

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.

2006 Accomplishments →

- Assisted two façade projects, 121 S Madison Street and 211 E State Street.
- Provided financial assistance to the River District Association to support marketing of the East Side TIF District.
- Assisted in attracting new businesses to the district: CRU, Zambucca's Wine and Coffee Bar, Fuzion Studios, Chocolates by Daniel, Kuma's Asian Bistro.

2007 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 Rockford Furniture Building and others into mixed use residential/commercial facilities.
- Work with the River District Association and other organizations to develop and implement a marketing strategy for the core downtown river area.
- Continue to market the East Side TIF District to developers, real estate agents, and retailers including attendance at trade show events.
- Initiate an East Side TIF District residential and retail market study.

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Budget Summary

COMMUNITY DEVELOPMENT EASTSIDE TAX INCREMENT FINANCING DISTRICT					
APPROPRIATION	2005 ACTUAL	2006 BUDGET	2006 ACTUAL	2007 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$7,009	\$6,000	\$2,384	\$96,400	\$90,400
OTHER	<u>232,811</u>	<u>494,393</u>	<u>419,953</u>	<u>548,419</u>	<u>54,026</u>
TOTAL	<u>\$239,820</u>	<u>\$500,393</u>	<u>\$422,337</u>	<u>\$644,819</u>	<u>\$144,426</u>
FUNDING SOURCE	2006 AMOUNT		2006 PERCENTAGE	2007 AMOUNT	2007 PERCENTAGE
PROPERTY TAXES					
TAX INCREMENT	\$481,400		95.3	\$499,000	96.1
INTEREST INCOME	<u>23,600</u>		<u>4.7</u>	<u>20,500</u>	<u>3.9</u>
TOTAL	<u>\$505,000</u>		<u>100.0</u>	<u>\$519,500</u>	<u>100.0</u>

Budget Analysis

The 2007 budget is \$644,819, which is an increase of \$144,400 from the prior year due to an increase in the annual debt service payment.

The Facade Improvement Program, which began in 1984, remains at \$100,000. Additional allocations in 2007 include \$25,000 to be transferred to the Community Development Department's Development Division for purchase of services, \$27,000 increment payment for the Social Security building, \$18,100 increment payment for the Register Star Building addition, \$9,600 for the Old City Hall project, \$20,000 to the River District for planning and marketing purposes, and \$2,500 for outdoor Christmas lighting. In addition, the last of four payments, \$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, \$6,000 is budgeted for contractual items.

The Ingersoll building was purchased in 2002 with a bond issue for \$2,500,000, resulting in a debt service payment in 2007 of \$248,913. Debt service payments, lasting until 2011, range from \$62,793 to \$249,713.

In 2006, the East Side TIF spent \$422,337 or 84.4% of the budgeted allocation. In the past several years, 77% to 101% of the budget has been spent.

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Five Year Financial Forecast

The 2008-2012 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. District authority ends in 2016.

EAST SIDE TIF FUND 2008-2012 FINANCIAL FORECAST (IN 000'S)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues	\$515	\$512	\$509	\$506	\$504
Expenditures	<u>583</u>	<u>582</u>	<u>573</u>	<u>561</u>	<u>499</u>
Excess (Deficit)	<u>(68)</u>	<u>(70)</u>	<u>(64)</u>	<u>(55)</u>	<u>5</u>
Beginning Balance	<u>398</u>	<u>329</u>	<u>259</u>	<u>195</u>	<u>141</u>
Ending Balance	<u>\$329</u>	<u>\$259</u>	<u>\$195</u>	<u>\$141</u>	<u>\$146</u>