

MEMORANDUM

TO: Chief Administrative Officer

FROM: City Comptroller

RE: TIF One Surplus Distribution

DATE: September 25, 2006

A review of the future cash flows of the Tax Increment Financing District One shows that the amount of \$210,820 (last year's amount increased by 3.5%) is available to be considered as surplus and distributed to the various taxing bodies, as required by law. This would be the third year for a TIF One surplus distribution. Amounts distributed, based on 2006 tax rates would be:

Urbana School District	\$110,266
City of Urbana	33,505
Champaign County	19,922
Urbana Park District	18,433
Parkland	12,197
M.T.D.	6,698
Cunningham Township	4,934
C-U Health District	2,776
Forest Preserve	2,089
Total	\$210,820

Recommendation. Approval of the attached resolution. Attached please find some additional financial information on TIF One from the City's multi-year financial plan.

Tax Increment District #1:

TIF 1 was established in 1980, and then amended in 1986 to include the State sales tax element. In 2004, the expiration date of TIF #1 was extended to 2013. General obligation backed TIF 1 bonds in the amount of \$2,600,000 were issued in 1982 for parking deck and streetscape construction. Future debt service requirements average \$116,000 annually. A detailed schedule of these future debt payments is found under the TIF 1 Fund in the City budget document. At June 1, 2005, the amount of \$805,000 principle will be outstanding with the last payment being made in 2013.

Major streetscape improvements have been completed in the past 4 years. Streetscape work is proposed to continue in FY 05 & 06 at three mini-park locations: northeast corner of Elm Street and Race Street, east side of Broadway Avenue mid-block between Main Street and Elm Street adjacent to the County Courthouse, and a widening of the north side sidewalk near the Springfield Avenue and Main Street merge. The beautification efforts at these locations will be consistent with existing streetscape features. The façade loan program was revised in 2002 to provide no interest loans, increase the maximum loan amount, and add a grant component. The incentive payments due and the corresponding revenues generated from the new County Plaza agreement is reflected in the estimated cash flows below.

An annual payment in surplus incremental property tax revenue is projected for each year in the estimated cash flows. The first payment of \$196,660 was paid to the various taxing bodies in November 2004.

Financial projections for TIF 1 until 2011 follow:

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Cash Bal., Beg. Year	\$1,203,600	\$1,332,447	\$1,219,395	\$955,817	\$1,175,893	\$1,404,326	\$891,855
Revenues:							
Property Tax-Current	\$609,619	\$652,222	\$665,266	\$678,572	\$692,143	\$705,986	\$720,106
Interest	38,559	23,821	48,776	38,233	47,036	56,173	35,674
Total Revenues	\$648,178	\$676,043	\$714,042	\$716,804	\$739,179	\$762,159	\$755,780
Expenses:							
Surplus Payments to Govt.	\$196,660	\$203,540	\$210,820	\$218,199	\$225,836	\$233,740	\$245,427
Marketing, Dues	11,616	475	20,000	20,000	20,000	20,000	20,000
Downtown Loans	7,740	13,740	15,000	15,000	15,000	15,000	15,000
Downtown S.S., Stratford	0	75,000	0	0	0	0	0
Prel. Eng., Race/Brdwy, Boneyard	0	0	75,000	0	0	0	0
Broadway Ave. Streetscape	0	0	0	0	0	750,000	0
Water/Walnut Impr./S.S.	0	0	0	0	0	0	0
Park District Projects	34,000	0	68,000	34,000	34,000	34,000	34,000
Vocational Training	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Downtown S.S., Phase 7	3,228	249,377	336,000	0	0	0	0
County Plaza Reimb.	83,688	69,869	50,000	0	0	0	0
Stratford Reimb.	0	3,805	25,000	25,500	26,010	26,530	27,061
Debt Service	107,399	98,289	102,800	109,030	114,900	120,360	125,380
Total Expenses	\$519,331	\$789,095	\$977,620	\$496,729	\$510,746	\$1,274,630	\$541,868
Cash Bal., End Year:							
Reserved Future Debt Service	\$934,739	\$836,450	\$733,650	\$624,620	\$509,720	\$389,360	\$263,980
Reserved Future Projects	\$397,708	\$382,945	\$222,167	\$551,273	\$894,606	\$502,495	\$841,788

RESOLUTION NO. 2006-09-024R

A RESOLUTION DEEMING CERTAIN FUNDS IN THE SPECIAL TAX ALLOCATION FUND FOR THE DOWNTOWN URBANA TAX INCREMENT REDEVELOPMENT PROJECT AREA AS “SURPLUS” FUNDS AND DIRECTING THE PAYMENT AND DISTRIBUTION THEREOF

WHEREAS, pursuant to a series of ordinances (Ordinance Nos. 8081-61, 8081-62 and 8081-63), adopted December 22, 1980, including as subsequently supplemented and amended (collectively, the “**TIF Ordinances**”) in connection with the Urbana Downtown Tax Increment Redevelopment Project Area (the “**Redevelopment Project Area**”), the City Council (the “**Corporate Authorities**”) of the City of Urbana, Champaign County, Illinois (the “**Municipality**”) adopted the Urbana Downtown Tax Increment Area Redevelopment Plan and related Redevelopment Projects, designated the Redevelopment Project Area, and authorized tax increment finance under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (including the predecessor Act thereof, the “**TIF Act**”); and

WHEREAS, the Municipality is required under Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act to annually designate all funds deposited into the special tax allocation fund established under the TIF Ordinances that are not identified as being required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs as “surplus” funds and to cause the distribution thereof by paying the same to the taxing districts in the Redevelopment Project Area, the Illinois Department of Revenue and the Municipality in direct proportion to the amount of funds received from the collection of real estate taxes and from the State of Illinois and deposited into such special tax allocation fund, such amount to the taxing districts in the Redevelopment Project Area to be in the same manner and proportion as the most recent distribution by the County Collector of Champaign County, Illinois to the affected taxing districts of real property taxes from real property in the Redevelopment Project Area.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, as follows:

Section 1. Findings. The Corporate Authorities find, determine and declare that the amount of funds deposited in the special tax allocation fund for the Redevelopment Project Area that is not required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs is \$210,820, such amount having been calculated and now deemed to be “surplus” funds for the year 2006 under and pursuant to Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act.

Section 2. Direction. The City Comptroller of the City be and the same is hereby authorized and directed to cause the payment and distribution of all such “surplus” funds in the manner and proportion as that specified in Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act.

Section 3. Effective Date. This Resolution shall become effective upon its passage and approval as required by law.

This Resolution is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the City Council of the City of Urbana, Illinois, at a regular meeting of said City Council on the ____ day of _____, 2006, A.D.

PASSED by the City Council this ____ day of _____, 2006.

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2006.

Laurel L. Prussing, Mayor