100.0</u>	

Industrial Tax Increment Financing Districts

COMMUNITY DEVELOPMENT PRESTON CENTRAL TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$1,647,149	\$0	\$0	\$0	\$0
OTHER	316,456	105,267	142,702	135,360	(7,342)
TOTAL	<u>\$1,963,605</u>	<u>\$105,267</u>	<u>\$142,702</u>	<u>\$135,360</u>	(7,342)

FUNDING SOURCE	2010		2011	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$20,900	100.0	\$37,300	27.5
OTHER	0	0.0	98,300	72.5
INTEREST INCOME	0	0.0	0	0.0
TOTAL	<u>\$20,900</u>	<u>100.0</u>	<u>\$135,600</u>	<u>100.0</u>

COMMUNITY DEVELOPMENT KISHWAUKEE HARRISON #1 TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$0	\$0	\$0
OTHER	30,786	29,796	45,050	46,239	1,189
TOTAL	<u>\$30,786</u>	<u>\$29,796</u>	<u>\$45,050</u>	<u>\$46,239</u>	<u>\$1,189</u>

FUNDING SOURCE	2010		2011	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$53,000	97.6	\$54,399	96.9
INTEREST INCOME	1,327	2.4	1,759	3.1
TOTAL	<u>\$54,327</u>	<u>100.0</u>	<u>\$56,158</u>	<u>100.0</u>

COMMUNITY DEVELOPMENT KISHWAUKEE HARRISON #2 TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$0	\$0	\$0
OTHER	0	0	100	100	0
TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$100</u>	<u>\$100</u>	<u>\$0</u>

FUNDING SOURCE	2010		2011	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$245	100.0	\$255	100.0
INTEREST INCOME	0	0.0	0	0.0
TOTAL	<u>\$245</u>	<u>100.0</u>	<u>\$255</u>	<u>100.0</u>

Industrial Tax Increment Financing Districts

Budget Analysis

This six district group collectively runs a deficit for the entire period, a low of \$0.7 million in 2012 and a high of \$2.7 million in 2031. This is entirely due to the Preston and Central TIF District which has had not only cost overruns during site preparation but also delays in the project being initiated. Given the most optimistic outlook, this project could have several phases and change the current financial estimate. Until development occurs on the site, thereby producing increment, debt service payments will be reimbursed by Liebovich.

It is difficult to estimate revenue growth which is property tax increment, generated by new construction and projects as well as inflationary growth of existing equalized assessed valuation, for several decades. These projections are based upon the most conservative assumptions possible.

Deficit reduction actions taken in 2009 included steps in the three Global Trade Park TIF Districts. \$200,000 was transferred from Trade Park #2 and #3 to Trade Park #1. Additional transfers will be made during the next three years.

No long term financing occurred in 2010.

Five Year Financial Forecasts

The 2012-2016 five-year forecasts assume 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. An ending balance schedule for all TIF districts for all years is also included.

GLOBAL TRADE PARK TIF #1 FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$1,100	\$826	\$842	\$858	\$878
Expenditures	<u>824</u>	<u>834</u>	<u>857</u>	<u>748</u>	<u>983</u>
Excess (Deficit)	<u>276</u>	<u>(8)</u>	<u>(15)</u>	<u>110</u>	<u>(105)</u>
Beginning Balance	160	436	428	413	523
Ending Balance	<u>\$436</u>	<u>\$428</u>	<u>\$413</u>	<u>\$523</u>	<u>\$418</u>

GLOBAL TRADE PARK TIF #2 FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$222	\$226	\$232	\$236	\$240
Expenditures	<u>200</u>	<u>100</u>	<u>200</u>	<u>200</u>	<u>200</u>
Excess (Deficit)	<u>22</u>	<u>126</u>	<u>32</u>	<u>36</u>	<u>40</u>
Beginning Balance	88	111	236	269	305
Ending Balance	<u>\$110</u>	<u>\$237</u>	<u>\$268</u>	<u>\$305</u>	<u>\$345</u>

Industrial Tax Increment Financing Districts

GLOBAL TRADE PARK TIF #3 FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$172	\$176	\$179	\$182	\$183
Expenditures	<u>100</u>	<u>150</u>	<u>150</u>	<u>200</u>	<u>200</u>
Excess (Deficit)	<u>72</u>	<u>26</u>	<u>29</u>	<u>(18)</u>	<u>(17)</u>
Beginning Balance	<u>169</u>	<u>240</u>	<u>266</u>	<u>295</u>	<u>277</u>
Ending Balance	<u>\$241</u>	<u>\$266</u>	<u>\$295</u>	<u>\$277</u>	<u>\$260</u>

PRESTON CENTRAL TIF FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$38	\$70	\$72	\$74	\$75
Expenditures	<u>133</u>	<u>134</u>	<u>134</u>	<u>134</u>	<u>134</u>
Excess (Deficit)	<u>(95)</u>	<u>(64)</u>	<u>(62)</u>	<u>(60)</u>	<u>(59)</u>
Beginning Balance	<u>(1,119)</u>	<u>(1,215)</u>	<u>(1,279)</u>	<u>(1,341)</u>	<u>(1,402)</u>
Ending Balance	<u>(\$1,214)</u>	<u>(\$1,279)</u>	<u>(\$1,341)</u>	<u>(\$1,401)</u>	<u>(\$1,461)</u>

KISHWAUKEE HARRISON TIF #1 FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$57	\$58	\$59	\$60	\$61
Expenditures	<u>47</u>	<u>47</u>	<u>48</u>	<u>48</u>	<u>49</u>
Excess (Deficit)	<u>10</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>
Beginning Balance	<u>60</u>	<u>71</u>	<u>81</u>	<u>93</u>	<u>104</u>
Ending Balance	<u>\$71</u>	<u>\$81</u>	<u>\$93</u>	<u>\$104</u>	<u>\$117</u>

KISHWAUKEE HARRISON TIF #2 FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$0	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Balance	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Ending Balance	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>