FINANCE COMMITTEE

11-0645R

RESOLUTION APPROVING THE FISCAL YEAR JANUARY 1, 2012, TO DECEMBER 31, 2012, 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:bel 11/23/2011

STATEMENT OF PURPOSE: This resolution adopts the various DEDA budgets for fiscal year 2012. The DEDA reviewed the DEDA budgets at its November 16, 2011, meeting.

DEDA

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

2012 Proposed Budgets - 11/16/2011

Operating Fund
Debt Service Fund
Capital Projects Fund
NWA Maintenance Facility Fund
DEDA Loan Funds

Duluth Economic Development Authority

2012 Proposed Budgets – 11-16-2011

Operating Fund

The Operating Fund accounts for the Authority's operating and administrative expenses. In addition, expenditures on projects which are not TIF eligible or are not located in a specific TIF district may be accounted for in this fund. In the past this fund has been used as a conduit for DEED and MHFA grants, tax forfeited property acquisition and subsequent sales, and non-TIF district land development. Operating Fund revenues are a combination of IDB issuance and administrative fees, loan and lease payments, parking revenue collections, and State of MN grants.

Debt Service Fund

The Debt Service Fund accounts for all tax increment received annually from the County and all annual debt obligations paid. The majority of the revenue for this fund is from tax increment revenues. Expenses are comprised of fixed bond payments, Pay-As-You-Go debt payments to developers, and transfers to the City for pledged debt and district admin fees. All annual increment received in excess of annual debt is transferred to the Capital Projects Fund.

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.

NWA Maintenance Facility Fund

The expenses in this fund are primarily related to annual maintenance of the MRO building.

Loan Funds

The loan fund is presented on a 'cash basis' as opposed to the accrual basis of accounting. In this budget we're simply accounting for inflows (loan repayments) and outflows (new loan distributions) of cash.

Note that budget amounts in the 2011 Budget for projects that remain uncompleted at the end of 2011 will be carried forward and added to the 2012 Budget when the 2012 budget is revised at the May, 2012 DEDA meeting.

Duluth Economic Development Authority

DEDA Operating Fund 860

2012 Proposed Budget (11-16-2011)

	2011 Revised Budget 09/13/2011	2012 Proposed Budget 11/16/2011	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other
BEGINNING FUND BALANCE	383,549	313,066					
Revenues							
IDB Interest	71,075	69,138					69,138
Investment Earnings	250	300					300
Augusta TIF Recapture	3,116	3,355					3,355
Parking Meters - Steamplant/Phoenix	24,000	24,000		24,000			
Canal Park Parking Program	220,000	220,000		220,000			
Contract Parking - Lincoln Hotel	25,500	25,500		25,500			
Construction Assessments - Chadco	49,400	15,000					15,000
Project Development Fees / Services	23,000	15,000					15,000
TIF Admin Recovery	200,284	178,616					178,616
Sale of Soo Line bridge to State of MN	21,800	-					-
Sale of Soo Line property - Rohlfing	19,400	-					-
Menard's R.E. Tax repayment	10,577	-					-
Projected Land Sales - Atlas Site	-	395,000				395,000	
DEED Cleanup Grant - Atlas Site (pending)	482,000	265,072				265,072	
City's EPA Hazardous Materials Grant - Atlas Site	200,000	84,900				84,900	
Atlas-Storefront Bridge Loan - repayment by Land Sales	-	370,000				370,000	
Atlas-Storefront Bridge Loan - future repayment by DSPA	-	188,000				188,000	
Net Revenues - Temple Opera/Norshor Annex	35,000	54,000	54,000				
Bayfront Land Rent	50,000	60,000			60,000		
Sale of Bayfront Lot C		630,000			630,000		
Bayfront EPA Cleanup Grant		200,000			200,000		
Bayfront Redevelopment Grant - Infrastructure (pending)		750,000			750,000		
Bayfront DEED 'Big Project' Grant	100,000	-			-		
Transfer from TIF District #4 - Lot C (not transferred in 2010)	7,750	-			-		
Pier B - Bayfront option (pmt received/revenue not yet recognized)	10,000	-			-		
DEED RAP Grant/-Bayfront - Lot D (not drawn in 2010)	17,600	-			-		
MN DNR/Coastal Project reimbursement	25,354	-			-		
Cirrus Abatement - County & City	11,800	39,853					39,853
TOTAL REVENUES	1,607,906	3,587,734	54,000	269,500	1,640,000	1,302,972	321,262
EXPENDITURES							
Northland Connection	15,000	15,000					15,000
Auditing Services	6,000	3,500					3,500
Administrative Fees	365,000	365,000					365,000
Other Professional Services	6,922	10,000					10,000
Steamplant/Phoenix Parking Meters	1,500	1,500		1,500			
Lincoln Hotel Contract Parking	3,500	3,500		3,500			
Canal Park Parking Program	100,000	100,000		100,000			
Canal Park Business Assn grant	3,500	3,500		3,500			
Meeting Expenses	3,000	3,500					3,500
Telephone	960	960					960
Marketing	30,000	30,000					30,000
Travel & Training	1,500	2,000					2,000
Advertising/Promotion/Printing/Copying/Postage	250	250					250
Other Services & Charges	1,000	1,000					1,000
Self-Insurance	6,500	6,500					6,500
Google	4,250	-					-
Stormwater Assessments	12,075	12,300					12,300
Property Taxes/Street Assessments on land held	10,000	10,000					10,000
Atlas Cement Plant Cleanup	780,000	402,288				402,288	
Transfer to City - Atlas Infrustructure	-	558,000				558,000	
Atlas - LHB Survey / contingency	75,000	50,000				50,000	
Bayfront Master Plan, including BIG Project	150,000	50,000			50,000		
Bayfront - Lot D Cleanup	23,482	240,000			240,000		
Bayfront Redevelopment Grant - Infrastructure (pending)		750,000			750,000		
NorShore Operating	16,600	-	-				
NorShore Capital Improvements	62,350	-	-				
TOTAL EXPENDITURES	1,678,389	2,618,798	-	108,500	1,040,000	1,010,288	460,010
Net Revenue/Expenses	(70,483)	968,936	54,000	161,000	600,000	292,684	(138,748)
ENDING FUND BALANCE / PROJECT BALANCES	313,066	1,282,002					

Duluth Economic Development Authority

Executive Summary - DEDA Budgets

2012 Proposed Budget (11-16-2011)

		TIF Funds			
	Operating Fund 860	Debt Service Fund 861	Capital Projects Fund 865	NWA Maint Facility Fund 866	Storefront Loan Funds 867/868 (Cash Budget)
Beginning Fund Balances	313,066	100,025	2,736,702	7,036	1,866,028
Revenues:		1,983,615	87,865	18,000	263,208
Operating: Major Projects shown as Net Revenue/Expenditure					
Atlas (Net Revenue)	292,684				
Bayfront (Net Revenue)	600,000				
Parking (Net Revenue)	161,000				
Norshor/Temple (Net Revenue)	54,000				
Transfer from Debt Service			903,183		
Expenditures:					
Debt Service:					
Bond Payments of Principal/Interest		(193,375)			
Pay-As-You-Go Debt		(478,812)			
Capital Projects:					
BID			(241,656)		
HRA			(400,000)		
Tech Village			(143,933)		
NWA Maint Facility:					
Building Maintenance				(153,700)	
Loan Funds:					
Loans Funded					(1,000,000)
Other Operating Fund shown as net revenue/expenditure	(138,748)				
Other Transfers / Expenditures		(408,245)	(178,616)		
Transfer to Capital Projects		(903,183)			
Bridge Loans for Atlas Redevelopment					(558,000)
Total Expenditures	968,936	(1,983,615)	(964,205)	(153,700)	(1,558,000)
Net Revenues / Expenditures	968,936	-	26,843	(135,700)	(1,294,792)
Ending Fund Balances	1,282,002	100,025	2,763,545	(128,664)	571,236

Duluth Economic Development Authority

DEDA DEBT SERVICE FUND 861

2012 Proposed Budget (11-16-2011)

	2011 Revised Budget (09-13-2011)	2012 Proposed Budget (11-16-2011)	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	128,875	100,025	51,425	-	-	48,600	-	-	-	-	-	-	-
Revenues													
Investment Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Increment	1,975,008	1,969,000	575,000	28,000	-	45,000	39,000	259,000	213,000	44,000	644,000	23,000	99,000
Cirrus Reimbursement	12,377	14,115				14,115							
Transfer from Other Funds	500	500			500								
Total Revenues	1,987,885	1,983,615	575,000	28,000	500	59,115	39,000	259,000	213,000	44,000	644,000	23,000	99,000
Total Available	2,116,760	2,083,640	626,425	28,000	500	107,715	39,000	259,000	213,000	44,000	644,000	23,000	99,000
Expenditures													
BOND/NOTE PAYMENTS													
Cirrus Bond	50,400	46,800				46,800							
Fremont	59,418	51,425	51,425										
Tech Village Bond	92,950	95,150						95,150					
Total Fixed Payments	202,768	193,375	51,425	-	-	46,800	-	95,150	-	-	-	-	-
DEVELOPER PAYMENTS (PAYG)													
Spirit Bay Development	13,120	13,200	13,200										
United Cerebral Palsey	5,554	5,600	5,600										
Augusta	25,898	24,374		24,374									
Washington Center (Artspace)	38,676	38,290					38,290						
Garfield Business Park	19,684	16,740								16,740			
Village Place Apartments	96,348	101,580	80,000									21,580	
Ramsey Townhome Project	61,372	60,400	60,400										
Sheraton Hotel & Condominiums	129,159	130,000									130,000		
Duluth Rennaisance Project	88,979	88,628											88,628
OTHER													
Transfer to City's Debt Service Fund (2025)	385,187	382,670	-	-	-	-	-	-	-	-	382,670	-	-
Transfer to Other Districts/Funds	18,520	14,916	-	3,116	-	11,800	-	-	-	-	-	-	-
Excess TIF returned to County	-	-	-	-	-		-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	10,660	10,660	4,300	510	500	515	710	600	550	560	1,330	560	525
Total Expenditures	1,095,925	1,080,433	214,925	28,000	500	59,115	39,000	95,750	550	17,300	514,000	22,140	89,153
Fund Balance before transfer	1,020,836	1,003,208	411,500	-	-	48,600	-	163,250	212,450	26,700	130,000	860	9,848
Less: Transfer @ Y/e to Capital Projects	920,811	903,183	360,075	-	-	-	-	163,250	212,450	26,700	130,000	860	9,848
Ending Fund Balance	100,025	100,025	51,425	-	-	48,600	-	-	-	-	-	-	-
District Statutory Decertification Dates →			2015	2020	2027	2020	2021	2026	2027	2027	2029	2031	2034

Duluth Economic Development Authority

Capital Projects Fund 865

2012 Proposed Budget (11-16-2011)

11/10/2011

	2011 Revised Budget (09-13-2011)	2012 Proposed Budget (11-16-2011)	Economic Development: Proposed 2012 W.Duluth-3	Proposed 2012 Waterfront-4	Proposed 2012 Tech Vill.-19	Proposed 2012 U.H. Care-20	Proposed 2012 Garfield-21	Proposed 2012 MedDist-22	Proposed 2012 Renaiss-24	Housing Development: Proposed 2012 W. Duluth-7	Proposed 2012 Jefferson-10	Proposed 2012 Wash Ctr-16	Proposed 2012 Vil Plac-23
BEGINNING FUND BALANCE	7,749,161	2,736,702	170,911	1,450,021	218,661	(84,972)	79,990	39,729	12,675	431,967	110,520	304,444	2,756
Revenues													
Investment Earnings	2,850	1,575	125	500	-	-	150	125	25	300	100	250	-
ASI Redruth Loan Repay	9,996	9,996	-	-	-	-	-	-	-	9,996	-	-	-
Technology Village rent	31,626	38,004	-	-	38,004	-	-	-	-	-	-	-	-
Transfer from Debt Service	920,811	903,183	-	-	163,250	212,450	26,700	130,000	9,848	360,075	-	-	860
Washington School Loan Repay	38,290	38,290	-	-	-	-	-	-	-	-	-	38,290	-
TOTAL REVENUES/TRANSFER	1,003,573	991,048	125	500	201,254	212,450	26,850	130,125	9,873	370,371	100	38,540	860
TOTAL AVAILABLE	8,752,734	3,727,750	171,036	1,450,521	419,915	127,478	106,840	169,854	22,548	802,338	110,620	342,984	3,616
Expenditures													
Skywalk Bridge - Greysolon to 1st Ave Ramp	746,114	-	-	-	-	-	-	-	-	-	-	-	-
NorShor Re-roof & Parapet Repair / Skywalk Design	80,000	-	-	-	-	-	-	-	-	-	-	-	-
West Duluth Storefront Grant Program	339,806	-	-	-	-	-	-	-	-	-	-	-	-
Spirit Valley title registration	28,000	-	-										
West Duluth Improvements	1,539,793	-	-	-	-	-	-	-	-	-	-	-	-
BID (Building in Duluth)	1,780,000	241,656	141,036	-	-	-	-	-	-	-	100,620	-	-
TIF Admin Cost Allocation	155,000	178,616	30,000	20,000	5,000	20,000	10,000	30,000	10,000	30,000	10,000	10,000	3,616
HRA Acquisition/Demolition	1,176,228	400,000	-	-	-	-	-	-	-	400,000	-	-	-
Tech. Village Project/CAM Charges/Lease	147,341	143,933	-	-	143,933	-	-	-	-	-	-	-	-
Transfer to Operating - Bayfront Lot C grant match	7,750	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating - Bayfront Lot D grant match	16,000	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,016,032	964,205	171,036	20,000	148,933	20,000	10,000	30,000	10,000	430,000	110,620	10,000	3,616
ENDING FUND BALANCE	2,736,702	2,763,545	-	1,430,521	270,982	107,478	96,840	139,854	12,548	372,338	-	332,984	-
Committed / Unavailable	(282,537)	(188,784)	-	-	(161,629)	-	-	-	-	(27,155)	-	-	-
ENDING AVAILABLE FUND BALANCE	2,454,165	2,574,761	-	1,430,521	109,353	107,478	96,840	139,854	12,548	345,183	-	332,984	-
			Decertified 2007	Decertified 2009							Decertified 2009		

Duluth Economic Development Authority

DEDA NWA Maintenance Facility Fund 866

2012 Proposed Budget - 11-16-2011

	2011 Budget Totals	2011 Actual Y-T-D 10-31-2011	2012 Proposed Budget 11/16/2011
BEGINNING FUND BALANCE	201,986	201,986	7,036
Revenues			
Investment Earnings	250	68	-
Building Rent	18,000	15,000	18,000
Partner Contribution - Marketing	20,000	-	-
Sale of Fixed Assets	-	300	-
TOTAL REVENUES	38,250	15,368	18,000
TOTAL AVAILABLE	240,236	217,354	25,036
EXPENDITURES			
Contract Management	28,800	21,600	28,800
Engineering	10,000	-	5,000
Repairs/Maintenance	25,000	8,462	10,000
Electrical	50,400	38,833	50,400
Heating	41,000	22,894	41,000
Water/Sewage	5,300	1,672	2,500
Telephone/Security	1,200	4,607	7,500
Other Services/Supplies	3,000	-	-
Insurance	8,500	8,766	8,500
Marketing Program	60,000	4,932	-
TOTAL EXPENDITURES	233,200	111,766	153,700
ENDING FUND BALANCE	7,036	105,588	(128,664)

Duluth Economic Development Authority

Storefront Loan Funds — *Proposed 2012 Budget*

'Cash' Budgets

|---------- Fund 867 ----------|

	Storefront Loans *		
	Actual 2010 Activity	Projected 2011 Activity	Proposed 2012 Budget
Cash Balance - January 1st	2,944,069	1,091,658	1,866,028
Revenues:			
Investment Earnings	939	850	1,200
Repayments on Outstanding Loans	273,279	773,620	262,008
~~Transfer from District-Specific Loan Fund~~	~~46,944~~		
Misc. Services	9,988	-	
Total Revenues	331,150	774,470	263,208
Total Available	3,275,219	1,866,128	2,129,236
Expenditures:			
Grants/Awards	24,500		
Other Services & Charges	7,482	100	
Loans:			
Downtown	66,579		500,000
East Downtown			250,000
Lincoln Park	285,000		250,000
Hillside			-
Bridge Loan - Norshor	1,300,000		
Bridge Loan - Clyde Iron	500,000		
Bridge Loan - Fund 860 - for Atlas Infrastructure			370,000
Bridge Loan - DSPA to repay			188,000
Total Expenditures	2,183,561	100	1,558,000
Cash Balance - December 31st	1,091,658	1,866,028	571,236

* - $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.