

FINANCE COMMITTEE

10-0612R

RESOLUTION APPROVING THE FISCAL YEAR JANUARY 1, 2011, TO
DECEMBER 31, 2011, BUDGETS OF THE DULUTH ECONOMIC
DEVELOPMENT AUTHORITY.

CITY PROPOSAL:

RESOLVED, that the DEDA operating fund, debt service fund, capital project
fund, storefront loan funds and NWA maintenance facility fund budgets on file in
the office of the city clerk as Public Document No. _____ are hereby
approved.

Approved:



Department Director

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

DEDA/ATTY JC:dma 11/30/2010

STATEMENT OF PURPOSE: This resolution adopts the various DEDA budgets for fiscal
year 2011. The finance committee reviewed the DEDA budgets at its December 2,
2010, meeting. These are project oriented budgets which vary from year to year.



2011 Proposed Budgets 11/17/2010

Operating Fund

Debt Service Fund

Capital Projects Fund

NWA Maintenance Facility Fund

DEDA Loan Funds

Duluth Economic Development Authority

2011 Proposed Budgets – 11-17-2010

Operating Fund

The amounts shown in the Operating Fund column represent net numbers – revenues less expenses, on a project by project basis. Other expenses at the bottom of the page represent various non-project revenues less administrative expenses of the organization. Again ... the Operating Fund numbers are shown at net--all the other fund columns are shown at gross.

Debt Service Fund

The majority of the revenue for this fund is from tax increment revenues. Expenses comprise fixed bond payments, Pay-As-You-Go debt payments to developers, transfer to DEDA's Capital Projects Fund, and transfers to the City for pledged debt and district admin fees.

Capital Projects Fund

The Capital Projects Fund finances and accounts for all of DEDA's TIF-related, district-specific capital projects. The primary source of revenue for this fund is the transfer of excess tax increment from the Debt Service Fund. Expenditures paid from this fund must meet the requirements of each district's TIF plan and qualify as a TIF eligible expense.

There are four categories of expense on the budget summary: They are for projects in the West Duluth TIF District, the BID project which will use the available funds from the UHC District on projects throughout the City, the multi-year HRA demo/acquisition contract to remove blighted property in the City, and the Tech Village-related expenses.

NWA Maintenance Facility Fund

The expenses in this fund are primarily related to annual maintenance of the MRO building. In addition there is a budget line for the marketing of the facility to potential clients.

Loan Funds

The loan funds are presented on a 'cash basis' as opposed to the accrual basis of accounting. In this budget we're simply accounting for inflows and outflows of cash; for example, the summary shows that we are expecting \$675,000 in projected loan payout in 2011.

Duluth Economic Development Authority

Executive Summary - DEDA Budgets 2011 Proposed Budget (11-17-2010)

	<u>Operating Fund 860</u>	<u>TIF Funds</u>		<u>NWA Maint Facility Fund 866</u>	<u>Storefront Loan Funds 867/868</u> <small>(Cash Budget)</small>
		<u>Debt Service Fund 861</u>	<u>Capital Projects Fund 865</u>		
Projected Beginning Fund Balances	548,655	118,002	5,134,867	466,612	1,066,594
<u>Revenues:</u>		2,059,215	1,037,467	38,250	802,764
<u>Expenditures:</u>					
Operating:					
Atlas (Net)	241,000				
Bayfront (Net)	-				
Parking (Net)	161,000				
Norshor/Temple (Net)	35,000				
Debt Service:					
Bond Payments of Principal/Interest		(202,768)			
Pay-As-You-Go Debt		(459,837)			
Capital Projects:					
West Duluth			(1,700,307)		
BID			(750,000)		
HRA			(400,000)		
Tech Village			(147,341)		
NWA Maint Facility:					
Marketing				(60,000)	
Building Maintenance				(173,200)	
Loan Funds:					
Loans Funded					(675,000)
Other Transfers / Expenditures	(277,000)	(428,808)			
Transfers Out		(959,755)			(370,000)
Total Expenditures	<u>160,000</u>	<u>(2,051,168)</u>	<u>(2,997,648)</u>	<u>(233,200)</u>	<u>(1,045,000)</u>
Net Revenues / Expenditures	160,000	8,047	(1,960,181)	(194,950)	(242,236)
Projected Ending Fund Balances	<u>708,655</u>	<u>126,049</u>	<u>3,174,686</u>	<u>271,662</u>	<u>824,358</u>

Duluth Economic Development Authority
DEDA Operating Fund 860
2011 Proposed Budget (11-17-2010)

	2010 Revised Budget 10/20/2010	2011 Proposed Budget 11/17/2010	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other
BEGINNING FUND BALANCE	159,525	548,655					
Revenues							
IDB Interest	104,450	71,200					71,200
Investment Earnings	200	250					250
Cirrus I	20,164	20,466					20,466
Cirrus II	31,209	31,677					31,677
Cirrus III	5,955	-					-
Augusta TIF Recapture	2,877	3,116					3,116
Parking Meters - Steamplant/Phoenix	25,000	24,000		24,000			
Canal Park Parking Program	230,000	220,000		220,000			
Contract Parking - Lincoln Hotel	25,500	25,500		25,500			
Construction Assessments - Chadco	53,877	49,400					49,400
Project Development Fees / Services	-	5,000					5,000
TIF Admin Recovery	274,860	-					-
Sale of Soo Line bridge to State of MN	124,321	-					-
EmpowerMX loan workout (20%)	1,127	-					-
Transfer for District Storefront loan repayments	104,799	-					-
Projected Land Sales - Atlas Site	-	261,000				261,000	
Transfer from Storefront - Atlas Infrastructure Bridge Loan	-	370,000				370,000	
Pending DEED Cleanup Grant - Atlas Site	-	585,000				585,000	
Pending EPA Cleanup Grant - Atlas Site	-	200,000				200,000	
Transfer from Fund 869 - Temple Opera/Annex purchase	265,282	-					-
Transfer from Storefront - Temple Opera/Annex purchase	1,300,000	-					-
Transfer from Storefront Loan - Temple Opera/Norshor Operating	90,000	-					-
Net Revenues - Temple Opera/Norshor Annex	-	35,000	35,000				
Bayfront Land Rent	-	50,000			50,000		
Bayfront DEED Big Project Grant	-	100,000			100,000		
Transfer from Bayfront District	107,926	-					-
Transfer from TIF District #4 - Lot C	7,750	-					-
DEED RAP Grant/Bayfront - Lot C	46,500	-					-
Pier B - Bayfront conditional option / 1/2 DEED match	17,750	-					-
DEED RAP Grant/Bayfront - Lot D	48,000	-					-
Transfer from TIF District #4 - Lot D	16,000	-					-
Cirrus Abatement - County & City	42,500	11,800					11,800
Inter-Fund Transfers	-	-					-
TOTAL REVENUES	3,005,957	2,063,409	35,000	269,500	150,000	1,418,000	192,909
EXPENDITURES							
Northland Connection	15,000	15,000					15,000
Northspan Consulting - Strategic Planning	8,200	-					-
Auditing Services	3,220	3,000					3,000
Administrative Fees	365,000	365,000					365,000
Other Professional Services	4,500	4,000					4,000
Steamplant/Phoenix Parking Meters	1,500	1,500		1,500			
Lincoln Hotel Contract Parking	3,800	3,500		3,500			
Canal Park Parking Program	96,500	100,000		100,000			
Canal Park Business Assn grant	3,500	3,500		3,500			
Board Meeting Expense	3,000	3,000					3,000
Telephone	1,200	960					960
Postage	100	-					-
Travel & Training	1,500	1,500					1,500
Advertising/Promotion/Printing/Copying	250	250					250
Transfer to City for Cross City Trail Construction	100,000	-					-
Other Services & Charges	1,000	1,000					1,000
Self-Insurance	6,500	6,500					6,500
Google	23,000	-					-
Cirrus I Rent	20,164	20,466					20,466
Cirrus II Rent	18,527	31,677					31,677
Stormwater Assessments	12,075	12,075					12,075
Property Taxes/Street Assessments on land held	12,141	6,000					6,000
Atlas Cement Plant Cleanup	52,850	805,000				805,000	
Transfer to City - Atlas Infrastructure	-	370,000				370,000	
Bayfront Big Project Master Plan	-	150,000			150,000		
Bayfront - Lot C	72,977	-					-
Bayfront - Lot D	64,000	-					-
Utility Relocation	16,041	-					-
NorShore Operating Reserve	55,000	-					-
NorShore Capital Improvements	90,000	-					-
Norshor Annex/Temple Opera purchase	1,565,282	-					-
TOTAL EXPENDITURES	2,616,827	1,903,928	-	108,500	150,000	1,175,000	470,428
Net Revenue/Expenses	389,130	159,481	35,000	161,000	-	241,000	(277,519)
ENDING FUND BALANCE / PROJECT BALANCES	548,655	708,136					

Duluth Economic Development Authority
DEDA DEBT SERVICE FUND 861

2011 Proposed Budget (11-17-2010)

	2010 Revised Budget (10-20-2010)	2011 Proposed Budget (11-17-2010)	West Duluth Housing dist 7	Augusta dist 13	NWA dist 14	Cirrus I dist 15	Washington Center dist 16	Tech Village dist 19	United Health Care dist 20	Garfield dist 21	Medical Dist Expansion dist 22	5th Street Village Place dist 23	Duluth Renaissance dist 24
Actual Beginning Fund Balance	114,669	118,002	59,418	-	-	50,400	-	-	-	-	-	-	8,184
Revenues													
Investment Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Increment	2,037,421	2,039,000	650,000	28,000	-	43,000	39,000	261,000	214,000	41,000	657,000	25,000	81,000
Cirrus Reimbursement	15,704	19,715	-	-	-	19,715	-	-	-	-	-	-	-
Transfer from Other Funds	1,727	500	-	-	500	-	-	-	-	-	-	-	-
Total Revenues	2,054,852	2,059,215	650,000	28,000	500	62,715	39,000	261,000	214,000	41,000	657,000	25,000	81,000
Total Available	2,169,521	2,177,217	709,418	28,000	500	113,115	39,000	261,000	214,000	41,000	657,000	25,000	89,184
Expenditures													
BOND/NOTE PAYMENTS													
Cirrus Bond	54,000	50,400	-	-	-	50,400	-	-	-	-	-	-	-
Fremont	62,553	59,418	59,418	-	-	-	-	-	-	-	-	-	-
Tech Village Bond	95,750	92,950	-	-	-	-	-	92,950	-	-	-	-	-
Total Fixed Payments	212,303	202,768	59,418	-	-	50,400	-	92,950	-	-	-	-	-
DEVELOPER PAYMENTS (PAYG)													
Spirit Bay Development	13,430	14,200	14,200	-	-	-	-	-	-	-	-	-	-
United Cerebral Palsey	5,642	5,650	5,650	-	-	-	-	-	-	-	-	-	-
Augusta	25,893	24,374	-	24,374	-	-	-	-	-	-	-	-	-
Washington Center (Artspace)	38,147	38,290	-	-	-	-	38,290	-	-	-	-	-	-
Garfield Business Park	15,147	15,300	-	-	-	-	-	-	-	15,300	-	-	-
Village Place Apartments	96,348	96,348	80,000	-	-	-	-	-	-	-	-	16,348	-
Ramsey Townhome Project	63,220	63,412	63,412	-	-	-	-	-	-	-	-	-	-
Sheraton Hotel & Condominiums	132,054	129,835	-	-	-	-	-	-	-	-	129,835	-	-
Duluth Renaissance Project	73,531	72,428	-	-	-	-	-	-	-	-	-	-	72,428
OTHER													
Transfer to City's Debt Service Fund	390,000	396,000	-	-	-	-	-	-	-	-	396,000	-	-
Transfer to Other Districts/Funds	394,456	22,148	-	3,116	-	11,800	-	-	-	-	-	7,232	-
Excess TIF returned to County	(375,858)	-	-	-	-	-	-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	8,590	10,660	4,300	510	500	515	710	600	550	560	1,330	560	525
Total Expenditures	1,092,903	1,091,413	226,980	28,000	500	62,715	39,000	93,550	550	15,860	527,165	24,140	72,953
Fund Balance before transfer	1,076,618	1,085,804	482,438	-	-	50,400	-	167,450	213,450	25,140	129,835	860	16,231
Less: Transfer @ Y/e to Capital Projects	958,616	959,755	423,020	-	-	-	-	167,450	213,450	25,140	129,835	860	-
Ending Fund Balance	118,002	126,049	59,418	-	-	50,400	-	-	-	-	-	-	16,231
District Statutory Decertification Dates	→		2015	2020	2027	2020	2021	2026	2027	2027	2029	2031	2034

Duluth Economic Development Authority

2011 Proposed Budget (11-17-2010)

Capital Projects Fund 865

11/10/2010

	2010 Revised Budget (10-20-2010)	2011 Proposed Budget (11-17-2010)	Economic Development							Housing Development			
			Revised 2011 W.Duluth-3	Revised 2011 Waterfront-4	Revised 2011 Bayfront-17	Revised 2011 Tech Vill.-19	Revised 2011 U.H. Care-20	Revised 2011 Garfield-21	Revised 2011 MedDist-22	Revised 2011 W. Duluth-7	Revised 2011 Jefferson-10	Revised 2011 Wash Ctr-16	Revised 2011 VII Plac-23
Estimated Beginning Fund Balance	9,338,398	5,134,867	1,700,307	1,405,732	10,563	174,993	781,507	55,793	60,693	552,735	112,394	273,956	6,194
Revenues													
Investment Earnings	1,700	1,550	-	500	-	-	200	100	150	200	100	300	-
ASI Redruth Loan Repay	9,996	9,996	-	-	-	-	-	-	-	9,996	-	-	-
Technology Village rent	23,230	27,876	-	-	-	27,876	-	-	-	-	-	-	-
Transfer from Debt Service	958,616	959,755	-	-	-	167,450	213,450	25,140	129,835	423,020	-	-	860
Washington School Loan Repay	38,147	38,290	-	-	-	-	-	-	-	-	-	38,290	-
TOTAL REVENUES/TRANSFER	1,031,689	1,037,467	-	500	-	195,326	213,650	25,240	129,985	433,216	100	38,590	860
TOTAL AVAILABLE	10,370,087	6,172,334	1,700,307	1,406,232	10,563	370,319	995,157	81,033	190,678	985,951	112,494	312,546	7,054
Expenditures													
Skywalks													
Lake Avenue skywalk - construction	166,604	-	-	-	-	-	-	-	-	-	-	-	-
Skywalk Bridge - Greysolon to 1st Ave Ramp	1,635,385	-	-	-	-	-	-	-	-	-	-	-	-
West Duluth Storefront Grant Program	399,806	-	-	-	-	-	-	-	-	-	-	-	-
West Duluth Improvements	599,178	1,700,307	1,700,307	-	-	-	-	-	-	-	-	-	-
Transfer to DEDA Operating Fund BID 2011	107,926	750,000	-	-	-	-	750,000	-	-	-	-	-	-
Purchase of Norshor Theater	1,038,944	-	-	-	-	-	-	-	-	-	-	-	-
TIF Admin Cost Allocation	184,860	-	-	-	-	-	-	-	-	-	-	-	-
HRA Acquisition/Demolition	900,000	400,000	-	-	-	-	-	-	-	400,000	-	-	-
Tech. Village Project/CAM Charges/Lease	151,190	147,341	-	-	-	147,341	-	-	-	-	-	-	-
Transfer to Operating - Bayfront Lot C grant match	7,750	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating - Bayfront Lot D grant match	16,000	-	-	-	-	-	-	-	-	-	-	-	-
Excess TIF paid to St. Louis County	27,577	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,235,220	2,997,648	1,700,307	-	-	147,341	750,000	-	-	400,000	-	-	-
Ending Fund Balance	5,134,867	3,174,686	-	1,406,232	10,563	222,978	245,157	81,033	190,678	585,951	112,494	312,546	7,054
Committed / Unavailable	(386,109)	(289,777)	-	-	-	(247,662)	-	-	-	(42,115)	-	-	-
Ending Avail. Fund Balance	4,748,758	2,884,909	-	1,406,232	10,563	(24,684)	245,157	81,033	190,678	543,836	112,494	312,546	7,054
			Decertified 2007	Decertified 2009	Decertified 2009						Decertified 2009		

Duluth Economic Development Authority

DEDA NWA Maintenance Facility Fund 866

2011 Proposed Budget - Revised 11-17-2010

	2009 Actual Totals	2010 Revised Budget 10-20-2010	2011 Proposed Budget 11-17-2010
BEGINNING FUND BALANCE	546,783	394,913	466,612
<u>Revenues</u>			
Investment Earnings	304	250	250
Building Rent	-	-	18,000
Partner Contribution - Marketing	-	-	20,000
Sale of Fixed Assets	30,000	10,000	-
Transfer from Debt Service	-	324,649	-
TOTAL REVENUES	30,304	334,899	38,250
TOTAL AVAILABLE	577,087	729,812	504,862
<u>EXPENDITURES</u>			
Contract Management	4,000	28,800	28,800
Engineering	5,465	10,000	10,000
Repairs/Maintenance	44,294	25,000	25,000
Electrical	10,885	50,400	50,400
Heating	14,898	41,000	41,000
Water/Sewage	443	5,300	5,300
Land Rental/Easement	4,167	-	-
Telephone	-	1,200	1,200
Other Services/Supplies	(471)	3,000	3,000
TIF Admin Cost Allocation	90,000	90,000	-
Insurance	8,493	8,500	8,500
Marketing Program	-	-	60,000
TOTAL EXPENDITURES	182,174	263,200	233,200
ENDING FUND BALANCE	394,913	466,612	271,662

Duluth Economic Development Authority

Storefront Loan Funds

Cash' Budgets

	----- Fund 867 -----		
	<u>Storefront Loans *</u>		
	Actual 2009 Activity	Projected 2010 Activity	Proposed 2011 Budget
Cash Balance - January 1st	3,366,137	2,944,069	1,066,594
Revenues:			
Investment Earnings	1,698	1,500	1,500
Repayments on Outstanding Loans	364,260	276,797	747,732
Set aside for Downtown Housing Loans			
Misc. Services	3,318	5,000	
Total Revenues	369,276	283,297	749,232
Total Available	3,735,413	3,227,366	1,815,826
Expenditures:			
Architectural Services		9,193	
Other Services & Charges			
Loans:			
Downtown	291,344	66,579	300,000
East Downtown			125,000
Lincoln Park		285,000	125,000
Hillside			125,000
Bridge Loan - Norshor		1,300,000	
Bridge Loan - Clyde Iron		500,000	
Bridge Loan - Fund 860 - for Atlas Infrastructure			370,000
Excess TIF Paid to County			
Transfer to Operating Fund			
Transfer to Capital Projects Fund 865			
Contribution to Skywalk Construction	500,000		
Total Expenditures	791,344	2,160,772	1,045,000
Cash Balance - December 31st	2,944,069	1,066,594	770,826

Proposed 2011 Budget

	----- Fund 868 - TIF Storefront Loans -----		
	<u>Downtown TIF District #2</u>		
	Actual 2009 Activity	Projected 2010 Activity	Proposed 2011 Budget
	53,745	53,529	-
	53,529	53,532	53,532
	53,529	53,532	53,532
	107,274	107,061	53,532
	53,745	107,061	-
	53,529	-	53,532

	<u>Waterfront TIF District #4</u>		
	Actual 2009 Activity	Projected 2010 Activity	Proposed 2011 Budget
	574,496	79,341	-
	287	250	
	4,558	18,190	
	4,845	18,440	-
	579,341	97,781	-
	500,000	97,781	-
	79,341	-	-

- * - \$1,000,000 has been made available for Upstairs Housing projects in the downtown area.
- Upstairs Housing loans will be tracked separately and remain in the Storefront Loan Fund. The amount available for Upstairs Loans can be calculated at any time by subtracting the sum of the outstanding Upstairs Housing loan balances from \$1,000,000.
- Amounts will be offered to qualified borrowers at a zero interest rate, payable over 7 years.