

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.

2010 Accomplishments

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

2011 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	2009 ACTUAL	2010 BUDGET	2010 ACTUAL	2011 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$9,187	\$6,000	\$3,230	\$6,000	\$0
OTHER	5,183,428	3,396,397	3,031,884	3,153,956	(242,441)
TOTAL	<u>\$5,192,615</u>	<u>\$3,402,397</u>	<u>\$3,035,114</u>	<u>\$3,159,956</u>	<u>(\$242,441)</u>
FUNDING SOURCE	2010		2011		2011
REDEVELOPMENT SALES TAX	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE	
MOTEL	\$304,500	8.7	\$311,300	8.6	
PACKAGE	499,100	14.3	512,800	14.2	
RESTAURANT	<u>2,691,600</u>	<u>77.0</u>	<u>2,777,900</u>	<u>77.2</u>	
SUBTOTAL	<u>3,495,200</u>	<u>100.0</u>	<u>3,602,000</u>	<u>100.0</u>	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	<u>\$3,495,200</u>	<u>100.0</u>	<u>\$3,602,000</u>	<u>100.0</u>	

Redevelopment Fund

Redevelopment Fund Expenses

Expenses can be broken down into three groups as follows:

- Metro Center subsidy - \$450,000
- Debt service – \$1,362,761
- All other expenses – \$1,373,475

Metro Center Subsidy

- Total 2011 City commitment is \$1,050,000 with \$450,000 from the Redevelopment Fund and \$600,000 from the Tourism Promotion Fund. If the current agreement with the Rockford Area Convention and Visitors Bureau (RACVB) cannot be amended, then the Redevelopment Fund will loan \$550,000 in 2010 and \$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

- \$203,318 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).
- \$712,000 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.
- \$5,575 net (2011 debt service \$1,836,575) 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 (\$5,575), and the 2009 \$8.065 Metro Center taxable refunding issue (\$1,371,000).
- \$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

- \$100,000 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.

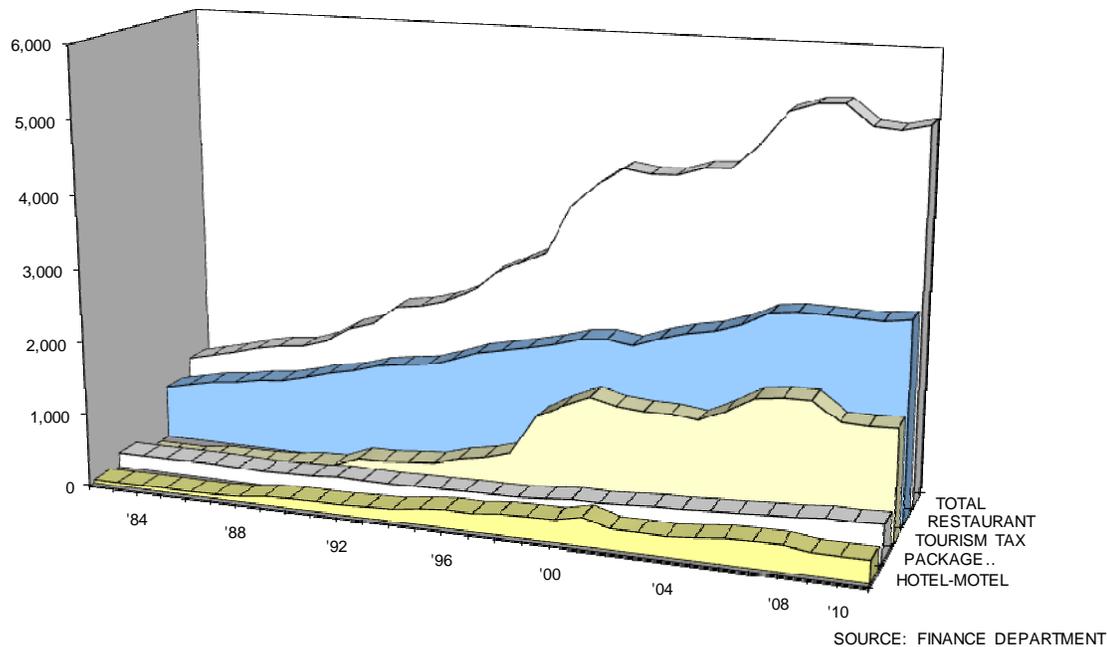
Redevelopment Fund

- \$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).
- \$26,000 will be reimbursed to the Public Works Water Division for the Millennium Fountain maintenance.
- \$671,200 is transferred to the Public Works Property Division for staff services for building maintenance at the Coronado Theater (\$300,700), Festival Park (\$66,000), the Armory (\$52,500), Barber Colman (\$84,700), and Ingersoll (\$167,300).
- \$6,000 is budgeted for contractual expenses.
- \$108,100 is for tax collection cost reimbursement.
- \$112,175 is for interest expense.

Budget Analysis

2009 tax revenue, budgeted at \$3,658,300, was \$3,506,778 at year’s end, a loss of \$151,500 (-4.1%) from the budget and an increase of \$24,000 (-0.7%) from the 2008 actual. Tax revenue for 2010, budgeted at \$3,495,200, is estimated at \$3,457,000, a loss of \$38,200 (-1.1%), a decrease of \$201,300 (-5.5%) from the 2009 budget of \$3,658,300 and a decrease of \$49,800 (-1.4%) from 2009’s actual.

CITY OF ROCKFORD, ILLINOIS REDEVELOPMENT/TOURISM SOURCES OF REVENUE 1982-2011



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 2.1%. Growth in the last five years has ranged as follows: motels, -14.1% to 2.8%, package liquor, -0.4% to 7.1%, restaurants, -0.3% to 2.0%, and the three combined, -0.6% to 2.2%. 2011 income is estimated to be \$3,528,000, an increase of \$32,800 (0.9%) from the 2010 budget and an increase of \$71,000 (2.7%) from the estimated 2010 actual.

Redevelopment Fund

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 included the elimination of \$695,900 in previous expense.

In 2010, the Redevelopment Fund spent \$3,035,114 or 89.2% of the budgeted allocation. In the past several years, 89% to 131% of the budget has been spent.

Five Year Financial Forecast

The 2012-2016 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 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$3,676	\$3,752	\$3,829	\$3,908	\$3,989
Expenses	<u>3,020</u>	<u>3,040</u>	<u>4,362</u>	<u>4,411</u>	<u>4,456</u>
Excess (Deficit)	656	712	(533)	(503)	(467)
Beginning Balance	(2,252)	(1,596)	(884)	(1,417)	(1,920)
Ending Balance	<u>(\$1,596)</u>	<u>(\$884)</u>	<u>(\$1,417)</u>	<u>(\$1,920)</u>	<u>(\$2,387)</u>