

# **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.

## **2011 Accomplishments** →

- Initiated S Main Corridor Study.
- Continued implementation of Kishwaukee Corridor Study recommendations.
- Complete and submit Economic Development Plan application to IDOT for Falcon Road reconstruction on behalf of Anderson Packaging.
- Complete and submit Economic Development Plan application to IDOT for Seminary St and Blackhawk Park Ave Reconstruction on behalf of Gunit Corporation.
- Initiated annexation of Gensler and Wolfenberger properties.
- Initiated expansion of River Edge Redevelopment Zone.
- Continued to coordinate Kishwaukee Corridor Empowerment Group.
- Continued cooperative marketing plan for industrial TIFs with RAEDC.
- Continued evaluation of creating Global TradePark South Redevelopment Planning Area.
- Continued administration of Enterprise Zone program incentives and quarterly reporting.
- Continued administration of River Edge Zone program incentives and quarterly reporting.
- Completed Annual Tax Increment Financing reporting.
- Completed Economic Development portion of HUD annual report.

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- Initiated redevelopment plan for Phoenix Investor's property at 4000 Auburn St.
- Demolished Lorden Bldg and old train depot on S. Main.
- Continued zoning compliance enforcement at 2501 Kishwaukee St., Northern IL Towing.
- Attracted software company, Lyons Consulting, creating 12 new jobs and \$250,000 investment.
- Completed and submitted Embry-Riddle Aeronautical University proposal for new resident campus.
- Completed purchase and began installation of 150 Wanxiang solar panels on Bell School Rd water reservoir.
- Commenced construction of Rockford Solar Partners' 3.5 megawatt solar farm.
- Worked with S.A. Industries to retain 60 jobs and \$1.5 million investment.
- Worked with Dixon Automatic Tool to retain 20 jobs and \$100,000 investment.
- Worked with Rockford Toolcraft to add 41,000 square feet, retaining 105 jobs and \$2.1 million investment.
- Worked with Pyramid Plastics, Inc to add new machinery resulting in 15 new jobs and retention of 40 jobs and \$500,000 investment.
- Provided assistance to Global Display Solutions; Cellusuede Products Inc; Navistar; Reload/Watco; Gates/S.A. Industries Corp; Testors; B/E Aerospace; Arntzen Corp; Rockford Products: W.A. Whitney; A-1 Wire Tech Inc; Amtech Precision Products; Dial Machine; Gunite; Peterson Engineering; Aim Distribution; Rail Construction Equipment; Barnes International; Caldwell Group; Thermo Fisher Scientific; Anderson Packaging; Pyramid Plastics; Alacran Contracting, all existing companies within the City.

### **2012 Goals & Objectives →**

- Complete S Main Corridor Study.
- Initiate Falcon Road reconstruction with EDP funds from IDOT on behalf of Anderson Packaging.
- Initiate Seminary St and Blackhawk Park Ave Reconstruction with EDP funds from IDOT on behalf of Gunite Corporation.
- Complete expansion of River Edge Redevelopment Zone.

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- Begin construction of Logistics Parkway extension.
- Begin Construction of RockAero Park/Faith Center Church intersection/access road.
- Continue implementation of Kishwaukee Corridor Study recommendations.
- Complete annexation of Gensler and Wolfenberger properties.
- Continue to coordinate Kishwaukee Corridor Empowerment Group.
- Construct new Rockford Global TradePark sign.
- Continue cooperative marketing plan for industrial TIFs with RAEDC.
- Initiate creation of Global TradePark South Redevelopment Planning Area.
- Continue administration of Enterprise Zone program incentives and quarterly reporting.
- Continue administration of River Edge Zone program incentives and quarterly reporting.
- Complete Annual Tax Increment Financing reporting.
- Complete ED portion of HUD CAPER Report.
- 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.

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## Budget Summary

<b>COMMUNITY DEVELOPMENT GLOBAL TRADE PARK TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$2,691	\$10,000	\$35,822	\$10,000	\$0
OTHER	<u>754,988</u>	<u>809,168</u>	<u>835,616</u>	<u>814,488</u>	<u>5,320</u>
TOTAL	<u>\$757,679</u>	<u>\$819,168</u>	<u>\$871,438</u>	<u>\$824,488</u>	<u>\$5,320</u>
<b>FUNDING SOURCE</b>	2011		2012		2012
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$1,079,000	100.0	\$1,063,700	99.6	
INTEREST INCOME	<u>0</u>	<u>0.0</u>	<u>3,892</u>	<u>0.4</u>	<u>0.4</u>
TOTAL	<u>\$1,079,000</u>	<u>100.0</u>	<u>\$1,067,592</u>	<u>100.0</u>	

<b>COMM DEV GLOBAL TRADE PARK 2 TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$1,787	\$0	\$775	\$0	\$0
OTHER	<u>100,000</u>	<u>236,000</u>	<u>233,044</u>	<u>236,400</u>	<u>400</u>
TOTAL	<u>\$101,787</u>	<u>\$236,000</u>	<u>\$233,819</u>	<u>\$236,400</u>	<u>\$400</u>
<b>FUNDING SOURCE</b>	2011		2012		2012
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$193,600	0.0	\$188,600	99.6	
INTEREST INCOME	<u>3,371</u>	<u>0.0</u>	<u>742</u>	<u>0.4</u>	<u>0.4</u>
TOTAL	<u>\$196,971</u>	<u>0.0</u>	<u>\$189,342</u>	<u>100.0</u>	

<b>COMM DEV GLOBAL TRADE PARK 3 TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$0	\$0	\$0
OTHER	<u>50,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
TOTAL	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>
<b>FUNDING SOURCE</b>	2011		2012		2012
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
TAX INCREMENT	\$138,900	0.0	\$82,600	98.1	
INTEREST INCOME	<u>2,532</u>	<u>0.0</u>	<u>1,631</u>	<u>1.9</u>	<u>1.9</u>
TOTAL	<u>\$141,432</u>	<u>0.0</u>	<u>\$84,231</u>	<u>100.0</u>	

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<b>COMMUNITY DEVELOPMENT PRESTON CENTRAL TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$28,544	\$0	\$10,807	\$0	\$0
OTHER	<u>105,600</u>	<u>135,454</u>	<u>135,454</u>	<u>122,881</u>	<span style="color: red;">(12,573)</span>
TOTAL	<u>\$134,144</u>	<u>\$135,454</u>	<u>\$146,261</u>	<u>\$122,881</u>	<span style="color: red;">(\$12,573)</span>

  

<b>FUNDING SOURCE</b>	2011		2012	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$37,300	27.5	\$34,258	26.3
OTHER	98,300	0.0	96,175	73.7
INTEREST INCOME	<u>0</u>	<u>72.5</u>	<u>0</u>	<u>0.0</u>
TOTAL	<u>\$135,600</u>	<u>100.0</u>	<u>\$130,433</u>	<u>100.0</u>

<b>COMMUNITY DEVELOPMENT KISHWAUKEE HARRISON TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$53	\$0	\$0
OTHER	<u>33,273</u>	<u>46,239</u>	<u>34,733</u>	<u>46,709</u>	470
TOTAL	<u>\$33,273</u>	<u>\$46,239</u>	<u>\$34,786</u>	<u>\$46,709</u>	\$470

  

<b>FUNDING SOURCE</b>	2011		2012	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$54,399	99.2	\$54,952	97.9
INTEREST INCOME	416	0.8	1,189	2.1
TOTAL	<u>\$54,815</u>	<u>100.0</u>	<u>\$56,141</u>	<u>100.0</u>

<b>COMMUNITY DEVELOPMENT KISHWAUKEE HARRISON #2 TAX INCREMENT FINANCING DISTRICT</b>					
<b>APPROPRIATION</b>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	2011 <u>ACTUAL</u>	2012 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$0	\$0	\$0	\$0	\$0
OTHER	<u>0</u>	<u>100</u>	<u>0</u>	<u>100</u>	0
TOTAL	<u>\$0</u>	<u>\$100</u>	<u>\$0</u>	<u>\$100</u>	\$0

  

<b>FUNDING SOURCE</b>	2011		2012	
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
PROPERTY TAXES				
TAX INCREMENT	\$253	100.0	\$217	100.0
INTEREST INCOME	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
TOTAL	<u>\$253</u>	<u>100.0</u>	<u>\$217</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 \$0.8 million in 2013 and a high of \$1.9 million in 2030. This is entirely due to the Preston and Central TIF District which not only had 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 and 2010 included steps in the three Global Trade Park TIF Districts. For 2011, \$200,000 was transferred from Trade Park #2 and \$100,000 from Trade Park #3 to Trade Park #1. Additional transfers will be made in 2012 to address the Trade Park #1 deficit.

No long term financing is planned for 2012.

## Five Year Financial Forecasts

The 2013-2017 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 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$781	\$788	\$794	\$803	\$806
Expenditures	834	857	748	983	1,018
Excess (Deficit)	(53)	(69)	46	(180)	(212)
Beginning Balance	399	347	278	323	143
Ending Balance	<u>\$346</u>	<u>\$278</u>	<u>\$324</u>	<u>\$143</u>	<u>(\$69)</u>

### GLOBAL TRADE PARK TIF #2 FUND 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$191	\$193	\$197	\$199	\$201
Expenditures	137	137	188	188	188
Excess (Deficit)	54	56	9	11	13
Beginning Balance	(17)	36	92	101	112
Ending Balance	<u>\$37</u>	<u>\$92</u>	<u>\$101</u>	<u>\$112</u>	<u>\$125</u>

### GLOBAL TRADE PARK TIF #3 FUND 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$85	\$86	\$88	\$90	\$91
Expenditures	50	50	50	100	100
Excess (Deficit)	35	36	38	(10)	(9)
Beginning Balance	49	84	120	158	148
Ending Balance	<u>\$84</u>	<u>\$120</u>	<u>\$158</u>	<u>\$148</u>	<u>\$139</u>

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## PRESTON CENTRAL TIF FUND 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$128	\$164	\$163	\$161	\$159
Expenditures	<u>121</u>	<u>118</u>	<u>115</u>	<u>111</u>	<u>108</u>
Excess (Deficit)	<u>7</u>	<u>46</u>	<u>48</u>	<u>50</u>	<u>51</u>
Beginning Balance	<u>(1,146)</u>	<u>(1,138)</u>	<u>(1,092)</u>	<u>(1,044)</u>	<u>(994)</u>
Ending Balance	<u>(\$1,139)</u>	<u>(\$1,092)</u>	<u>(\$1,044)</u>	<u>(\$994)</u>	<u>(\$943)</u>

## KISHWAUKEE HARRISON TIF #1 FUND 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$57	\$58	\$59	\$59	\$60
Expenditures	<u>47</u>	<u>48</u>	<u>48</u>	<u>49</u>	<u>49</u>
Excess (Deficit)	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>
Beginning Balance	<u>57</u>	<u>67</u>	<u>77</u>	<u>87</u>	<u>98</u>
Ending Balance	<u>\$67</u>	<u>\$77</u>	<u>\$87</u>	<u>\$98</u>	<u>\$109</u>

## KISHWAUKEE HARRISON TIF #2 FUND 2013-2017 FINANCIAL FORECAST (IN 000'S)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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>1</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>