



How Does the City of South Bend Decide to Spend Our Money?

Community Forum for
Economic Development

May 21, 2013



Agenda

- Vision, Values, and Strategy
- Priorities
- Budget Calendar and Process
- Financial Results
- Budget Challenges
- Budget Details (Key Funds)
- Economic and Workforce Development
(TIF)



What Questions Do You Hope to
Have Answered Tonight?



Mayor's Vision, Values & Strategy(s)



What South Bend Must Be

Our vision for South Bend is to be a strong and connected city where everyone can thrive.

3 Areas:

1. Basics are easy
2. Services are first-rate (Good Government)
3. Everyone can thrive (Create Jobs)



The Values That Guide Us

Values – ethical ideals and public policy guidance to our collective and individual actions.

- Integrity in our stewardship
- Unity through our diversity
- Accountability for our results
- Transparency in our purposes and activities
- Creativity in our approach
- Strength in our finances
- Belief in our co-workers
- Fairness for our citizens



Our Strategy to Get There

Strategy – key guide posts to frame long and short-term planning efforts.

- Measure what we do and how well we do it
- Commit to targets and reward performance
- Streamline city processes for citizens/customers
- Break down bureaucratic walls to deal with issues like vacant and abandoned housing
- Establish an environment that welcomes innovation and questions habit
- Form connections and partnerships for economic growth, education, public safety and quality of life



Some Priorities

- Focus on Economic Development/Jobs
- Address Vacant & Abandoned Housing
- Grow More Vibrant City Areas
- Reduce gun violence
- Improve Code Enforcement
- Leverage Technology more effectively
- 311 Customer Service
- Performance Management



Budget Process & Calendar



Budget Process

- Year round Citizen input
- Mayor outlines his priorities, initial revenue estimates and key financial assumptions prepared (May - June)
- Common Council provides its priorities (June – August)
- Managers incorporate into budget schedules (June – July)
- Public Meetings throughout August, September and October to discuss budget



Budget Calendar Highlights

- May – formally begin budget process (City and Redevelopment Commission)
- June – Departments' budgets prepared
- July- Review internally and provide preliminary snapshot to Common Council
- August – Department of Local Government Finance (DLGF) review
- August/September – Administration presentations to Council, Council feedback and Administration responses



Budget Calendar Highlights

- September – St Joseph County Council review
- September 23 – Common Council Public Hearing
- October 10 – Redevelopment Commission Public Hearing and Vote
- October 14 – Common Council Budget vote (may be extended later into month but passage must occur before **November 1**)



Transparency

City of South Bend Website

- Financial Information Available
 - State of Indiana Cities and Towns Report
 - Mayor's Annual Address to the Council
 - Local Road and Street Report
 - Controller's Monthly Cash Report
 - Comprehensive Annual Financial Reports
 - Budgets
 - Annual Licensing Fee Reports
 - Annual Investment Report

<http://docs.southbendin.gov/WebLink8/Browse.aspx?startid=1214&row=1&&dbid=0>



Transparency

Indiana Gateway Website

- Financial Information Available
 - Cash and Investments
 - Detailed Receipts
 - Disbursements by Fund
 - Grants
 - Budget Summary
 - Current Year Financial Worksheet
 - Debt Worksheet
 - Employee Compensation

https://gateway.ifionline.org/report_builder/unit_reports/unitReports.aspx



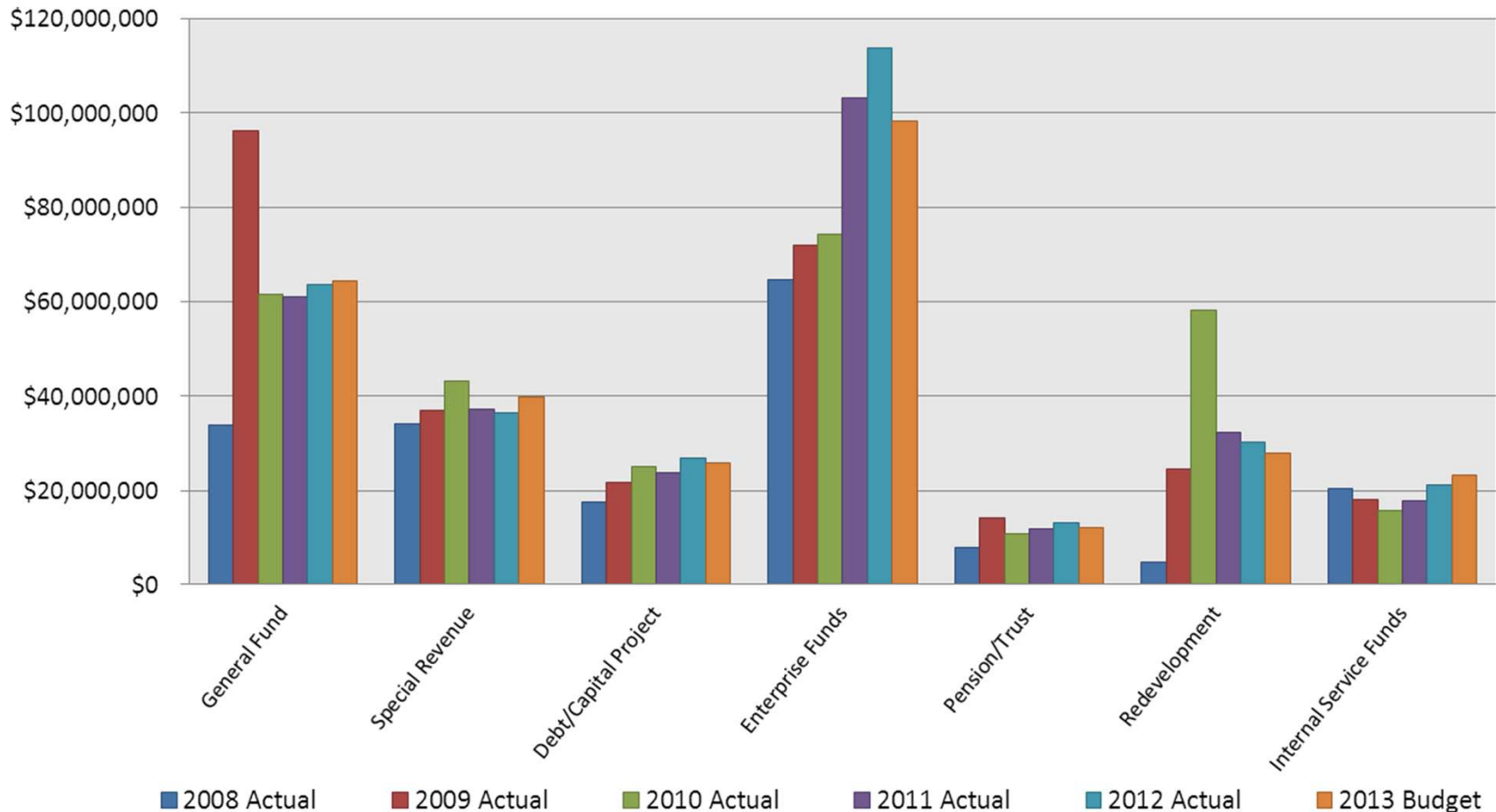
Financial Results



Revenue Summary 2008-2013

<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
General Fund	\$ 33,930,404	\$ 96,281,658	\$ 61,449,946	\$ 60,911,669	\$ 63,585,275	\$ 64,269,461
Total Special Revenue Funds	34,090,381	36,966,298	43,224,541	37,143,146	36,566,935	39,830,265
Total Capital & Debt Service Funds	17,697,176	21,634,433	25,131,106	23,765,160	26,875,088	25,794,285
Total Enterprise Funds	64,521,513	72,074,502	74,292,685	103,169,961	113,687,196	98,208,142
Total Internal Service Funds	20,512,587	18,200,236	15,865,625	17,999,349	21,154,131	23,405,028
Total Trust Funds	7,821,320	14,193,476	11,011,500	12,021,517	13,207,579	12,162,069
Total Tax Increment Financing Funds	2,293,413	22,175,881	50,916,689	29,391,567	28,434,536	25,427,553
Total Redevelopment Funds	1,690,650	2,379,393	6,775,365	2,337,812	1,785,930	2,515,029
Total Redev. Debt Service Funds	768,279	45,095	515,797	652,807	23,728	14,550
City Operations Total	\$ 183,325,723	\$ 283,950,972	\$ 289,183,254	\$ 287,392,988	\$ 305,320,398	\$ 291,626,382

Revenue by Fund Type



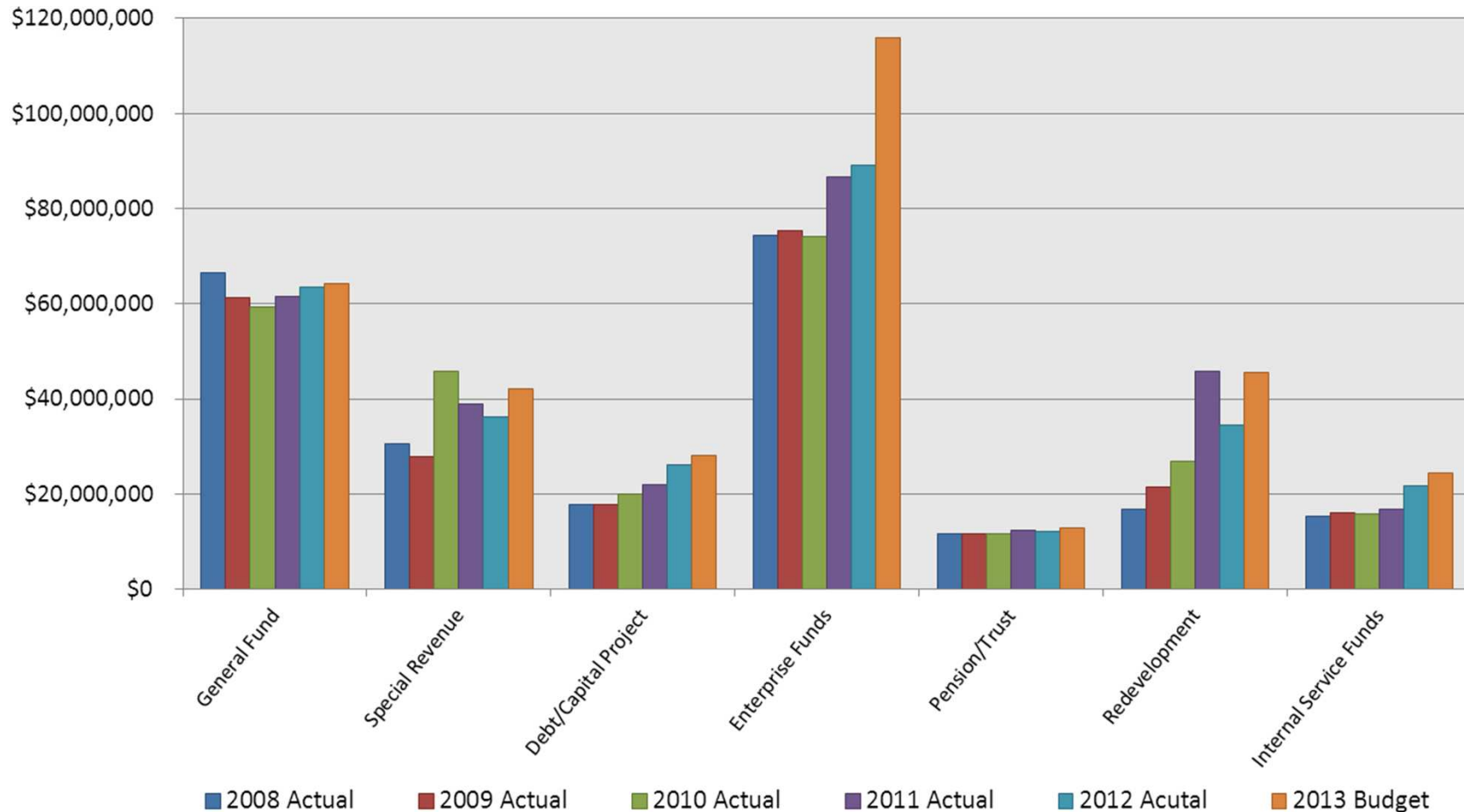
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Special Revenue	34,090,381	36,966,298	43,224,541	37,143,146	36,566,935	39,830,265
Debt/Capital Project	17,697,176	21,634,433	25,131,106	23,765,160	26,875,088	25,794,285
Enterprise Funds	64,521,513	72,074,502	74,292,685	103,169,961	113,687,196	98,208,142
Pension/Trust	7,821,320	14,193,476	11,011,500	12,021,517	13,207,579	12,162,069
Redevelopment	4,752,342	24,600,369	58,207,851	32,382,186	30,244,194	27,957,132
Internal Service Funds	20,512,587	18,200,236	15,865,625	17,999,349	21,154,131	23,405,028
Total	183,325,723	283,950,972	289,183,254	287,392,988	305,320,398	291,626,382



Expenditure Summary 2008-2013

<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
General Fund	\$ 66,503,546	\$ 61,327,868	\$ 59,241,185	\$ 61,438,862	\$ 63,399,284	\$ 64,223,178
Total Special Revenue Funds	30,684,881	27,863,007	45,665,687	38,926,920	36,147,321	42,099,970
Total Capital & Debt Service Funds	17,896,634	17,723,766	19,923,960	21,892,551	26,063,378	28,027,377
Total Enterprise Funds	74,460,068	75,348,774	74,145,059	86,579,570	89,188,333	115,785,072
Total Internal Service Funds	15,461,269	16,099,353	15,876,382	16,864,543	21,636,374	24,557,830
Total Trust Funds	11,593,997	11,647,851	11,799,890	12,323,516	12,215,209	12,878,785
Total Tax Increment Financing Funds	12,654,336	17,141,720	22,186,208	36,848,085	30,746,010	43,203,685
Total Redevelopment Funds	4,007,239	4,408,765	4,786,010	8,014,158	2,335,038	1,997,706
Total Redev. Debt Service Funds	170,848	42,595	17,797	891,440	1,497,758	337,050
City Operations Total	\$ 233,432,818	\$ 231,603,699	\$ 253,642,178	\$ 283,779,645	\$ 283,228,705	\$ 333,110,653

Expenditures by Fund Type



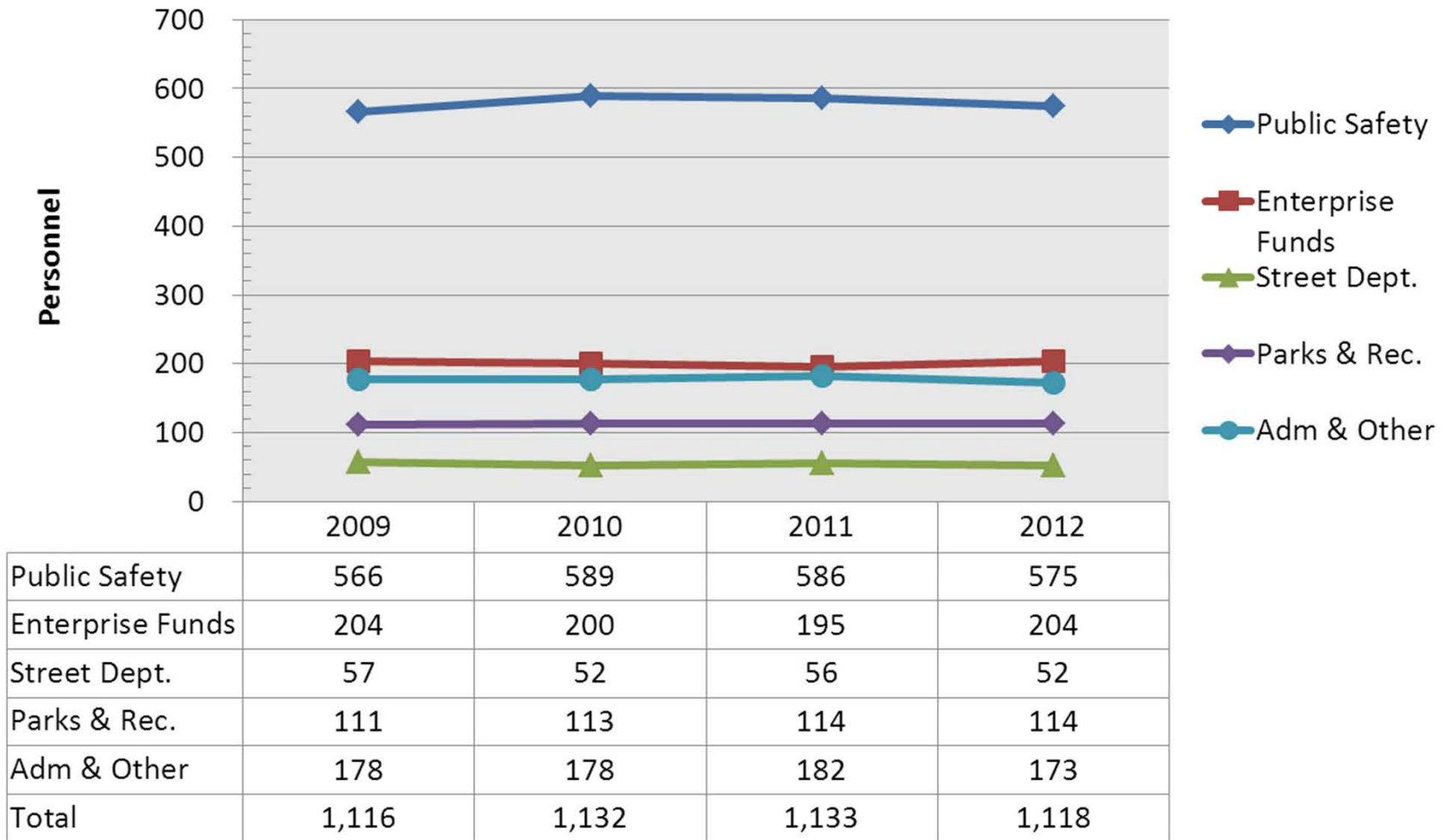
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Debt/Capital Project	17,896,634	17,723,766	19,923,960	21,892,551	26,063,378	28,027,377
Enterprise Funds	74,460,068	75,348,774	74,145,059	86,579,570	89,188,333	115,785,072
Pension/Trust	11,593,997	11,647,851	11,799,890	12,323,516	12,215,209	12,878,785
Redevelopment	16,832,423	21,593,080	26,990,015	45,753,683	34,578,806	45,538,441
Internal Service Funds	15,461,269	16,099,353	15,876,382	16,864,543	21,636,374	24,557,830
Total	233,432,818	231,603,699	253,642,178	283,779,645	283,228,705	333,110,653

General Fund Expenditure Summary 2008-2013

<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
Mayor	882,649	714,136	625,698	636,428	619,133	602,671
Board of Safety	14,639	450	0	0	0	0
311 Call Center	0	0	0	0	0	320,102
City Clerk	307,901	314,652	279,314	311,388	304,355	362,381
Common Council	597,272	316,114	294,613	296,742	379,017	509,108
Administration & Finance	1,621,827	1,242,295	1,253,734	1,420,841	1,560,874	1,824,071
Morris Performing Arts Center	839,309	884,145	820,438	878,897	913,867	1,005,216
Palais Royale Ballroom	483,361	403,142	328,956	305,476	327,142	467,198
Youth Services Bureau	75,000	0	0	0	0	0
Art Association	65,000	0	0	0	0	0
Studebaker Museum	185,527	68,721	0	0	0	0
Main Street Parking Garage Capital	55,000	0	0	0	0	0
Leighton Plaza Capital	42,840	7,550	0	0	0	0
City Attorney	902,796	766,549	724,752	871,701	772,965	1,022,450
Energy Office	0	11,109	84,977	424,219	472,239	0
Engineering	4,991,599	3,719,122	3,196,247	1,547,192	1,684,238	1,355,118
Building Maintenance	451,736	377,409	177,034	188,315	0	0
Street	2,699,922	2,154,695	1,569,561	1,692,060	683,161	0
Police Department	25,995,629	24,992,890	24,956,529	23,693,019	24,605,342	23,647,812
Communications Center	1,518,609	1,474,704	1,772,300	1,890,970	1,957,028	2,156,325
Police Department - Public Safety LOIT funded	0	0	0	2,769,344	3,112,460	3,968,567
Fire Department	21,474,853	20,708,119	20,879,472	19,847,153	20,861,407	20,518,483
Fire Department - Public Safety LOIT funded	0	0	0	2,207,624	2,364,074	3,133,190
Community & Economic Development	887,564	867,911	0	0	0	0
Human Rights	299,164	279,671	252,273	254,956	275,176	346,237
Wayne Street Parking Garage Capital	0	16,450	0	0	0	0
Code Enforcement	1,315,028	1,249,904	1,392,316	1,470,347	1,799,389	2,181,898
Weights & Measures	40,693	41,668	0	0	0	0
Code Hearing Officer	44,352	15,844	46,218	44,848	46,231	40,000
Abandoned Vehicle	62,947	59,774	54,099	121,137	61,734	65,829
Unsafe Building	170,414	154,948	49,168	64,621	68,704	107,684
Animal Control	477,915	485,896	483,486	501,584	530,748	588,838
Total General Fund	66,503,546	61,327,868	59,241,185	61,438,862	63,399,284	64,223,178

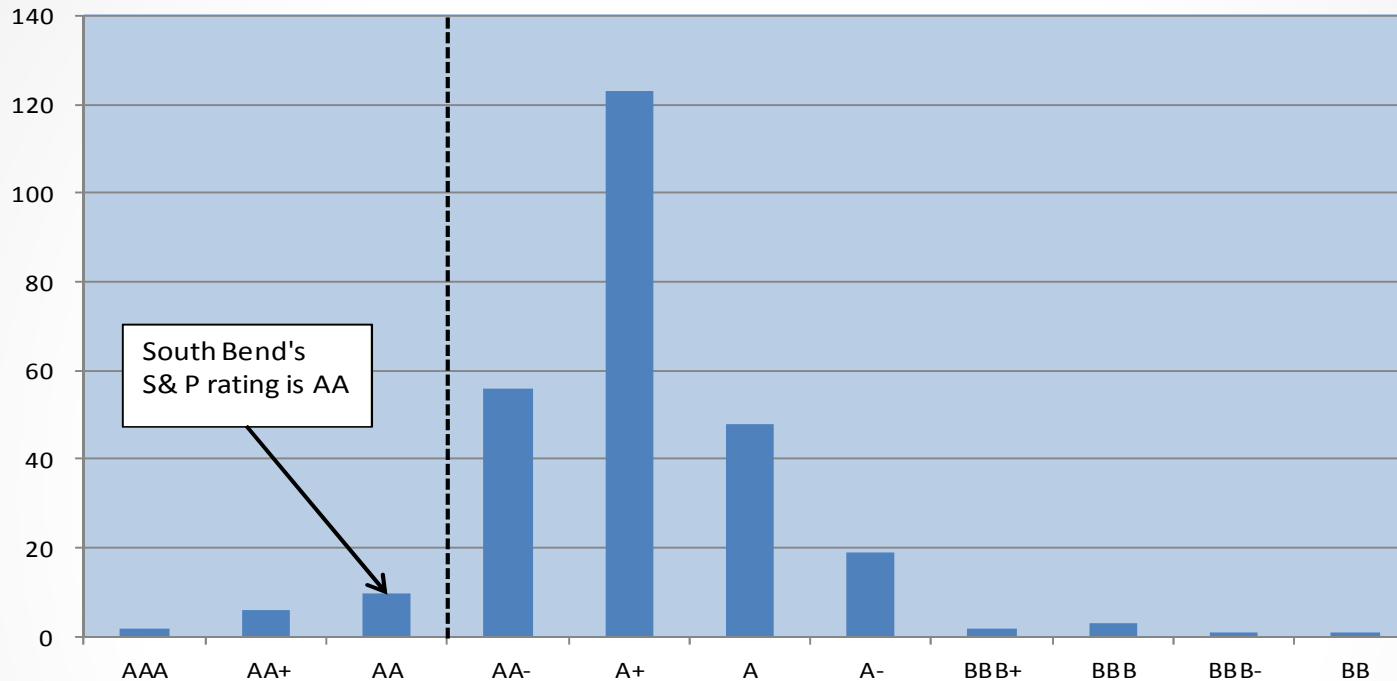
Full Time Employees 2009-2012

Actual filled positions at December 31



Note: Administration & Other includes General Government, Department of Community Investment and Central Services

Indiana Standard & Poor's Bond Ratings October 2, 2012



S&P Bond Rating	Number of Units	Percent of Total	Local Governments
AAA	2	0.74%	State of Indiana, Indianapolis
AA+	6	2.21%	Includes Carmel, East Noble Schools, Hamilton County
AA	10	3.69%	Includes South Bend, Fishers, Jasper, West Lafayette
AA-	56	20.66%	Includes Bloomington, Elkhart County, Fort Wayne, South Bend School Corp, Warsaw
A+	123	45.39%	Includes Elkhart, Saint Joseph County, Mishawaka, Michigan City, St. Joe Airport
A	48	17.71%	Includes Goshen, Hammond
A-	19	7.01%	Includes Merrillville, New Albany, Anderson
BBB+	2	0.74%	Buck Creek Township, Damon Run Conservancy District
BBB	3	1.11%	Munster Schools, Mount Vernon Schools, Terre Haute Sanitary District
BBB-	1	0.37%	Marion
BB	1	0.37%	East Chicago
Total	271	100.00%	

S&P's General Obligation Ratings of Indiana Second-Class Cities as of January 2, 2013

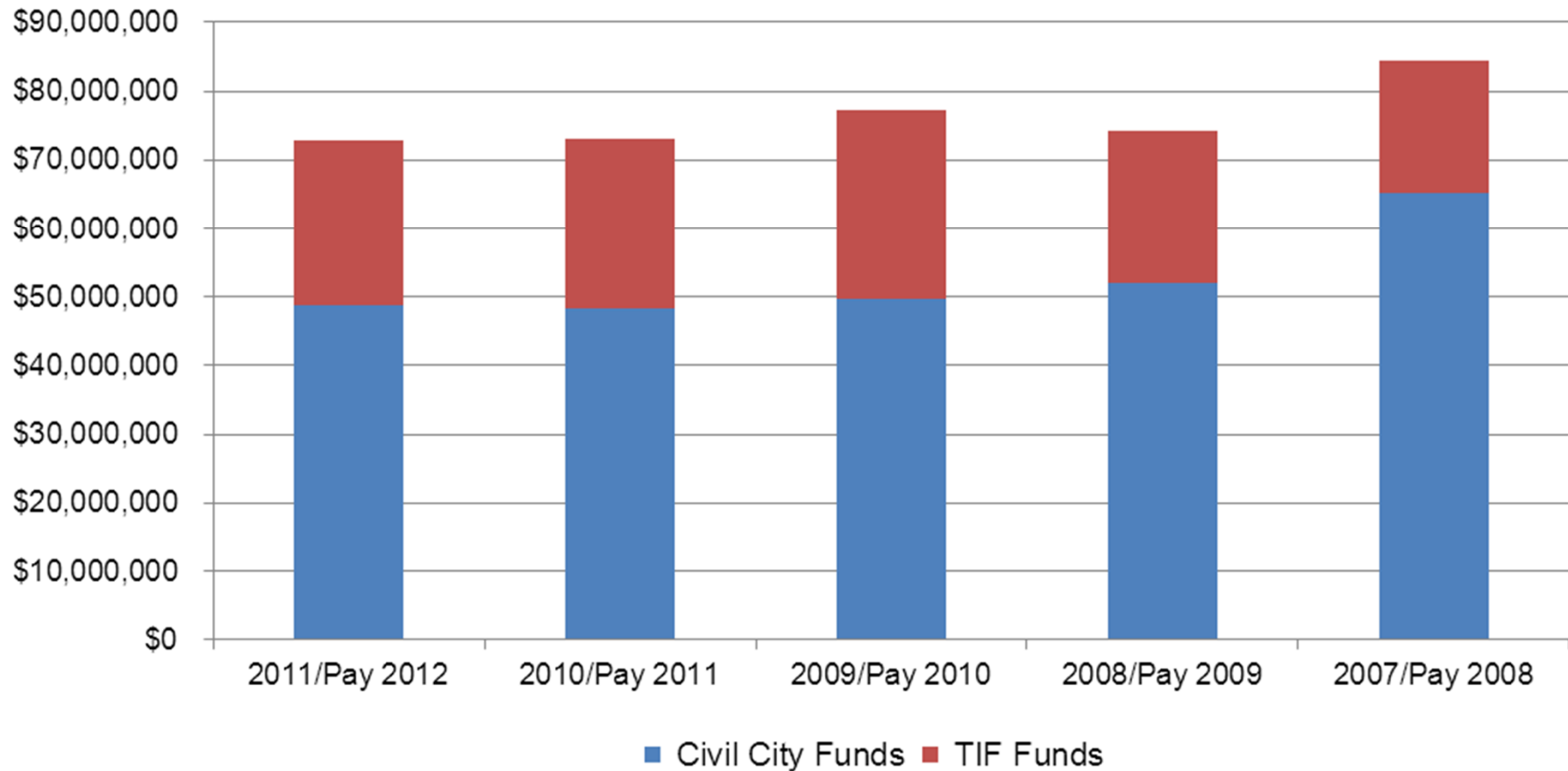
1 South Bend	AA	STABLE
2 Bloomington	AA-	STABLE
3 Fort Wayne Redev Comm	AA-	STABLE
4 Elkhart	A+	STABLE
5 Jeffersonville	A+	STABLE
6 Lafayette	A+	STABLE
7 Michigan City	A+	STABLE
8 Mishawaka	A+	STABLE
9 Hammond	A	STABLE
10 Muncie	A	STABLE
11 Anderson	A-	STABLE
12 Lawrence	A-	NEGATIVE
13 New Albany	A-	STABLE
14 Marion	BBB-	NEGATIVE
15 East Chicago	BB	STABLE

Second Class City refers to Cities with population in excess of 35,000



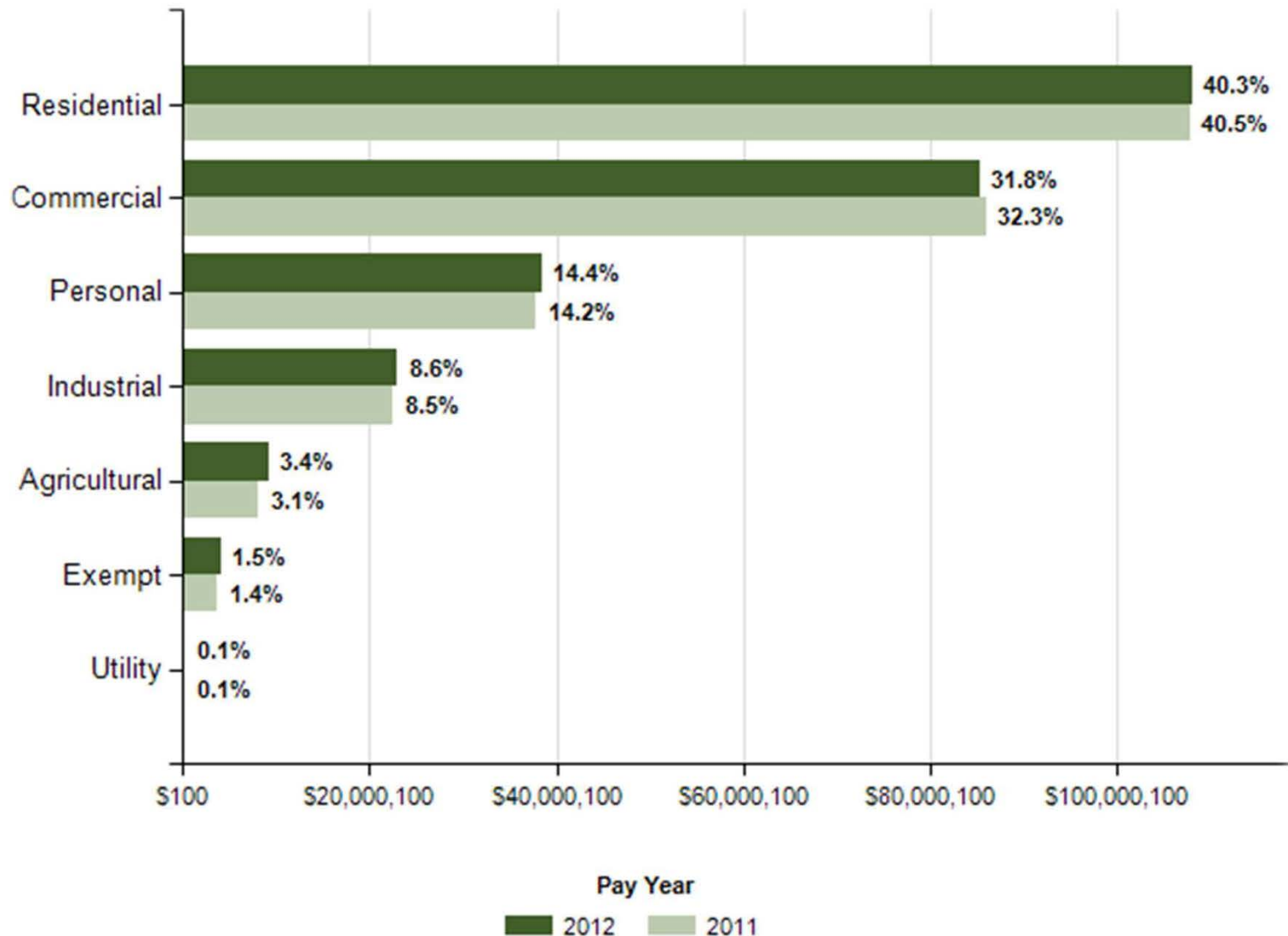
Key Revenue Sources

Property Tax Collection Trends

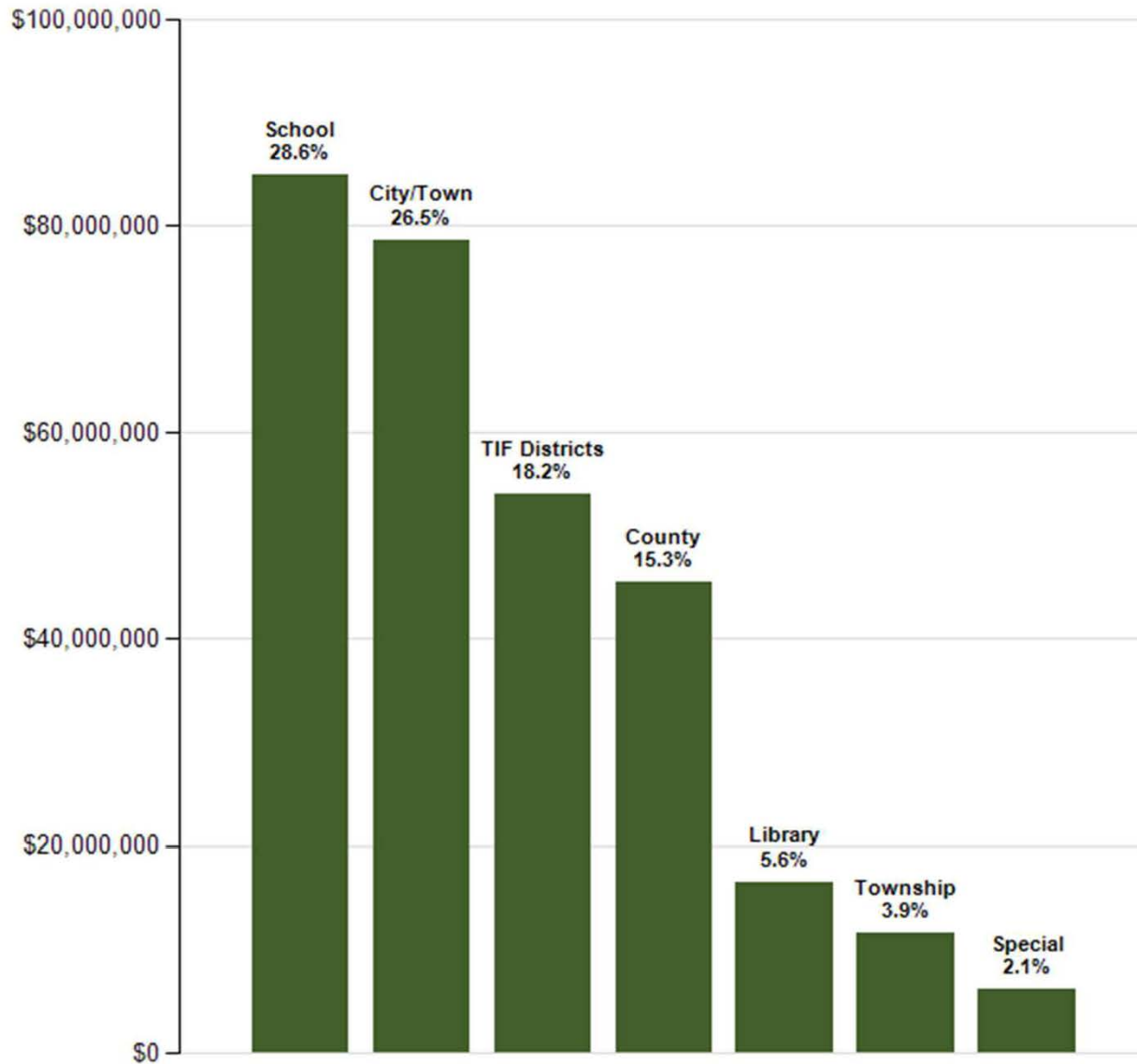


Type	2011/Pay 2012	2010/Pay 2011	2009/Pay 2010	2008/Pay 2009	2007/Pay 2008	2006/Pay 2007
Civil City Funds	48,843,402.52	48,218,717.52	49,710,528.83	52,033,758.46	65,200,047.00	62,038,415.00
TIF Funds	24,061,128.01	24,743,454.97	27,578,275.26	22,256,715.51	19,286,939.15	15,384,452.31
Total Property Tax Collections	72,904,530.53	72,962,172.49	77,288,804.09	74,290,473.97	84,486,986.15	77,422,867.31

Who Pays Property Taxes? St. Joseph County



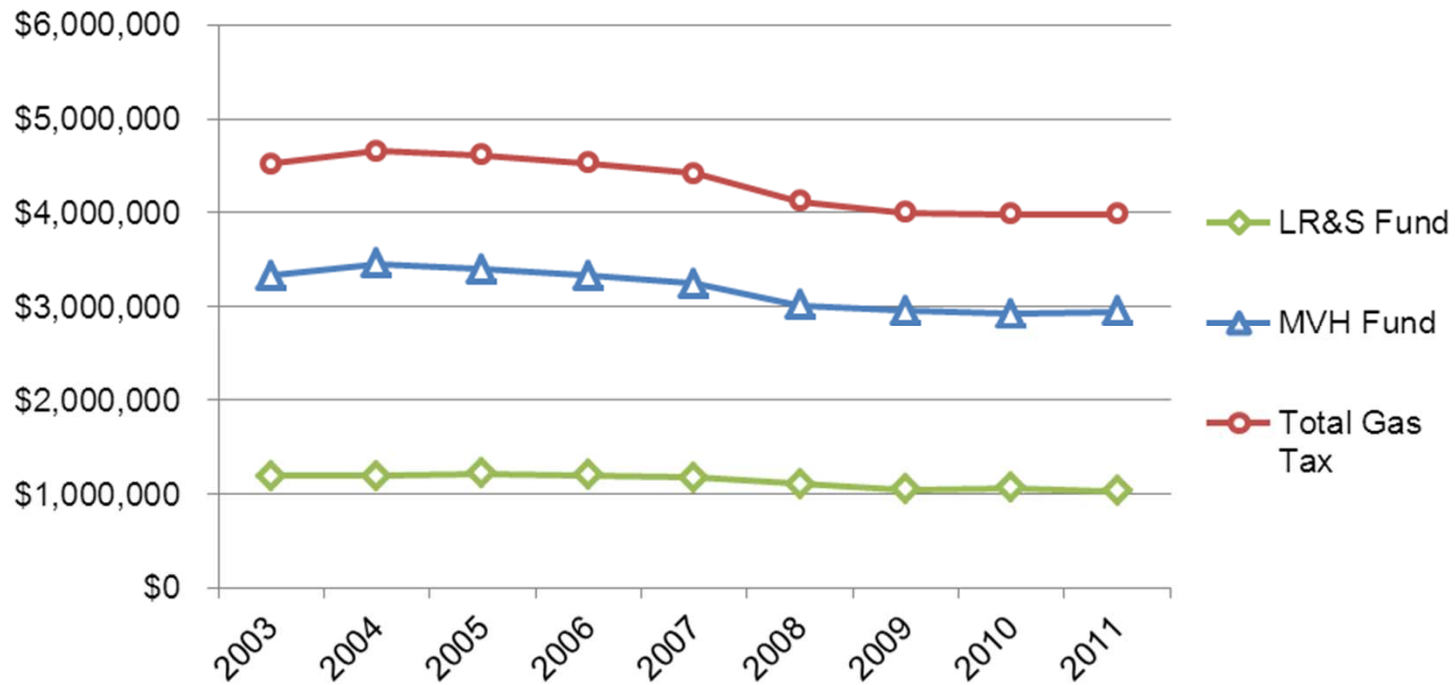
Who Receives Property Taxes? St. Joseph County



**City of South Bend, Indiana
Local Option Income Tax Summary
Updated - November 7, 2012**

Name	County Option Income Tax	Economic Development Income Tax	Public Safety LOIT	Property Tax Replacement LOIT	Total Local Option Income Taxes
Original Tax Rate	0.60%	0.20%	0.00%	0.00%	0.80%
Tax Increase	0.00%	0.20%	0.25%	0.50%	0.95%
Revised Tax Rate	0.60%	0.40%	0.25%	0.50%	1.75%
City Fund	Fund 404 COIT	Fund 408 EDIT	Fund 249 PS LOIT	Not Applicable	
				Revenue used to	
				reduce circuit breaker	
				tax credits on property	
				tax bills. Reduces	
				property taxes lost by	
				City due to circuit breaker.	
Typical Uses of Funds	Debt service payments	Debt service payments	47 police officers	Funds property tax credits	
	Grants & subsidies	Grants & subsidies	39 firefighters	for taxpayers. No direct	
	Capital projects	CED administration		money to the City of South	
	Police & Fire Gasoline	CSO capital project		Bend.	
	Curb/sidewalk program	Street Department subsidy			
	Information Technology	Vacant & Abandoned Housing			
	City-wide expenses	Police auto repair			
	Street lights electricity				

Gasoline Tax 2003-2012



Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
2003	1,186,193	3,334,298	4,520,491	7.39%
2004	1,192,574	3,461,563	4,654,137	2.96%
2005	1,212,413	3,397,433	4,609,846	-0.95%
2006	1,201,538	3,327,314	4,528,852	-1.76%
2007	1,171,732	3,243,818	4,415,549	-2.50%
2008	1,104,260	3,016,198	4,120,458	-6.68%
2009	1,045,477	2,954,086	3,999,562	-2.93%
2010	1,064,149	2,922,165	3,986,314	-0.33%
2011	1,030,958	2,951,072	3,982,030	-0.11%
2012	1,022,508	2,787,214	3,809,722	-4.33%

Wheel and Excise Surtax Collections

Cash Basis – 2004-2012

Year	LR&S Fund	MVH Fund	Total Wheel Tax	% Change
2004	1,953,079	0	1,953,079	100.00%
2005	1,914,530	0	1,914,530	-1.97%
2006	1,849,924	0	1,849,924	-3.37%
2007	1,966,003	0	1,966,003	6.27%
2008	0	2,040,751	2,040,751	3.80%
2009	0	1,893,982	1,893,982	-7.19%
2010	0	1,975,397	1,975,397	4.30%
2011	0	1,863,283	1,863,283	-5.68%
2012	0	1,795,538	1,795,538	-3.64%

Effective January 1 2004, St. Joseph County enacted a wheel tax and annu license excise surtax as allowed by State law to provide additional funding road maintenance and repair. State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Josep County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County a distributed monthly to the local units based on population and road miles.

During 2004-2007, the City of South Bend deposited the wheel tax and excise surtax in its Local Road and Street (LR&S) fund. During 2008 and thereafter, the City will deposit the taxes in its Motor Vehicle Highway (MVH) fund, as required by the Indiana State Board of Accounts.

Source: City Accounting Records



Budget Challenges



Key Budget Challenges

- Circuit breaker property tax cap loss of revenue – impacts the “civil city” funds the most (i.e. General Fund and Parks & Recreation):
 - \$16.4 million loss of revenue from 2007/2008 to 2011/2012
 - Losses partially offset by local income tax increases in 2009
 - Circuit breaker: 1% homesteads, 2% rental & agricultural, 3% business & personal property
- Stagnant or declining gasoline, wheel and auto excise taxes
- Increasing health and pension costs
- Doing More with Less (or the same resources)



Key Funds



General Fund

- Property taxes - \$39,000,000 estimated for 2013 – received in June and December from the county.
- Total 2013 revenue estimate is \$64,269,461
- General fund cash reserves target – 25% of expenditures. Actual amount was 43% at December 31, 2012. Percentage dips below the 25% target during the year due to timing of property tax collections.
- 2013 expenditure budget - \$64,223,178. A total of \$53,424,377 is spent for police and fire protection (83%).



Parks & Recreation

- Property taxes - \$7,800,000 estimated for 2013 – received in June and December from the county.
- Total 2013 revenue estimate is \$12,426,126
- 2013 expenditure budget is \$12,770,777 for the following activities:
 - Administration - \$1,155,534
 - Parks Maintenance - \$5,573,637
 - Golf Courses - \$1,619,516
 - Recreation Programs - \$2,040,112
 - Potawatomi Zoo - \$2,196,799
 - Greenhouse - \$83,530
 - Graffiti Abatement - \$101,649 (reimbursed by the General Fund)



County Option Income Tax Fund

- COIT tax rate - .6% of payroll. The 2013 tax revenue estimate is \$7,846,940. COIT tax revenue is received monthly from the county.
- The total revenue estimate is \$8,577,923.
- The 2013 expenditure budget is \$8,577,923 and includes the following activities:
 - Debt Service - \$2,131,168 (i.e. Police/Fire Building , Public Works Center)
 - Information Technology - \$1,796,892
 - Street Lights Electricity - \$1,350,000
 - Police & Fire Department Gasoline - \$1,123,808
 - Curb & Sidewalk Program - \$676,882
 - Telephone Costs - \$420,000
 - Other - \$1,079,173 (capital, building maintenance, subsidies)



Economic Development Income Tax Fund

- EDIT tax rate - .4% of payroll. The 2013 tax revenue estimate is \$8,177,352. EDIT tax revenue is received monthly from the county.
- The total revenue estimate is \$8,879,286. Includes \$354,660 in TJX (AJ Wright) penalty fee revenue.
- The 2013 expenditure budget is \$8,630,638 and includes the following activities:
 - Street Department Operations - \$2,700,000
 - Debt Service - \$1,913,539 (i.e. Morris PAC, Leighton Plaza)
 - Dept. of Community Investment Operations - \$1,717,519
 - Vacant & Abandoned Housing Program - \$1,000,000
 - Police Department Auto Repair - \$700,628
 - Other - \$598,952 (subsidies, other)



Public Safety Local Option Income Tax Fund

- PS LOIT tax rate - .25% of payroll. The 2013 tax revenue estimate is \$5,892,386. PS LOIT tax revenue is received monthly from the county.
- The total revenue estimate is \$6,064,334 and may only be used to cover public safety costs (i.e. police and fire).
- The 2013 expenditure budget is \$7,101,757 and pays for approximately 47 police officers and 39 firefighters.
- The 2013 deficit spending of \$1,037,423 is covered by cash reserves accumulated since the fund was established in 2010.



Utility Enterprise Funds

- Utility enterprise funds operate similar to a private business and charge fees to cover costs incurred. These funds do not receive property tax dollars.
- Sewage Works - \$33,129,208 operating budget for 2013
(Sewer – \$42.83/month, Sewer Ins. - \$1.18/month)
- Water Works - \$14,616,105 operating budget for 2013
(Water - \$11.56/month, Water Ins. - \$2.00/month)
- Solid Waste - \$5,564,489 operating budget for 2013
(Trash - \$10.56/month, Recycling - \$1.97/month)

Residential rates for a single family home are presented.



Economic (TIF) & Workforce Development

Economic Development Assets

- Tax Increment Financing
- Municipal Bonds
- Workforce

Urban Growth

- During the 1940's and 1950's two major obstacles to redeveloping cities emerged –
 - (i) state and local governments lacked the adequate powers necessary to deal with large scale redevelopment projects and
 - (ii) the high costs of assembling land limited opportunities for private developers.



What is Tax Increment Financing (TIF)?

- In general, TIF provides for the temporary allocation to redevelopment districts of increased tax proceeds (known as "increment") in an allocation area generated by increases in assessed value.
- Thus, TIF permits governmental units to use increased tax revenues stimulated by redevelopment or economic development to pay for the capital improvements needed to induce the redevelopment or economic development
- Freeze property assessments at pre-development level in a designated area (the "allocation area").
- As property values (and assessments) in the allocation area increase, use incremental increase in tax revenues to fund improvements.
- Taxes collected from the existing assessed value continue to flow to the overlapping taxing units.



What can TIF be used for?

- Any capital project that is in, serving or benefiting an allocation area:
 - Infrastructure improvements
 - Land acquisition / site development
 - Buildings / equipment
- Used as a funding source for infrastructure or incentives to encourage new development



Summary of Tax Increment Finance (TIF) Areas

<u>Name of Area</u>	<u>Type of Area</u>	<u>Date Established</u>	<u>TIF Ending Date</u>	<u>TIF Includes Residential</u>
<i>South Bend Central Development Area</i>	Redevelopment			
South Bend Central		1985	None	Yes
Central Medical District		2000	2015	No
<i>West Washington Development Area</i>	Redevelopment	1987	None	Yes
<i>Northeast Neighborhood Development Area</i>	Redevelopment			
Northeast General		2003	2033	No
Northeast Residential		2007	2037	Yes
<i>Southside Development Area</i>	Redevelopment			
Southside General		2002	2032	No
Erskine Commons		2004	2034	No
Erskine Village		2004	2034	No
<i>Douglas Road Economic Development Area</i>	Economic Dev.	2006	2036	No
<i>Airport Economic Development Area</i>	Economic Dev.	1990	None	Yes

Bond Issues

- The City has the authority to sell bonds into the open market as a means of injecting funding into projects that benefit the municipality.
- These bonds are repaid by the developer, the TIF or a combination
- Bonds are an inexpensive way of injecting funding into a project
- The TIF generated from the project should pay close to, if not all of the debt service incurred.
- Typical agreements assert penalty clauses to ensure that the bonds are repaid should the project exit the community prior to fulfilling all obligations.

Workforce

- The largest consideration in site selection for a company is the availability of a workforce
- The collaboration with the Workone offices in the area have been invaluable to addressing the immediate hiring needs of employers.
- Targeted training opportunities
- Cluster focused training is needed to ensure that transferrable industry skills are the focus

Thank You!

The Flywheel spins free when Community, Workforce, and Economic Development occur simultaneously through focused collaboration.



Contact Information

- Mark Neal, City Controller, 574-235-7500, mneal@southbendin.gov
- Chris Fielding, Deputy Director of Community Investment, 574-235-5822, cfieldin@southbendin.gov
- John Murphy, Deputy City Controller, 574-235-7678, jmurphy@southbendin.gov



Appendix



Vision Details



1. The Basics Are Easy

“The basics are easy” mean citizens do not have to worry about...

- Crime and safety
- Emergency medical treatment
- Clean water and air
- Safe and functional streets

...because we take care of it so well.



2. Services are First-Rate (Good Government)

“Services are first-rate” means that local government performs...

- Answering questions
- Fixing problems
- Dealing with feedback
- Communicating with citizens
- Using resources wisely
- Managing our own people

...beyond all reasonable expectations.



3. Everyone Can Thrive

(Create Jobs)

“Everyone can thrive” means living in South Bend comes with...

- Good job opportunities
- A strong neighborhood
- A great quality of life
- Educational excellence
- Connections inside and outside

...for all residents.



Bond Rating Background

South Bend is the highest rated Second Class City in the state of Indiana*

Key Factors in South Bend's strong Credit rating

- "Diverse local economy and position as a regional center."
- "Very strong financial operations."
- "Moderate overall debt burden."
- "The university [of Notre Dame] and two major health care systems help anchor the area economy."

Limiting Rating Factors

- "Income levels, at 70% of the national level."
- "Above-average unemployment rate."

* Second Class City refers to Cities with population in excess of 35,000



South Bend Budget Calendar Details



Budget Calendar Highlights

- February 11, 2013 – Mayor’s Annual Financial Address to the South Bend Common Council
- May 21, 2013 – Departments prepare preliminary 2014 revenue estimates
- May 29, 2013 – Budget Kickoff meeting at Century Center
- June 18, 2013 – Public Meeting(s) with Business and Community



Budget Calendar Highlights (continued)

- June 28, 2013 – Deadline for departments to submit preliminary expenditure and capital requests for 2014
- July 1-20, 2013 – City Controller review of proposed budgets with department heads and fiscal officers
- July 22, 2013 – Preliminary 2014 budget status report to the Common Council
- July 23 to August 9, 2013 – Department budget meetings with the Mayor's Office, City Controller and Council representative



Budget Calendar Highlights (continued)

- August, 2013 – Budget workshop and review with the Indiana Department of Local Government Finance (DLGF)
- August 14 to September 16, 2013 – Common Council Personnel and Finance budget hearings (seven meetings scheduled – open to the public)
- August 30, 2013 – Submission of the 2014 budget to St. Joseph County for non-binding review
- September 5, 2013 – Offsite Personnel and Finance budget meeting (location to be determined)
- September 6, 2013 – First publication of the 2014 budget in the South Bend Tribune and Tri-County News



Budget Calendar Highlights (continued)

- September 13, 2013 – Second publication of the 2014 budget in the South Bend Tribune and Tri-County News
- September 23, 2013 – Public hearing on the 2014 budget, tax rates and levies
- September 26, 2013 – First reading of the 2014 Redevelopment Commission budgets
- October 10, 2013 – Public hearing and adoption of the 2014 Redevelopment Commission budgets



Budget Calendar Highlights (continued)

- October 14, 2013 – Adoption of the 2014 City Budget (backup date is October 28, 2013)
- October 16, 2013 – Deadline to finish entering City budgets in the State of Indiana Gateway reporting program (two days after budget adoption)
- November 1, 2013 – State deadline to adopt budgets, rates and levies
- January 1, 2014 – beginning of the new fiscal year
- February 15, 2014 – Deadline for the DLGF to certify 2014 budgets, rates and levies



City Fund Revenue and Expenditure Details

Revenue Summary 2008-2013

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
City Controlled Funds							
	General Fund						
101	GENERAL FUND	33,930,404	96,281,658	61,449,946	60,911,669	63,585,275	64,269,461
	Special Revenue Funds						
102	RAINY DAY FUND	3,393,886	785,254	2,010,972	24,477	42,239	52,000
103	EXCESS LEVY	742	285	185,180	261	0	0
201	PARKS & RECREATION	6,177,677	17,628,799	11,566,177	11,989,053	12,275,385	12,426,126
202	MOTOR VEHICLE HIGHWAY	5,267,736	5,101,624	5,397,547	5,564,838	7,605,799	8,852,182
203	RECREATION - NONREVERTING	1,148,500	1,027,465	996,098	1,023,635	1,039,835	1,636,943
209	STUDEBAKER/OLIVER REVERTING GRANTS	388,269	251,058	683,781	411,454	5,485	305,000
210	ECONOMIC DEVELOPMENT STATE GRANTS	355,484	306,625	3,289,539	1,039,422	220,472	1,624,187
211	CED OPERATING FUND	0	0	0	2,484,129	2,093,423	2,341,806
212	CED FUND	9,305,084	4,672,752	7,520,251	6,106,647	4,159,815	3,811,000
216	POLICE STATE SEIZURES	49,975	42,274	31,634	41,271	29,005	35,900
217	GIFT, DONATION, BEQUEST	37,300	9,589	9,502	10,856	20,863	7,150
218	POLICE CURFEW VIOLATIONS	2,255	1,530	1,247	1,153	470	1,025
220	LAW ENFORCEMENT CONTINUING EDUCATION	394,274	339,490	661,879	297,899	279,858	347,000
227	LOSS RECOVERY FUND	4,462,214	441,935	16,091	224,246	21,894	26,000
249	PUBLIC SAFETY L.O.I.T.	0	0	6,083,195	5,510,917	6,789,333	6,064,334
250	GENERAL GRANT	1,160	319	15	0	0	0
251	LOCAL ROADS & STREETS	1,188,144	1,068,972	1,072,859	1,036,989	1,029,814	1,048,500
252	EXCESS WELFARE DISTRIBUTION	0	2,922,079	17,808	6,545	5,407	0
258	HUMAN RIGHTS - FEDERAL GRANT	166,616	135,088	198,614	154,253	184,948	237,250
271	EASTRACE WATERWAY	1,194	284	118	78	99	100
273	MORRIS PAC/PALAIS ROYALE MARKETING	14,491	18,693	14,408	4,118	5,039	8,100
280	POLICE BLOCK GRANTS	0	810,837	2,031	3,433	681	185,300
281	ECONOMIC DEVELOPMENT COMM - REV BONDS	0	0	88	926	133	100
289	HAZMAT	11,626	380	271	580	13	3,000
291	INDIANA RIVER RESCUE	12,774	22,800	32,669	26,545	65,408	31,500
292	POLICE GRANTS	202,215	55,056	0	49,038	111,796	110,000
294	REGIONAL POLICE ACADEMY	21,856	15,471	26,075	24,048	13,822	28,500
295	COPS MORE GRANT	32,645	61,383	34,300	30,063	40,690	41,600
299	POLICE FEDERAL DRUG ENFORCEMENT	63,008	48,372	46,835	85,182	84,572	102,000
410	URBAN DEVELOPMENT ACTION GRANT (UDAG)	955,453	766,866	2,895,913	558,646	7,670	69,962
655	PROJECT RELEAF	434,395	431,018	429,290	431,438	432,956	431,700
705	POLICE K-9 UNIT	1,408	0	154	1,006	11	2,000
	Total Special Revenue Funds	34,090,381	36,966,298	43,224,541	37,143,146	36,566,935	39,830,265

Revenue Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	<i>Debt Service Fund</i>						
313	HALL OF FAME DEBT SERVICE	454,564	2,446,354	1,575,924	1,750,141	1,306,284	1,270,278
	<i>Capital Project Funds</i>						
288	EMS / FIRE DEPARTMENT CAPITAL	2,199,396	2,188,308	2,919,148	2,568,500	2,288,561	3,730,084
377	PROFESSIONAL SPORTS DEVELOPMENT	1,004,385	1,152,319	1,166,229	956,450	1,303,963	687,801
401	COVELESKI STADIUM CAPITAL	11,192	3,123	370	262	327	500
403	ZOO ENDOWMENT	4,354	250	2,095	3,757	13,211	2,900
404	COUNTY OPTION INCOME TAX	6,504,988	8,385,056	7,828,067	8,223,812	9,443,965	8,577,923
405	PARK NONREVERTING CAPITAL	227,253	200,255	195,200	250,691	203,742	203,500
406	CUMULATIVE CAPITAL DEVELOPMENT	588,689	1,616,313	765,152	630,877	603,408	622,126
407	CUMULATIVE CAPITAL IMPROVEMENT	550,534	530,574	515,648	484,580	449,238	428,100
408	ECONOMIC DEVELOPMENT INCOME TAX	4,330,228	4,060,012	9,330,188	7,948,566	9,673,476	8,879,286
412	MAJOR MOVES CONSTRUCTION	463,752	113,908	77,622	109,896	715,263	528,662
416	MORRIS PERFORMING ARTS CENTER CAPITAL	93,551	84,500	118,271	85,791	87,901	101,500
434	CREED FUND	1,022,878	613,910	419,363	734,607	654,444	741,000
450	PALAIS ROYALE HISTORIC PRESERVATION	17,009	33,274	13,805	14,320	12,113	16,125
677	HALL OF FAME CAPITAL	224,403	206,277	204,024	2,910	119,192	4,500
	<i>Total Capital & Debt Service Funds</i>	17,697,176	21,634,433	25,131,106	23,765,160	26,875,088	25,794,285

Revenue Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	Enterprise Funds						
600	CONSOLIDATED BUILDING DEPARTMENT	1,167,563	982,015	873,650	891,604	1,010,067	1,148,035
601	PARKING GARAGES	1,004,156	1,070,566	1,048,884	1,074,230	923,966	1,146,532
610	SOLID WASTE OPERATIONS	4,344,468	4,755,199	4,795,272	4,829,373	5,087,349	5,257,701
611	SOLID WASTE CAPITAL	393,661	423,405	331,174	239,062	259,479	784,261
620	WATER WORKS OPERATIONS	13,993,027	14,207,162	14,226,351	14,149,682	15,598,809	14,616,748
622	WATER WORKS CAPITAL	1,085,219	915,192	277,977	1,345,040	3,791,481	2,000
623	WATER WORKS BOND CAPITAL	1,401	5,245,500	10,555	1,764	8,455,624	18,000
624	WATER WORKS CUSTOMER DEPOSIT	47,733	11,514	4,960	3,971	6,864	4,000
625	WATER WORKS SINKING FUND	3,839,568	3,272,172	3,557,260	3,556,581	1,646,743	2,108,381
626	WATER WORKS BOND RESERVE	0	0	121,162	305,401	885,285	310,809
629	WATER WORKS RESERVE - O & M	209,538	15,165	996,501	7,206	131,155	47,553
640	SEWER REPAIR INSURANCE	672,763	664,782	586,976	547,845	549,923	549,200
641	SEWAGE WORKS OPERATIONS	22,921,400	24,019,035	25,257,312	28,897,031	31,096,953	33,131,547
642	SEWAGE WORKS CAPITAL	2,983,573	2,780,287	1,301,577	13,524,497	4,496,026	4,560,000
643	SEWAGE WORKS RESERVE - O & M	118,399	27,752	10,034	409,583	15,457	127,098
644	WATER LEAK INSURANCE FUND	975,688	0	0	0	0	0
645	2006 SEWER BOND	24,204	33,912	97	12	0	0
647	2007 SEWER BOND	502,119	400,281	156,326	1,352	202	0
649	SEWAGE WORKS BOND SINKING	6,335,129	5,735,000	7,520,570	6,923,468	8,369,028	8,234,756
650	CLAY SEWAGE WORKS OPERATIONS	38,408	8,481	2	2	3	0
651	2007B SEWER BOND	469,876	142,314	30,308	2,989	575	0
653	SEWAGE WORKS DEBT SERVICE RESERVE	0	4,541,322	1,058,932	2,143,816	1,966,747	1,805,314
658	2010 SEWER BOND	0	0	9,522,985	18,528	4,348	0
659	2011 SEWER BOND	0	0	0	21,508,738	91,421	60,000
661	2012 SEWER BOND	0	0	0	0	25,196,371	60,000
663	2013 SEWER BOND	0	0	0	0	0	21,200,000
670	CENTURY CENTER	3,393,620	2,823,446	2,603,820	2,788,186	2,658,898	2,935,707
671	CENTURY CENTER CAPITAL ACCOUNT	0	0	0	0	1,444,422	100,500
	Total Enterprise Funds	64,521,513	72,074,502	74,292,685	103,169,961	113,687,196	98,208,142

Revenue Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	<i>Internal Service Funds</i>						
222	CENTRAL SERVICES	3,509,704	3,103,125	3,281,537	3,341,396	6,708,059	7,922,702
226	LIABILITY INSURANCE	2,712,837	2,044,370	2,898,051	3,078,648	2,967,528	3,033,076
278	TAKE HOME VEHICLE POLICE	0	520,175	62,038	86,159	128,200	129,400
711	SELF-FUNDED EMPLOYEE BENEFITS	14,290,046	12,532,566	9,623,999	11,275,664	11,075,304	11,978,400
713	UNEMPLOYMENT COMPENSATION FUND	0	0	0	217,482	275,040	341,450
	<i>Total Internal Service Funds</i>	20,512,587	18,200,236	15,865,625	17,999,349	21,154,131	23,405,028
	<i>Trust Funds</i>						
701	FIREFIGHTERS PENSION	3,744,733	6,622,109	5,200,479	5,528,899	5,239,851	5,391,819
702	POLICE PENSION	4,075,113	7,571,010	5,810,871	6,492,500	6,751,423	6,770,000
703	POLICE/FIRE STATE PENS.	0	0	0	0	1,216,103	0
730	CITY CEMETARY TRUST FUND	1,474	357	150	118	202	250
	<i>Total Trust Funds</i>	7,821,320	14,193,476	11,011,500	12,021,517	13,207,579	12,162,069
	<i>Total City Funds</i>	178,573,381	259,350,603	230,975,403	255,010,802	275,076,204	263,669,250

Revenue Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
<i>Redevelopment Commission Controlled Funds</i>							
<i>Tax Increment Financing Funds</i>							
324	TIF REVENUE - AIRPORT	1,781,158	11,723,053	22,051,980	13,319,602	12,667,604	11,744,401
414	TIF DISTRICT - SAMPLE-EWING GEN'L	5,876	0	0	0	0	0
420	TIF DISTRICT - SBCDA GENERAL	267,774	4,555,292	7,809,863	6,109,627	5,495,844	4,562,247
422	TIF DISTRICT - WEST WASHINGTON	16,175	359,961	862,008	434,226	426,635	444,000
425	TIF LEIGHTON PLAZA	156,860	144,332	147,012	113,095	131,799	156,905
426	TIF CENTRAL MEDICAL SERVICE AREA	57,442	933,885	3,540,910	1,714,266	1,623,756	1,730,000
429	TIF NORTHEAST DISTRICT	233	22,567	195,745	716,103	1,356,334	823,000
430	TIF SOUTHSIDE DEVELOPMENT AREA #1	3,095	357,382	4,102,951	1,819,106	3,891,739	1,840,000
431	TIF SEDA #2 - ERSKINE COMMONS	18	1,241,831	5,997,903	794,500	2,329	0
432	TIF SEDA #3 - ERSKINE VILLAGE	4,782	1,533,641	3,771,192	1,616,374	27,801	1,346,000
435	TIF DOUGLAS ROAD	0	1,303,937	619,818	306,299	286,436	321,000
436	TIF NORTHEAST RESIDENTIAL	0	0	1,817,307	2,448,369	2,524,259	2,460,000
<i>Total Tax Increment Financing Funds</i>		2,293,413	22,175,881	50,916,689	29,391,567	28,434,536	25,427,553
<i>Redevelopment Funds</i>							
305	SBCDA BOND PROCEEDS - 2003	188,939	34,171	8,832	2,657	0	0
428	REDEVELOPMENT DISTRICT CAPITAL - AEDA2003	10,213	2,725	1,202	0	0	0
433	REDEVELOPMENT ADMINISTRATION GENERAL	2,822	669	214	107	164	150
438	COVELESKI BOND CONSTRUCTION	0	0	4,980,000	5,268	0	0
439	CERTIFIED TECHNOLOGY PARK	0	0	0	812,791	3,571	817,000
454	AIRPORT URBAN ENTERPRISE ZONE	0	809,305	302,172	123,638	113,044	1,000
619	BLACKTHORN GOLF COURSE OPERATIONS	1,488,676	1,532,523	1,482,945	1,393,351	1,669,151	1,696,879
<i>Total Redevelopment Funds</i>		1,690,650	2,379,393	6,775,365	2,337,812	1,785,930	2,515,029
<i>Debt Service Funds</i>							
314	REDEV BOND - 1990 PUBLIC IMPROVEMENT	30,589	9,636	3,027	2,373	3,009	0
315	AIRPORT 2003 DEBT RESERVE	445,485	16,949	7,090	5,538	5,571	5,000
317	COVELESKI BOND DEBT RESERVE	0	0	498,000	1,277	2,470	3,500
319	REDEVELOPMENT BOND - BLACKTHORN GOLF	37,970	8,742	3,627	2,827	4,420	50
328	SBCDA 2003 DEBT RESERVE	254,235	9,768	4,053	640,792	8,258	6,000
<i>Total Debt Service Funds</i>		768,279	45,095	515,797	652,807	23,728	14,550
<i>Total Redevelopment Commission Funds</i>		4,752,342	24,600,369	58,207,851	32,382,186	30,244,194	27,957,132
<i>City Operations Total</i>		183,325,723	283,950,972	289,183,254	287,392,988	305,320,398	291,626,382

Expenditure Summary 2008-2013

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
City Controlled Funds							
	General Fund						
101	GENERAL FUND	66,503,546	61,327,868	59,241,185	61,438,862	63,399,284	64,223,178
	Special Revenue Funds						
102	RAINY DAY FUND	0	0	0	0	0	0
103	EXCESS LEVY	0	0	0	219,363	0	0
201	PARKS & RECREATION	12,424,641	10,709,907	11,034,333	11,758,626	12,012,845	12,770,777
202	MOTOR VEHICLE HIGHWAY	5,124,138	4,824,220	6,266,127	6,162,905	6,747,419	8,852,182
203	RECREATION - NONREVERTING	1,070,508	1,048,560	1,023,374	1,066,476	977,654	1,554,059
209	STUDEBAKER/OLIVER REVERTING GRANTS	235,856	147,812	891,081	974,694	162,602	1,000,000
210	ECONOMIC DEVELOPMENT STATE GRANTS	272,799	214,198	2,711,824	1,709,445	207,065	1,260,777
211	CED OPERATING FUND	0	0	0	1,968,133	2,025,585	2,341,806
212	CED FUND	7,207,638	7,351,801	8,485,805	6,293,804	3,940,253	3,811,000
216	POLICE STATE SEIZURES	11,606	7,625	40,785	16,502	10,787	35,900
217	GIFT, DONATION, BEQUEST	0	20,617	0	0	4,259	0
218	POLICE CURFEW VIOLATIONS	3,769	1,777	0	0	0	1,000
220	LAW ENFORCEMENT CONTINUING EDUCATION	244,077	196,512	576,018	200,637	233,892	347,000
227	LOSS RECOVERY FUND	0	264,637	286,795	99,400	538,967	508,000
249	PUBLIC SAFETY L.O.I.T.	0	0	4,940,000	4,976,969	5,476,534	7,101,757
250	GENERAL GRANT	0	54,786	5,250	163	0	0
251	LOCAL ROADS & STREETS	1,290,819	1,445,105	1,569,984	2,005,741	541,522	1,048,500
252	EXCESS WELFARE DISTRIBUTION	0	0	674,000	0	2,276,693	0
258	HUMAN RIGHTS - FEDERAL GRANT	161,957	144,247	153,710	156,933	168,548	228,564
271	EASTRACE WATERWAY	231	1,503	204	9,915	8,009	0
273	MORRIS PAC/PALAIS ROYALE MARKETING	2,764	14,753	14,605	0	0	8,100
280	POLICE BLOCK GRANTS	0	218,850	157,498	312,292	124,539	185,000
281	ECONOMIC DEVELOPMENT COMM - REV BONDS	0	0	0	0	0	27,102
289	HAZMAT	12,669	3,004	6,366	448	0	3,000
291	INDIANA RIVER RESCUE	31,034	16,881	33,752	20,896	17,736	31,500
292	POLICE GRANTS	181,902	123,403	0	49,038	14,796	110,000
294	REGIONAL POLICE ACADEMY	21,076	18,317	13,899	27,104	16,369	28,500
295	COPS MORE GRANT	9,412	56,152	50,318	49,446	39,297	41,600
299	POLICE FEDERAL DRUG ENFORCEMENT	97,624	95,279	90,310	31,052	60,491	102,000
410	URBAN DEVELOPMENT ACTION GRANT (UDAG)	1,916,006	518,394	6,300,000	472,140	200,451	268,146
655	PROJECT RELEAF	363,072	363,167	339,649	344,798	340,652	431,700
705	POLICE K-9 UNIT	1,283	1,500	0	0	356	2,000
	Total Special Revenue Funds	30,684,881	27,863,007	45,665,687	38,926,920	36,147,321	42,099,970

Expenditure Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	<i>Debt Service Fund</i>						
313	HALL OF FAME DEBT SERVICE	1,413,515	1,406,000	1,405,500	1,405,000	1,330,465	1,270,278
	<i>Capital Project Funds</i>						
288	EMS / FIRE DEPARTMENT CAPITAL	919,141	692,317	2,104,065	2,065,780	2,278,472	3,817,596
377	PROFESSIONAL SPORTS DEVELOPMENT	889,620	866,095	838,574	995,423	1,365,560	876,671
401	COVELESKI STADIUM CAPITAL	61,822	138,288	9,790	14,991	56,162	0
403	ZOO ENDOWMENT	0	0	0	0	0	0
404	COUNTY OPTION INCOME TAX	6,465,672	4,132,545	7,208,580	6,142,472	8,324,409	8,577,923
405	PARK NONREVERTING CAPITAL	247,425	237,633	193,488	220,952	178,387	203,500
406	CUMULATIVE CAPITAL DEVELOPMENT	1,542,020	1,252,118	1,394,776	501,538	589,869	911,220
407	CUMULATIVE CAPITAL IMPROVEMENT	565,611	584,936	592,378	594,000	402,277	367,575
408	ECONOMIC DEVELOPMENT INCOME TAX	4,053,471	3,257,589	3,949,573	8,474,479	8,069,327	8,630,638
412	MAJOR MOVES CONSTRUCTION	131,735	3,641,472	962,470	336,666	2,142,921	2,280,000
416	MORRIS PERFORMING ARTS CENTER CAPITAL	58,138	50,195	42,167	120,683	172,417	40,500
434	CREED FUND	1,535,883	1,408,898	1,012,417	848,322	878,554	873,949
450	PALAIS ROYALE HISTORIC PRESERVATION	0	3,967	7,258	3,983	0	0
677	HALL OF FAME CAPITAL	12,581	51,713	202,924	168,262	274,558	177,527
	<i>Total Capital & Debt Service Funds</i>	17,896,634	17,723,766	19,923,960	21,892,551	26,063,378	28,027,377

Expenditure Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	Enterprise Funds						
600	CONSOLIDATED BUILDING DEPARTMENT	1,104,563	1,088,264	932,360	858,741	913,173	1,144,782
601	PARKING GARAGES	733,529	724,316	623,583	752,728	983,411	985,965
610	SOLID WASTE OPERATIONS	4,477,767	4,276,259	4,290,837	4,763,336	5,086,439	5,564,489
611	SOLID WASTE CAPITAL	397,680	423,027	315,262	240,749	275,191	784,061
620	WATER WORKS OPERATIONS	14,829,974	13,946,540	14,534,297	15,048,859	15,557,806	14,616,105
622	WATER WORKS CAPITAL	931,580	807,866	586,289	399,864	1,049,127	950,500
623	WATER WORKS BOND CAPITAL	817,944	1,015,134	3,301,537	794,336	2,799,602	4,146,525
624	WATER WORKS CUSTOMER DEPOSIT	59,214	11,514	4,960	3,971	6,864	4,000
625	WATER WORKS SINKING FUND	3,848,386	3,277,319	3,548,912	3,558,412	1,651,501	2,108,381
626	WATER WORKS BOND RESERVE	0	0	161	0	0	0
629	WATER WORKS RESERVE - O & M	60,947	15,165	8,691	912,337	9,729	7,500
640	SEWER REPAIR INSURANCE	666,690	630,605	279,535	268,681	309,775	549,200
641	SEWAGE WORKS OPERATIONS	23,426,749	26,246,904	22,661,359	34,566,327	29,140,481	33,129,208
642	SEWAGE WORKS CAPITAL	2,972,779	2,356,528	1,625,220	3,994,549	5,406,213	9,797,500
643	SEWAGE WORKS RESERVE - O & M	118,399	454,752	10,034	8,429	74,960	18,000
644	WATER LEAK INSURANCE FUND	824,080	0	0	0	0	0
645	2006 SEWER BOND	1,796,047	784,893	16,957	14,371	0	0
647	2007 SEWER BOND	7,720,398	4,495,468	509,982	839,292	47,861	0
649	SEWAGE WORKS BOND SINKING	6,349,348	5,749,779	6,892,171	6,904,519	8,225,040	8,723,149
650	CLAY SEWAGE WORKS OPERATIONS	0	1,086,322	0	0	0	0
651	2007B SEWER BOND	131,985	5,126,327	10,046,404	1,506,696	189,122	0
653	SEWAGE WORKS DEBT SERVICE RESERVE	0	0	0	0	0	0
658	2010 SEWER BOND	0	0	799,341	6,692,030	1,942,289	0
659	2011 SEWER BOND	0	0	0	1,772,942	9,660,707	9,060,000
661	2012 SEWER BOND	0	0	0	0	1,949,483	19,160,000
663	2013 SEWER BOND	0	0	0	0	0	2,100,000
670	CENTURY CENTER	3,192,009	2,831,792	3,157,167	2,678,401	3,740,014	2,935,707
671	CENTURY CENTER CAPITAL ACCOUNT	0	0	0	0	169,545	0
	Total Enterprise Funds	74,460,068	75,348,774	74,145,059	86,579,570	89,188,333	115,785,072

Expenditure Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
	<i>Internal Service Funds</i>						
222	CENTRAL SERVICES	2,847,875	2,683,117	2,576,373	2,754,635	6,693,261	7,922,702
226	LIABILITY INSURANCE	2,084,540	2,301,379	2,946,631	2,302,324	2,173,471	2,915,645
278	TAKE HOME VEHICLE POLICE	0	0	320,762	8,164	75,842	103,700
711	SELF-FUNDED EMPLOYEE BENEFITS	10,528,854	11,114,857	10,032,616	11,572,529	12,500,734	13,348,536
713	UNEMPLOYMENT COMPENSATION FUND	0	0	0	226,891	193,066	267,247
	<i>Total Internal Service Funds</i>	15,461,269	16,099,353	15,876,382	16,864,543	21,636,374	24,557,830
	<i>Trust Funds</i>						
701	FIREFIGHTERS PENSION	5,478,910	5,548,399	5,548,294	5,627,377	5,608,547	5,900,028
702	POLICE PENSION	6,115,087	6,097,952	6,251,596	6,696,139	6,606,662	6,963,757
730	CITY CEMETARY TRUST FUND	0	1,500	0	0	0	15,000
	<i>Total Trust Funds</i>	11,593,997	11,647,851	11,799,890	12,323,516	12,215,209	12,878,785
	<i>Total City Funds</i>	216,600,395	210,010,619	226,652,163	238,025,962	248,649,899	287,572,212

Expenditure Summary cont.

<i>Fund</i>	<i>Fund Name</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Actual</i>	<i>2011 Actual</i>	<i>2012 Actual</i>	<i>2013 Budget</i>
Redevelopment Commission Controlled Funds							
Tax Increment Financing Funds							
324	TIF REVENUE - AIRPORT	5,836,656	10,629,012	10,709,050	18,546,496	16,240,594	21,674,000
414	TIF DISTRICT - SAMPLE-EWING GEN'L	641,938	0	0	0	0	0
420	TIF DISTRICT - SBCDA GENERAL	4,537,039	4,231,348	4,788,263	6,535,311	7,147,163	5,100,000
422	TIF DISTRICT - WEST WASHINGTON	361,544	216,543	8,030	658,344	906,749	450,000
425	TIF LEIGHTON PLAZA	123,967	137,292	160,582	162,864	135,883	151,185
426	TIF CENTRAL MEDICAL SERVICE AREA	74,129	947	2,199,591	2,094,737	1,262,380	3,600,000
429	TIF NORTHEAST DISTRICT	0	1,500	7,744	36,795	38,788	2,350,000
430	TIF SOUTHSIDE DEVELOPMENT AREA #1	282,515	24,844	490,752	2,235,661	2,247,813	5,700,000
431	TIF SSDA #2 - ERSKINE COMMONS	6,031	476,368	2,738,814	3,420,000	1,401,397	0
432	TIF SSDA #3 - ERSKINE VILLAGE	776,591	243,614	496,659	496,080	149,809	500,000
435	TIF DOUGLAS ROAD	13,926	1,180,252	586,723	270,424	318,183	450,000
436	TIF NORTHEAST RESIDENTIAL	0	0	0	2,391,373	897,251	3,228,500
Total Tax Increment Financing Funds		12,654,336	17,141,720	22,186,208	36,848,085	30,746,010	43,203,685
Redevelopment Funds							
305	SBCDA BOND PROCEEDS - 2003	1,727,117	1,280,975	1,782,568	1,333,430	0	0
428	REDEVELOPMENT DISTRICT CAPITAL - AEDA2003	82,041	404,576	0	0	0	0
433	REDEVELOPMENT ADMINISTRATION GENERAL	17,189	3,551	36,141	5,071	3,213	0
438	COVELESKI BOND CONSTRUCTION	0	0	520,410	4,464,858	0	0
439	CERTIFIED TECHNOLOGY PARK	0	0	0	0	0	0
454	AIRPORT URBAN ENTERPRISE ZONE	0	571,164	343,590	58,322	0	0
619	BLACKTHORN GOLF COURSE OPERATIONS	2,180,892	2,148,499	2,103,301	2,152,477	2,331,825	1,997,706
Total Redevelopment Funds		4,007,239	4,408,765	4,786,010	8,014,158	2,335,038	1,997,706
Debt Service Funds							
314	REDEV BOND - 1990 PUBLIC IMPROVEMENT	37,589	7,136	3,027	2,373	825,509	0
315	AIRPORT 2003 DEBT RESERVE	61,564	16,949	7,090	886,240	5,571	5,000
317	COVELESKI BOND DEBT RESERVE	0	0	0	0	0	0
319	REDEVELOPMENT BOND - BLACKTHORN GOLF	36,470	8,742	3,627	2,827	658,420	326,050
328	SBCDA 2003 DEBT RESERVE	35,225	9,768	4,053	0	8,258	6,000
Total Debt Service Funds		170,848	42,595	17,797	891,440	1,497,758	337,050
Total Redevelopment Commission Funds		16,832,423	21,593,080	26,990,015	45,753,683	34,578,806	45,538,441
City Operations Total		233,432,818	231,603,699	253,642,178	283,779,645	283,228,705	333,110,653

2013 Budget - Expenditure Crosswalk

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
City Controlled Funds											
	General Fund										
	Mayor	381,072	140,930	32,200	2,196	0	0	46,273	0	0	602,671
	311 Call Center	191,760	77,342	2,500	0	0	0	28,500	0	20,000	320,102
	City Clerk	207,731	72,924	7,988	9,600	0	0	50,738	0	13,400	362,381
	Common Council	173,529	116,229	11,512	142,036	0	0	41,802	0	24,000	509,108
	Administration & Finance	1,191,462	414,926	49,000	96,808	4,500	810	66,565	0	0	1,824,071
	Morris Performing Arts Center	463,485	188,650	28,550	996	0	0	323,536	0	0	1,005,217
	Palais Royale Ballroom	170,135	56,039	14,700	276	0	0	195,648	0	30,400	467,198
	City Attorney	699,704	260,070	8,684	11,796	0	0	42,196	0	0	1,022,450
	Energy Office	0	0	0	0	0	0	0	0	0	0
	Engineering	462,817	174,255	16,394	111,528	11,000	1,000	578,124	0	0	1,355,118
	Building Maintenance	0	0	0	0	0	0	0	0	0	0
	Traffic & Lighting	0	0	0	0	0	0	0	0	0	0
	Police Department	15,228,796	5,148,087	369,052	53,840	0	0	2,568,037	0	280,000	23,647,812
	Communications Center	1,520,753	607,024	4,029	264	0	0	24,255	0	0	2,156,325
	Police Department - Public Safety LOIT funded	2,942,410	1,026,157	0	0	0	0	0	0	0	3,968,567
	Fire Department	13,668,186	4,870,830	381,726	17,850	0	0	1,579,891	0	0	20,518,483
	Fire Department - Public Safety LOIT funded	2,275,679	857,511	0	0	0	0	0	0	0	3,133,190
	Human Rights	192,537	64,297	3,861	1,608	0	0	80,934	0	3,000	346,237
	Code Enforcement	656,528	273,355	74,686	8,030	0	0	1,011,299	0	158,000	2,181,898
	Code Hearing Officer	0	0	0	40,000	0	0	0	0	0	40,000
	Abandoned Vehicle	37,764	16,301	1,082	0	0	0	10,682	0	0	65,829
	Unsafe Building	0	0	0	0	0	0	107,684	0	0	107,684
	Animal Control	303,940	133,006	60,552	11,943	18,000	1,700	59,696	0	0	588,837
	Total General Fund	40,768,288	14,497,933	1,066,516	508,771	33,500	3,510	6,815,860	0	528,800	64,223,178

2013 Budget - Expenditure Crosswalk cont.

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
	Special Revenue Funds										
102	RAINY DAY FUND	0	0	0	0	0	0	0	0	0	0
103	EXCESS LEVY	0	0	0	0	0	0	0	0	0	0
201	PARKS & RECREATION	5,984,671	2,007,263	1,493,191	221,048	273,179	16,227	2,021,313	0	753,885	12,770,777
202	MOTOR VEHICLE HIGHWAY	2,828,829	1,017,106	2,940,129	245,212	178,246	20,555	1,368,605	0	253,500	8,852,182
203	RECREATION - NONREVERTING	622,994	45,215	281,493	28,864	0	0	456,493	0	119,000	1,554,059
209	STUDEBAKER/OLIVER REVERTING GRANTS	0	0	0	0	0	0	0	0	1,000,000	1,000,000
210	ECONOMIC DEVELOPMENT STATE GRANTS	0	0	0	0	1,247,000	13,777	0	0	0	1,260,777
211	CED OPERATING FUND	1,433,303	504,744	30,352	249,996	0	0	123,411	0	0	2,341,806
212	CED FUND	0	0	0	0	0	0	3,811,000	0	0	3,811,000
216	POLICE STATE SEIZURES	0	0	10,000	0	0	0	22,500	0	3,400	35,900
217	GIFT, DONATION, BEQUEST	0	0	0	0	0	0	0	0	0	0
218	POLICE CURFEW VIOLATIONS	0	0	500	0	0	0	500	0	0	1,000
220	LAW ENFORCEMENT CONTINUING EDUCATION	0	0	50,500	0	0	0	119,500	0	177,000	347,000
227	LOSS RECOVERY FUND	0	0	208,000	300,000	0	0	0	0	0	508,000
249	PUBLIC SAFETY L.O.I.T.	0	0	0	0	0	0	7,101,757	0	0	7,101,757
250	GENERAL GRANT	0	0	0	0	0	0	0	0	0	0
251	LOCAL ROADS & STREETS	0	0	400,000	0	0	0	0	0	648,500	1,048,500
252	EXCESS WELFARE DISTRIBUTION	0	0	0	0	0	0	0	0	0	0
258	HUMAN RIGHTS - FEDERAL GRANT	80,041	25,473	6,050	40,500	0	0	75,000	0	1,500	228,564
271	EASTRACE WATERWAY	0	0	0	0	0	0	0	0	0	0
273	MORRIS PAC/PALAIS ROYALE MARKETING	0	0	0	0	0	0	8,100	0	0	8,100
280	POLICE BLOCK GRANTS	0	0	45,000	0	0	0	40,000	0	100,000	185,000
281	ECONOMIC DEVELOPMENT COMM - REV BONDS	0	0	0	0	0	0	27,102	0	0	27,102
289	HAZMAT	0	0	0	0	0	0	0	0	3,000	3,000
291	INDIANA RIVER RESCUE	0	2,000	6,500	5,500	0	0	15,200	0	2,300	31,500
292	POLICE GRANTS	0	0	0	0	0	0	10,000	0	100,000	110,000
294	REGIONAL POLICE ACADEMY	0	0	1,500	0	0	0	27,000	0	0	28,500
295	COPS MORE GRANT	0	0	13,650	0	0	0	17,375	0	10,575	41,600
299	POLICE FEDERAL DRUG ENFORCEMENT	0	0	37,000	0	0	0	45,000	0	20,000	102,000
404	COUNTY OPTION INCOME TAX	0	0	1,138,808	670,976	1,674,856	456,312	3,845,216	0	791,755	8,577,923
408	ECONOMIC DEVELOPMENT INCOME TAX	0	0	0	66,136	1,610,000	303,539	6,650,963	0	0	8,630,638
410	URBAN DEVELOPMENT ACTION GRANT (UDAG)	0	0	0	0	268,146	0	0	0	0	268,146
655	PROJECT RELEAF	59,252	5,126	7,067	21,984	36,784	5,715	295,772	0	0	431,700
705	POLICE K-9 UNIT	0	0	0	0	0	0	2,000	0	0	2,000
	Total Special Revenue Funds	11,009,090	3,606,927	6,669,740	1,850,216	5,288,211	816,125	26,083,807	0	3,984,415	59,308,531

2013 Budget - Expenditure Crosswalk cont.

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
	Debt Service Fund										
313	HALL OF FAME DEBT SERVICE	0	0	0	0	1,115,000	155,278	0	0	0	1,270,278
	Capital Project Funds										
288	EMS / FIRE DEPARTMENT CAPITAL	0	0	90,000	1,004,000	1,135,020	135,576	1,038,000	0	415,000	3,817,596
377	PROFESSIONAL SPORTS DEVELOPMENT	0	0	0	0	595,000	181,671	100,000	0	0	876,671
401	COVELESKI STADIUM CAPITAL	0	0	0	0	0	0	0	0	0	0
403	ZOO ENDOWMENT	0	0	0	0	0	0	0	0	0	0
405	PARK NONREVERTING CAPITAL	0	0	0	0	0	0	0	0	203,500	203,500
406	CUMULATIVE CAPITAL DEVELOPMENT	0	0	0	0	808,477	66,239	504	0	36,000	911,220
407	CUMULATIVE CAPITAL IMPROVEMENT	0	0	0	0	326,250	41,325	0	0	0	367,575
409	CUMULATIVE SEWER	0	0	0	0	0	0	0	0	0	0
412	MAJOR MOVES CONSTRUCTION	0	0	0	0	0	0	0	0	2,280,000	2,280,000
416	MORRIS PERFORMING ARTS CENTER CAPITAL	0	0	25,500	0	0	0	15,000	0	0	40,500
434	CREED FUND	0	0	0	0	800,000	73,949	0	0	0	873,949
450	PALAIS ROYALE HISTORIC PRESERVATION	0	0	0	0	0	0	0	0	0	0
677	HALL OF FAME CAPITAL	0	0	15,000	0	0	0	162,527	0	0	177,527
	Total Capital & Debt Service Funds	0	0	130,500	1,004,000	4,779,747	654,038	1,316,031	0	2,934,500	10,818,816

2013 Budget - Expenditure Crosswalk cont.

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
	Enterprise Funds										
600	CONSOLIDATED BUILDING DEPARTMENT	698,871	255,524	28,004	31,812	13,868	839	73,164	0	42,700	1,144,782
601	PARKING GARAGES	0	0	0	635,551	0	0	38,414	0	312,000	985,965
610	SOLID WASTE OPERATIONS	1,201,776	460,025	241,565	990,396	0	0	2,670,727	0	0	5,564,489
611	SOLID WASTE CAPITAL	0	0	0	0	689,198	44,863	0	0	50,000	784,061
620	WATER WORKS OPERATIONS	3,202,526	1,231,737	1,031,790	2,892,198	78,782	426	4,636,890	1,541,756	0	14,616,105
622	WATER WORKS CAPITAL	0	0	0	0	0	0	0	0	950,500	950,500
623	WATER WORKS BOND CAPITAL	0	0	0	0	0	0	0	0	4,146,525	4,146,525
624	WATER WORKS CUSTOMER DEPOSIT	0	0	0	0	0	0	4,000	0	0	4,000
625	WATER WORKS SINKING FUND	0	0	0	0	1,196,768	906,613	5,000	0	0	2,108,381
626	WATER WORKS BOND RESERVE	0	0	0	0	0	0	0	0	0	0
629	WATER WORKS RESERVE - O & M	0	0	0	0	0	0	7,500	0	0	7,500
640	SEWER REPAIR INSURANCE	88,301	29,214	16,771	8,940	26,410	2,065	377,499	0	0	549,200
641	SEWAGE WORKS OPERATIONS	4,995,042	1,755,245	1,927,705	3,417,048	272,036	42,190	17,944,388	2,775,554	0	33,129,208
642	SEWAGE WORKS CAPITAL	0	0	0	0	0	0	0	0	9,797,500	9,797,500
643	SEWAGE WORKS RESERVE - O & M	0	0	0	0	0	0	18,000	0	0	18,000
644	WATER LEAK INSURANCE FUND	0	0	0	0	0	0	0	0	0	0
645	2006 SEWER BOND	0	0	0	0	0	0	0	0	0	0
647	2007 SEWER BOND	0	0	0	0	0	0	0	0	0	0
649	SEWAGE WORKS BOND SINKING	0	0	0	0	4,966,450	3,756,699	0	0	0	8,723,149
650	CLAY SEWAGE WORKS OPERATIONS	0	0	0	0	0	0	0	0	0	0
651	2007B SEWER BOND	0	0	0	0	0	0	0	0	0	0
653	SEWAGE WORKS DEBT SERVICE RESERVE	0	0	0	0	0	0	0	0	0	0
658	2010 SEWER BOND	0	0	0	0	0	0	0	0	0	0
659	2011 SEWER BOND	0	0	0	800,000	0	0	0	0	8,260,000	9,060,000
661	2012 SEWER BOND	0	0	0	0	0	0	0	0	19,160,000	19,160,000
663	2013 SEWER BOND	0	0	0	400,000	0	0	1,700,000	0	0	2,100,000
670	CENTURY CENTER	1,234,445	416,181	54,875	156,169	1,300	0	743,736	0	329,000	2,935,706
671	CENTURY CENTER CAPITAL ACCOUNT	0	0	0	0	0	0	0	0	0	0
	Total Enterprise Funds	11,420,961	4,147,926	3,300,710	9,332,114	7,244,812	4,753,695	28,219,318	4,317,310	43,048,225	115,785,071

2013 Budget - Expenditure Crosswalk cont.

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
	Internal Service Funds										
222	CENTRAL SERVICES	2,015,511	798,356	162,672	165,144	6,275	0	4,569,145	0	205,600	7,922,703
226	LIABILITY INSURANCE	126,474	52,626	22,356	307,428	0	0	2,382,061	0	24,700	2,915,645
278	TAKE HOME VEHICLE POLICE	0	0	63,700	0	0	0	40,000	0	0	103,700
711	SELF-FUNDED EMPLOYEE BENEFITS	0	0	24,444	480,792	0	0	12,843,300	0	0	13,348,536
713	UNEMPLOYMENT COMPENSATION FUND	0	262,963	0	4,284	0	0	0	0	0	267,247
	Total Internal Service Funds	2,141,985	1,113,945	273,172	957,648	6,275	0	19,834,506	0	230,300	24,557,831
	Trust Funds										
701	FIREFIGHTERS PENSION	10,927	5,883,998	200	2,000	0	0	2,903	0	0	5,900,028
702	POLICE PENSION	8,232	6,949,113	1,100	3,412	0	0	1,900	0	0	6,963,757
730	CITY CEMETARY TRUST FUND	0	0	0	0	0	0	0	0	15,000	15,000
	Total Trust Funds	19,159	12,833,111	1,300	5,412	0	0	4,803	0	15,000	12,878,785
	Total City Funds	65,359,483	36,199,842	11,441,938	13,658,161	17,352,545	6,227,368	82,274,325	4,317,310	50,741,240	287,572,212

2013 Budget - Expenditure Crosswalk cont.

Fund	Fund/Department Name	Salaries/ Wages	Fringe/ Personnel	Supplies	Professional Services	Debt Service	Debt Service	Other Costs	PILOT	Capital	Total
Redevelopment Commission Controlled Funds											
Tax Increment Financing Funds											
324	TIF REVENUE - AIRPORT	0	0	0	95,000	2,817,813	658,628	785,000	0	17,317,559	21,674,000
414	TIF DISTRICT - SAMPLE-EWING GEN'L	0	0	0	0	0	0	0	0	0	0
420	TIF DISTRICT - SBCDA GENERAL	0	0	0	77,500	1,508,500	805,755	359,000	0	2,349,245	5,100,000
422	TIF DISTRICT - WEST WASHINGTON	0	0	0	0	0	0	0	0	450,000	450,000
425	TIF LEIGHTON PLAZA	0	0	11,432	10,905	0	0	121,822	0	7,026	151,185
426	TIF CENTRAL MEDICAL SERVICE AREA	0	0	0	0	0	0	0	0	3,600,000	3,600,000
429	TIF NORTHEAST DISTRICT	0	0	0	0	0	0	0	0	2,350,000	2,350,000
430	TIF SOUTHSIDE DEVELOPMENT AREA #1	0	0	0	0	0	0	0	0	5,700,000	5,700,000
431	TIF SSDA #2 - ERSKINE COMMONS	0	0	0	0	0	0	0	0	0	0
432	TIF SSDA #3 - ERSKINE VILLAGE	0	0	0	0	500,000	0	0	0	0	500,000
435	TIF DOUGLAS ROAD	0	0	0	0	122,481	67,980	0	0	259,539	450,000
436	TIF NORTHEST RESIDENTIAL	0	0	0	273	3,039,153	189,074	0	0	0	3,228,500
	Total Tax Increment Financing Funds	0	0	11,432	183,678	7,987,947	1,721,437	1,265,822	0	32,033,369	43,203,685
Redevelopment Funds											
305	SBCDA BOND PROCEEDS - 2003	0	0	0	0	0	0	0	0	0	0
428	REDEVELOPMENT DISTRICT CAPITAL - AEDA2003	0	0	0	0	0	0	0	0	0	0
433	REDEVELOPMENT ADMINISTRATION GENERAL	0	0	0	0	0	0	0	0	0	0
438	COVELESKI BOND CONSTRUCTION	0	0	0	0	0	0	0	0	0	0
439	CERTIFIED TECHNOLOGY PARK	0	0	0	0	0	0	0	0	0	0
454	AIRPORT URBAN ENTERPRISE ZONE	0	0	0	0	0	0	0	0	0	0
619	BLACKTHORN GOLF COURSE OPERATIONS	0	0	0	1,661,128	326,000	0	0	0	10,578	1,997,706
	Total Redevelopment Funds	0	0	0	1,661,128	326,000	0	0	0	10,578	1,997,706
Debt Service Funds											
314	REDEV BOND - 1990 PUBLIC IMPROVEMENT	0	0	0	0	0	0	0	0	0	0
315	AIRPORT 2003 DEBT RESERVE	0	0	0	0	0	0	5,000	0	0	5,000
317	COVELESKI BOND DEBT RESERVE	0	0	0	0	0	0	0	0	0	0
319	REDEVELOPMENT BOND - BLACKTHORN GOLF	0	0	0	0	0	0	326,050	0	0	326,050
328	SBCDA 2003 DEBT RESERVE	0	0	0	0	0	0	6,000	0	0	6,000
	Total Debt Service Funds	0	0	0	0	0	0	337,050	0	0	337,050
	Total Redevelopment Commission Funds	0	0	11,432	1,844,806	8,313,947	1,721,437	1,602,872	0	32,043,947	45,538,441
	Grand Total	65,359,483	36,199,842	11,453,370	15,502,967	25,666,492	7,948,805	83,877,197	4,317,310	82,785,187	333,110,653



St Joseph County Property Tax Details

Property Tax Comparative

Fund Name	Fund No.	Actual 2011/Pay 2012 Collections	Actual 2010/Pay 2011 Collections	Actual 2009/Pay 2010 Collections	Actual 2008/Pay 2009 Collections	Actual 2007/Pay 2008 Collections	Actual 2006/Pay 2007 Collections
City							
General Fund	101	\$39,368,430.88	\$38,514,549.66	\$39,814,543.36	\$41,760,551.78	\$50,966,189.00	\$48,720,726.00
Parks & Recreation	201	7,824,056.13	7,613,760.39	7,775,284.24	7,723,389.12	8,473,456.00	8,271,741.00
Studebaker Corridor Debt	310	0.00	0.00	0.00	0.00	0.00	11,590.00
College Football Hall of Fame	313	1,133,205.12	1,549,953.75	1,516,486.91	1,180,901.15	1,513,804.00	1,127,140.00
Cumulative Capital Development	406	517,710.39	540,453.72	604,214.32	722,483.79	972,798.00	989,824.00
Fire Pension	701	0.00	0.00	0.00	247,165.62	1,646,881.00	1,536,839.00
Police Pension	702	0.00	0.00	0.00	399,267.00	1,626,919.00	1,380,555.00
Total - City		48,843,402.52	48,218,717.52	49,710,528.83	52,033,758.46	65,200,047.00	62,038,415.00
Tax Increment Financing							
Airport TIF District	324	11,631,287.13	11,187,767.66	11,421,007.24	10,087,422.62	10,842,312.26	8,851,076.92
Sample Ewing TIF	414	0.00	0.00	0.00	0.00	0.00	778,093.13
South Bend Central TIF District	420	3,671,478.32	3,633,473.20	3,915,158.32	3,420,958.84	3,882,883.92	3,276,168.69
West Washington TIF District	422	422,714.50	431,085.39	631,344.95	228,704.14	360,629.23	287,094.73
Central Medical TIF District	426	1,606,914.83	1,704,238.37	1,759,028.21	1,765,934.06	921,967.21	928,112.55
Northeast TIF District	429	1,351,048.08	715,062.50	181,266.08	14,133.72	22,191.42	13,467.51
Southside TIF District #1	430	2,466,202.75	1,808,952.25	2,449,934.15	1,644,200.70	357,351.62	457,985.43
Erskine Commons TIF District #2 (1)	431	0.00	784,372.59	3,140,749.75	2,837,842.49	1,240,194.04	2,890.85
Erskine Village TIF District #3 (2)	432	0.00	1,603,182.09	1,858,426.55	1,900,860.36	1,534,115.47	775,621.72
Douglas Road TIF District	435	285,713.22	306,053.20	273,511.59	187,247.91	125,293.98	13,940.78
Northeast Residential TIF District	436	2,514,047.92	2,446,102.90	1,815,828.92	0.00	0.00	0.00
Airport Urban Enterprise Zone	454	111,721.26	123,164.82	132,019.50	169,410.67	0.00	0.00
Total - Tax Increment Financing		24,061,128.01	24,743,454.97	27,578,275.26	22,256,715.51	19,286,939.15	15,384,452.31
Grand Total		<u>\$72,904,530.53</u>	<u>\$72,962,172.49</u>	<u>\$77,288,804.09</u>	<u>\$74,290,473.97</u>	<u>\$84,486,986.15</u>	<u>\$77,422,867.31</u>
(1) TIF tax increment eliminated for 2011/pay 2012 and thereafter							
(2) TIF tax increment eliminated for one year, 2011/pay 2012. May be available for 2012/pay 2013.							
Actual collections include delinquent taxes from prior tax periods.							

SOUTH BEND TAX INCREMENT FINANCE (TIF) AREAS

			TIF Pay '11	Actual		
			Increment	TIF Pay '11	Available	
	Size of		(Assessed	(Tax	Cash at	2011
<u>Name of Area</u>	<u>(Acres)</u>		<u>Value)</u>	<u>Revenue)</u>	<u>12/31/11</u>	<u>Expenditures</u>
South Bend Central Development Area						
South Bend Central	493		96,447,608	3,633,473	3,968,559	5,310,753
Central Medical District	78		86,410,472	1,704,238	3,497,725	2,094,738
West Washington Development Area	279		12,467,805	431,085	931,843	658,344
Northeast Neighborhood Development Area						
Northeast General	582		20,905,234	715,063	902,077	36,795
Northeast Residential	56		69,636,720	2,446,103	1,874,303	2,391,373
Southside Development Area						
Southside General	955		59,086,795	1,808,952	3,750,851	2,235,660
Erskine Commons	64		66,880,548	784,373	1,399,068	3,420,000
Erskine Village	65		63,690,100	1,603,182	5,689,634	496,080
Douglas Road Economic Development Area	26		12,904,000	306,053	192,672	270,424
Airport Economic Development Area	7,963		274,308,950	11,187,768	22,653,741	19,197,996
Totals	10,561		762,738,232	24,620,290	44,860,473	36,112,163
Total City Acreage and Assessed Value	26,639		2,572,261,966			
TIF Areas as Percentage of City	39.6%		29.7%			

Levy History

City of South Bend
Property Tax Rates & DLGF Tax Levy (before circuit breaker reductions)
Revised - March 5, 2013

DLGF Code	Fund Name	Approved 2007 pay 2008 Levy		Approved 2008 pay 2009 Levy		Approved 2009 pay 2010 Levy		Approved 2010 pay 2011 Levy		Approved 2011 pay 2012 Levy		Approved 2012 pay 2013 Levy	
		Rate	\$	Rate	\$	Rate	\$	Rate	\$	Rate	\$	Rate	\$
0101	General	1.78923%	53,248,815	1.97770%	53,009,727	2.25360%	55,292,202	2.43810%	56,668,721	2.49540%	58,390,366	2.56780%	60,007,093
1301	Parks & Recreation	0.29737%	8,850,046	0.36560%	9,799,442	0.44010%	10,797,878	0.48180%	11,198,470	0.49570%	11,598,984	0.51020%	11,922,899
0341	Fire Pension	0.05780%	1,720,100	0.01170%	313,604	0.00000%	-	0.00000%	-	0.00000%	-	0.00000%	-
0342	Police Pension	0.05710%	1,699,304	0.01890%	506,590	0.00000%	-	0.00000%	-	0.00000%	-	0.00000%	-
2391	Cum Capital Dev.	0.03414%	1,016,017	0.03420%	916,687	0.03420%	839,099	0.03420%	794,910	0.03280%	767,494	0.03280%	766,505
	Civil City	2.23563%	66,534,282	2.40810%	64,546,050	2.72790%	66,929,179	2.95410%	68,662,101	3.02390%	70,756,844	3.11080%	72,696,497
8485	Redev. Bond (HoF)	0.05311%	1,580,471	0.05590%	1,498,328	0.06720%	1,648,756	0.07270%	1,689,765	0.05090%	1,191,019	0.05990%	1,399,807
	Total	2.28874%	68,114,753	2.46400%	66,044,378	2.79510%	68,577,935	3.02680%	70,351,866	3.07480%	71,947,863	3.17070%	74,096,304
	Net Assessed value		2,976,080,798		2,668,887,419		2,453,505,573		2,324,451,862		2,339,920,084		2,336,906,810

(1) assumes a 2.8% growth factor for the General Fund, Parks Fund, and CCD Fund and an increase in the levy for the Hall of Fame bond. Also assumes net assessed valuation stays the same.



Local Option Income Taxes

**CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST ELEVEN YEARS (continued)**

COUNTY OPTION INCOME TAX (COIT) REVENUE

Distribution Year	COIT Tax Rate (1)	Total County COIT Distributions	Rate of Growth	South Bend COIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2003	0.60%	19,386,147	-32.99%	6,576,985	-30.47%	33.93%	8,015,302
2004	0.60%	21,977,497	13.37%	7,089,689	7.80%	32.26%	7,001,198
2005	0.60%	16,628,131	-24.34%	5,490,218	-22.56%	33.02%	5,695,618
2006	0.60%	21,276,623	27.96%	6,950,396	26.60%	32.67%	6,410,405
2007	0.60%	16,993,346	-20.13%	5,160,903	-25.75%	30.37%	5,816,766
2008	0.60%	20,689,958	21.75%	6,382,478	23.67%	30.85%	6,192,452
2009	0.60%	26,973,887	30.37%	8,952,424	40.27%	33.19%	8,302,694
2010	0.60%	25,147,806	-6.77%	7,855,776	-12.25%	31.24%	7,648,824
2011	0.60%	19,907,430	-20.84%	6,458,586	-17.79%	32.44%	7,097,462
2012 (2)	0.60%	22,536,457	13.21%	7,691,991	19.10%	34.13%	8,610,742
2013 Certified	0.60%	22,923,958	1.72%	7,846,939	2.01%	34.23%	1,307,823
Total - 11 years		\$234,441,240		\$76,456,385		32.61%	\$72,099,286

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

(2) 2012 actual COIT collections includes \$918,751 underpaid in 2011 due to a State of Indiana accounting error.

**Source - State of Indiana Department of Local Government Finance COIT Distribution Reports
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST ELEVEN YEARS**

COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT) REVENUE

Distribution Year	EDIT (1) Tax Rate	Total Est County EDIT Collections	Rate of Growth	South Bend EDIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.34%	3,689,202
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.87%	3,448,688
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.56%	3,464,152
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.83%	4,013,475
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.07%	3,702,467
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.90%	3,997,997
2009	0.20%	11,938,605	7.20%	4,612,694	15.38%	38.64%	3,843,912
2010 (2)	0.40%	22,789,919	90.89%	8,321,633	80.41%	36.51%	9,090,415
2011	0.40%	18,826,685	-17.39%	7,300,866	-12.27%	38.78%	7,300,866
2012 (3)	0.40%	20,611,415	9.48%	8,324,626	14.02%	40.39%	9,068,785
2013 Certified	0.40%	20,611,415	0.00%	8,177,352	-1.77%	39.67%	1,362,892
Total - 11 years		\$154,552,358		\$59,053,152		38.21%	\$52,982,851

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) The CEDIT tax rate for 2010 and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council.

(3) 2012 actual CEDIT payments includes \$744,159 underpaid in 2011 due to a State of Indiana accounting error

**Source - State of Department of Local Government Finance CEDIT Distribution Reports
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST ELEVEN YEARS (continued)**

PUBLIC SAFETY LOCAL OPTION INCOME TAX REVENUE

<u>Distribution Year</u>	<u>PS LOIT Tax Rate</u>	<u>Total County LOIT Distributions</u>	<u>Rate of Growth</u>	<u>South Bend LOIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2010 (1)	0.25%	13,846,267	100.00%	6,078,454	100.00%	43.90%	6,078,454
2011	0.25%	11,371,882	-17.87%	5,293,619	-12.91%	46.55%	5,293,619
2012	0.25%	12,457,864	9.55%	6,056,334	14.41%	48.61%	6,605,601
2013 Certified	0.25%	12,457,864	0.00%	5,892,386	-2.71%	47.30%	982,064
Total - four years		\$50,133,877		\$23,320,793		46.52%	\$18,959,738

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income. The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

(2) 2012 actual Public Safety LOIT collections includes \$549,267 underpaid in 2011 due to a State of Indiana accounting error.

**Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports
Actual City Collections During Year per City Accounting System**



Background Presentations on Municipal Budgets and TIFs

City of South Bend, Indiana Overview of Municipal Finance and Budgeting Process

Todd Samuelson, CPA – H.J. Umbaugh & Associates
March 14, 2012

Budget Calendar*

Deadline	Action Item
January – June	Prepare estimates of receipts and disbursements for the ensuing year
July	Begin entering data into Gateway Budget Program
August 1	Deadline for County Auditor to certify assessed values to the DLGF
September 2	Deadline for first publication of notice to taxpayers (at least 10 days prior to the public hearing)
September 9	Deadline for second publication of notice to taxpayers (at least 3 days prior to the public hearing and 7 days after 1 st publication)
September 17	Deadline to submit <u>proposed</u> budget to County Council (at least 45 days prior to budget adoption) for non-binding review

* *Subject to change.*

Budget Calendar (cont.)*

Deadline	Action Item
October 1	Deadline for Class 2 and Class 3 cities to adopt salary ordinances for appointed officers and employees
October 17	Deadline for County Council to complete review and issue non-binding recommendation to taxing units (15 days before taxing unit adopts budget)
October 19	Deadline to file levy appeal with the DLGF (all appeals except shortfall)
October 22	Deadline to hold public hearing on the budget (at least 10 days prior to budget adoption)
October 29	Deadline for 10 or more taxpayers to object to the budget (no later than 7 days after the public hearing)

** Subject to change.*

It's all about experience.

Budget Calendar (cont.)*

Deadline	Action Item
November 1	Deadline to adopt budgets, rates, and levies
November 3	Deadline to electronically file adopted budgets through the Gateway Budget Program (no later than 2 days after adoption)
December 17	Last day for DLGF to accept additional appropriation requests
December 31	Deadline to file shortfall levy appeal with the DLGF Deadline to adopt salary ordinance for elected city officials Deadline for Towns to adopt salary ordinance for ensuing year
February 15	Last day for DLGF to certify budgets, rates, and levies

Revenue Sources

Primary Revenues

- Property taxes
- Local option income taxes
- License excise, commercial vehicle, and financial institutions taxes
- State distributions
- Tax increment revenues
- User fees
- Local excise taxes:
 - Food and beverage taxes
 - Innkeepers' tax

Property taxes

- Major source of revenue for local governments
- Property tax levy is generated from a taxing district-wide assessment of both real and personal property values
- Property is assessed each March 1, for taxes payable in June and December of following year

Property taxes

- Real property assessments are based upon “market value” as determined by the county’s assessor
- Personal property consists of business equipment assessed by the taxpayer
- Assessed values are reduced by deductions and exemptions to arrive at the net property assessment
- Deductions and exemptions include:
 - Tax abatements, tax exempt and non-taxable property, homestead and other miscellaneous deductions

Property tax levy

Property tax assessments (<i>Net assessed value</i>)	\$10,000,000
Times property tax rate for each \$100 of net assessed value	\$2.50
Property tax levy	\$250,000

Property tax limits

- Property tax levy limitations:
 - General Funds
 - Limited to average annual growth in non-farm income over past six years, with certain exceptions
 - Cumulative Capital Development Funds
 - Statutory limits on tax rate
 - Debt Service Funds
 - Limited to levy needed to repay debt obligation

Property tax limits

- Property tax cap on the *TOTAL* property tax rate, known as the “circuit breaker”
- Limits the total property tax bill to a percentage of the property’s value
- Limits may only be increased by voter referendum:
 - Debt service funds for bond repayment
 - School operating funds

Property tax rate limits

- Property tax limits:
 - for homeowners: 1% of the home's value
 - for rental properties, land used for agriculture and long-term care facilities: 2% of the property value
 - for all business and industrial properties: 3% of the property value
- Property tax limits are expanded in Lake and St. Joseph Counties for certain debt service tax rates

Circuit Breaker Illustration

	Primary Home	Rental Property	Business Property
Property Value	\$100,000	\$100,000	\$100,000
Less Homestead and Mortgage Deductions	(67,250)		
Net Assessed Value	\$32,750	\$100,000	\$100,000
Property Tax Levy	\$819	\$2,500	\$2,500
Circuit Breaker Limit	\$1,000	\$2,000	\$3,000
Circuit Breaker Credit	\$0	\$500	\$0

Distribution of Credits

	Tax Rate	%	Tax Losses
City	\$1.00	40%	\$40,000
County	\$0.50	20%	\$20,000
School	\$0.50	20%	\$20,000
Library	\$0.25	10%	\$10,000
Township	\$0.25	10%	\$10,000
Totals	\$2.50	100%	\$100,000

Circuit Breaker Tax Credit

- Credits must be funded by all local taxing units from other revenues, fund balances or budget reductions, in proportion to their levy
- Taxing units *may not* increase property taxes or borrow funds to offset any shortfall in revenues
- Each taxing unit must use property tax collections to pay debt service, before using property tax receipts to fund other costs of government services

Local Option Income Taxes

- County Option Income Taxes (COIT)
 - St. Joseph County Rate - .60%
 - 2012 South Bend Allocation - \$6,210,813
- County Economic Development Income Tax (CEDIT or EDIT)
 - St. Joseph County Rate - .40%
 - 2012 South Bend Allocation - \$7,128,257
- Local Option Income Taxes:
 - Property tax replacement – St. Joseph County Rate - .50%
 - Levy growth replacement – St. Joseph County Rate - 0%
 - Public safety income tax – St. Joseph County Rate - .25%
 - 2012 South Bend Allocation - \$5,175,006

COIT

- Imposed by county Income Tax Council at rates up to 1.0% of adjusted gross income
- Distributed monthly to all civil taxing units in proportion to property tax levy
- May be applied to a local homestead credit of up to 8.0%
- Treated as additional revenue to be used for both operating and capital costs

CEDIT

- Imposed by County Council (for CAGIT counties) or Income Tax Council at rates up to 0.5% of adjusted gross income of county residents
- Maximum combined rates of 1.0% when combined with COIT and 1.25% when combined with CAGIT

CEDIT (cont'd)

- Distributed to all cities, towns, and county in proportion to property tax levy or population
- Must adopt a capital improvement plan to receive revenue distribution
- Uses of CEDIT:
 - Economic development and certain capital projects
 - Or any other purpose permitted by statute

Local Option Income Taxes

Property Tax Levy Replacement Tax

- Imposed by county council (for CAGIT counties) or Income Tax Council at rates of up to 1.0% of adjusted gross income of county residents
- Revenues may only be used to reduce property tax levies

Local Option Income Taxes

Levy Growth Replacement Tax

- Imposed by county council (for CAGIT counties) or income tax council at rates of up to 1.0% of adjusted gross income of county residents
- Revenues may be used only to fund a tax stabilization account and to offset future increases in property tax levies

New Local Option Income Taxes

Public Safety Income Tax

- County may impose an income tax to fund public safety costs only if it imposes either:
 - A levy growth income tax; or
 - Income tax for property tax relief
- Maximum rate for public safety income tax is the lesser of:
 - 0.25%; or
 - The property tax relief income tax rate
- Revenues may only be used to fund specific public safety expenses

User Fees

- Revenues generated from rates and charges for services, such as:
 - Utility services including water, wastewater, gas, and electric service
 - Other services including storm water management, solid waste collection and emergency services
- Establishment of utility rates and issuance of utility bonds may require approval of the Indiana Utility Regulatory Commission

Tax Increment

- Tax increment financing (or “TIF”) is a tool which captures increases in assessed value from new development
- Can capture increases in real property and, at times, depreciable personal property assessed value
- Generally, cannot capture increased assessed value resulting from residential property improvements, nor existing assessed value

What can TIF be used for?

- Any capital project that is in, serving or benefiting an allocation area:
 - Infrastructure improvements
 - Land acquisition / site development
 - Buildings / equipment
- Used as a funding source for infrastructure or incentives to encourage new development

Debt Financing Tools

Short Term Debt

- Tax Warrants
- Bond Anticipation Notes

Long Term Debt

- Property tax general obligation bonds
- Lease rental revenue bonds
- Utility revenue bonds
- Income tax revenue bonds
- Tax increment revenue bonds

TAX INCREMENT FINANCE (TIF)

SOUTH BEND COMMON COUNCIL

APRIL 25, 2012

Presented by:

Randolph R. Rompola

**FAEGRE BAKER
DANIELS**

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Consulting

OUTLINE

- I. Organization of the Redevelopment Commission
- II. A Look Back at the Origination of TIF in Indiana
- III. Overview of Process to Create TIF Area
- IV. Uses of TIF
- V. Consideration of Certain Uses of TIF

I. Organization of the Redevelopment Commission

Redevelopment Commission Organization

1. Department of Redevelopment , governed by Redevelopment Commission, created by ordinance of the City.
2. All of the territory within the City constitutes a special taxing district (the Redevelopment District).
3. Commission has 5 voting members and 1 non-voting adviser.
 - a. 3 members appointed by the Mayor and 2 appointed by the Common Council. Non-Voting adviser appointed by the Mayor.
 - b. Non-voting advisor must be a member of the School Board of Trustees (and is not considered a member for quorum purposes but is allowed to participate in meetings).
4. Each Commission member serves a 1 year term and may be removed without cause by the appointing body.

II. Original Rationale for TIF in Indiana

The Historical View of TIF

1. State redevelopment came in response to enactment by the federal government of legislation which had as its purpose urban renewal and redevelopment.
2. During the 1940's and 1950's, two major obstacles to redeveloping cities – (i) state and local governments lacked the adequate powers necessary to deal with large scale redevelopment projects and (ii) the high costs of assembling land limited opportunities for private developers.

The Historical View of TIF *continued*

3. The concept was originally used as a method to raise the required local share for federal urban renewal programs. It permitted local governmental units to recapture their contributions to renewal projects from the increased property taxes generated.
4. The original TIF legislation in Indiana was enacted in 1975. The statute remained dormant because of technical deficiencies until additional changes were adopted during the 1980 legislative session.

The Historical View of TIF *continued*

5. Transpo Case.

- a. The Indiana Supreme Court in South Bend Public Transportation Corporation v. City of South Bend, 428 N.E. 2d 217 (Ind. 1981), found tax increment finance ("TIF") statutes (concerning areas other than Indianapolis) to be constitutional.
- b. Plaintiffs challenged the validity of the use of tax increment financing by the City of South Bend and its Department of Redevelopment to finance a multi-use downtown project called Century Mall.

The Historical View of TIF *continued*

- c. Arguments.
 - i. Plaintiffs contended that the TIF bonds would violate the 2% debt limitation provision in Article 13, Section 1 of the Indiana Constitution.
 - ii. The TIF statute created taxation that was not uniform and equal as required under Article 10, Section 1 of the Indiana Constitution.
 - iii. There was a violation of the federal and state constitutional equal protection and due process guarantees because there was no rational basis to award incremental tax revenues to the South Bend Redevelopment Department and withhold them from Transpo.
 - iv. The tax allocation financing plan constituted an impairment of the contracts of the overlapping taxing districts in violation of Article I, Section 10 the United States Constitution and Article 1, Section 24 of the Indiana Constitution.

The Historical View of TIF *continued*

d. Court Ruling

- i. Court found that the 2% debt limit was not applicable to any entities which are special taxing districts.
- ii. There was no violation of the uniform equal taxation requirement because TIF does not change the basic rate of assessment and all taxpayers within territorial limits of each taxing unit continue to be taxed at a uniform rate based upon valuations uniformly arrived at.
- iii. The Court found there was no violation of equal protection or due process guarantees because the City had a rational reason to classify the area as blighted, and the designation furthered a legitimate public purpose.

The Historical View of TIF *continued*

- iv. There was no impairment of contract concerning the overlapping taxing districts because the tax increment represented an amount generated as a result of increased property valuation, and therefore the other taxing units did not lose the benefit of any tax revenues which would otherwise continue to be available.

- v. Finally, the Court found that the statute was not vague and incomplete as to the authority granted to county treasurers because the statute simply allowed county treasurers to apply predetermined tax rates to the increment and no further authority to levy and collect taxes was needed.

III. OVERVIEW OF PROCESS TO CREATE REDEVELOPMENT/ECONOMIC DEVELOPMENT (AND TIF) AREA



First determination – is the area to be designated as a “redevelopment area” or an “economic development area?”

- ▶ Redevelopment Area designation requires a finding that the area is an “area needing redevelopment.”
- ▶ Economic Development Area designation relates more to job retention or creation.
- ▶ Initial action is adoption of a declaratory resolution by the Commission.
- ▶ Declaratory resolution must identify the area to be designated and include a plan.



Redevelopment Areas: area must be identified as an “area needing redevelopment.”

1. Prior term was “blighted area.”
2. Term is defined as an area in which normal development and occupancy are undesirable or impossible because of any of a number of factors.



Economic Development Areas:

1. The area designated as an Economic Development Area must:
 - a) Promote significant opportunities for gainful employment of the citizens of the area;
or
 - b) Attract a major new business enterprise to the unit; or
 - c) Retain or expand a significant business enterprise existing in the boundaries of the unit; or
 - d) Meet other purposes of Sections 2.5 and 41 of the Act.



Economic Development Areas:

Additionally, the Commission must find that:

- a) The Plan for the Economic Development Area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise because of:
 - 1) Lack of local public improvements;
 - 2) Conditions that lessen the value of the land;
 - 3) Multiple land ownership; or
 - 4) Other similar conditions.

- b) Public health and welfare will be benefited by accomplishment of the plan for the economic development area.



Economic Development Areas:

- c) Accomplishment of the plan will be a public utility and benefit as measured by:
 - 1) the attraction or retention of permanent jobs;
 - 2) an increase in the property tax base;
 - 3) improved diversity of the economic tax base; or
 - 4) Other similar benefits.

- d) The Plan conforms to other development and redevelopment plans of the unit.



Other Approvals and Notices.

1. The Plan Commission must determine "whether the declaratory resolution and the plan conform to the plan of development for the unit and approve or disapprove the resolution and the plan proposed."
2. The approving order of the Plan Commission must be approved by the City Common Council.

Other Approvals and Notices.

3. Notice Requirements.

a. Public.

- the Redevelopment Commission must publish notice of the adoption and substance of the declaratory resolution.
- the notice must state the time and date at which the Redevelopment Commission will receive and hear objections from persons interested in or affected by the proceedings related to the designation of the redevelopment or economic development area.

Other Approvals and Notices.

b. Overlapping taxing units.

- If the Redevelopment Commission has provided for the creation of an allocation area for purposes of TIF in the declaratory resolution, the Redevelopment Commission must file with all of the taxing units that are wholly or partially within the proposed allocation area the following:
 - ✓ a copy of the notice to be published; and
 - ✓ a statement disclosing the impact of the allocation area, including the estimated economic benefits and cost incurred by the allocation area, as measured by the increased employment and anticipated growth of real property assessed values and the anticipate impact on tax revenues of each taxing unit.



Other Approval and Notices

5. Additional filings.

Copy of the notice of the hearing on the proposed project shall be filed in the office of the unit's plan commission, board of zoning appeals, works board, park board, and building commissioner, and any other departments, bodies, or officers of the unit having to do with unit planning, variances from zoning ordinances, land use, or the issuance of building permits.

Commission Final Actions

1. Findings of Fact – as further support for confirming resolution, Commission should consider adopting factual findings to support the findings set forth in the declaratory resolution.
2. Conducting Public Hearing.
 - a. Present evidence to support declaratory resolution and summarize redevelopment plan.
 - b. Provide the public with an opportunity to speak on the matter and present written remonstrances.
3. Adopt confirming resolution.

Additional Filings

1. Filings with the County Auditor -- A copy of the allocation area map, the confirming resolution, a list of parcel identification numbers of real property in the allocation area and names of depreciable personal property owners (if depreciable personal property is included in the TIF).
2. Redevelopment Commission must notify the DLGF when designating or amending an allocation area.
3. The final action of a redevelopment commission with respect to a confirming resolution must be recorded.



Expansion of Existing Areas

1. To expand existing Area, the Commission must proceed through the process for creating a new area.
2. Notices must be provided also to:
 - Affected neighborhood associations and
 - Persons owning property that is in the expansion area.

IV. USES OF TIF



1. Tax increment finance allocation mechanism.

- a. In general, TIF provides for the temporary allocation to redevelopment districts of increased tax proceeds (known as "increment") in an allocation area generated by increases in assessed value.
- b. Thus, TIF permits governmental units to use increased tax revenues stimulated by redevelopment or economic development to pay for the capital improvements needed to induce the redevelopment or economic development.

2. Basic TIF Theory.

- a. Freeze property assessments at pre-development level in a designated area (the "allocation area").
- b. As property values (and assessments) in the allocation area increase, use incremental increase in tax revenues to fund improvements.
- c. Taxes collected from the existing assessed value continue to flow to the overlapping taxing units.
- d. All public bodies benefiting from the redevelopment share the costs of public improvements associated with the redevelopment.

Permitted Uses for TIF Revenues

1. Pay the principal of and interest on any obligations payable solely from TIF revenues which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area;
2. Establish, augment, or restore the debt service reserve for bonds payable solely or in part from TIF revenues in that allocation area;
3. Pay the principal of and interest on bonds payable from TIF revenues in that allocation area and from the special benefits tax which may be levied under the redevelopment statute.

Permitted Uses for TIF Revenues

4. Pay the principal of and interest on bonds issued by the City to pay for local public improvements physically located in or physically connected to that allocation area;
5. Pay redemption premiums on bonds payable solely or in part from TIF revenues in that allocation area;
6. Make payments on leases payable from TIF revenues in that allocation area by the Commission;

Permitted Uses for TIF Revenues

7. Reimburse the City for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in the redevelopment statute) located in or physically connected to the allocation area;
8. Reimburse the unit for rentals paid by it for a building or parking facility located in or physically connected to that allocation area under any lease entered into under IC 36-1-10;
9. Pay expenses incurred by the Redevelopment Commission for local public improvements that are in the allocation area or are serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of the Act;

Permitted Uses for TIF Revenues

10. Reimburse public and private entities for expenses incurred for training employees of industrial facilities that are located:
 - a. in the allocation area; and
 - b. on a parcel of real property that has been classified as industrial property under the rules of the Department of Local Government Finance.
 - c. The total spent for this purpose in any year may not exceed the total amount in the allocation fund that is attributable to property taxes paid by the industrial facilities. The reimbursement must be made within 3 years after the date on which the investments generating the TIF revenues are completed.

Permitted Uses for TIF Revenues

11. Pay the costs of completing an “eligible efficiency project.”
 - a. “Eligible Efficiency Project” includes any project necessary or useful to carrying out an interlocal cooperation agreement entered into by 2 or more political subdivisions or governmental entities under IC 36-1-7 or a project necessary or useful to the consolidation of local government services.
 - b. Only may use TIF revenues for this purpose if TIF revenues are available after other permitted uses have been satisfied.

Possible to Capture Personal Property Taxes in Certain Circumstances

1. Definitions.

- a. "depreciable personal property" refers to all of the designated taxpayer's depreciable personal property that is located in the allocation area and all other depreciable property located and taxable on the designated taxpayer's site of operations within the allocation area.
- b. "designated taxpayer" means any taxpayer designated by the Commission in a declaratory resolution and with respect to which the Commission finds that taxes to be derived from the depreciable personal property in the allocation area, in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service or to provide security for bonds issued by the Commission or to make payments or to provide security on leases entered into by the Commission under section 25.2 of the Redevelopment Statute in order to provide local public improvements for a particular allocation area.

Possible to Capture Personal Property Taxes in Certain Circumstances

2. To capture TIF revenues from a designated taxpayer's depreciable personal property, a commission must also conclude that:
 - a. the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and development, processing, distribution, or transportation related projects; and
 - b. the taxpayer's property in the allocation area will not consist primarily of retail, commercial, or residential projects.

V. Consideration of Certain Uses of TIF

Many Demands upon Available TIF Revenues

- ▶ TIF is most flexible economic incentive available to local governmental units to promote development locally.
- ▶ Local governments are asking redevelopment commissions to use TIF revenues for public infrastructure and other uses which are sometimes difficult to identify with redevelopment or economic development.
- ▶ Also, private developers approach cities, towns and counties asking that TIF revenues be used creatively to provide essentially “equity” for “inside the fence” improvements that a developer can use to leverage additional financing from a bank or other sources.

Employee Salaries

- Police and Fire – can the “but for” argument be satisfied?
 - Fire – insurance coverage may be too high.

- Redevelopment Staff.
 - Is it possible to allocate hours almost exclusively to projects?
 - Will not cover administrative costs (non-project related).

Municipal Equipment

- Some communities have used or thought about using TIF to pay for municipal equipment.
- Generally, TIF cannot be used for operational expenses.
- The question to answer: Is there a valid redevelopment or economic development purpose?

Municipal Equipment

- Fire equipment – easiest to satisfy “but for” test perhaps. Additional development cannot occur without additional fire protection (insurance costs).
 - Street sweepers, trucks – more difficult to fit within permitted expenditures.
 - Police equipment – more difficult to fit within permitted expenditures also.
- ** Still need to satisfy the “in or serving” test if a Commission expense or the “in or physically connected to” test if attempting to reimburse the municipal unit for the cost.

Other Municipal Improvements

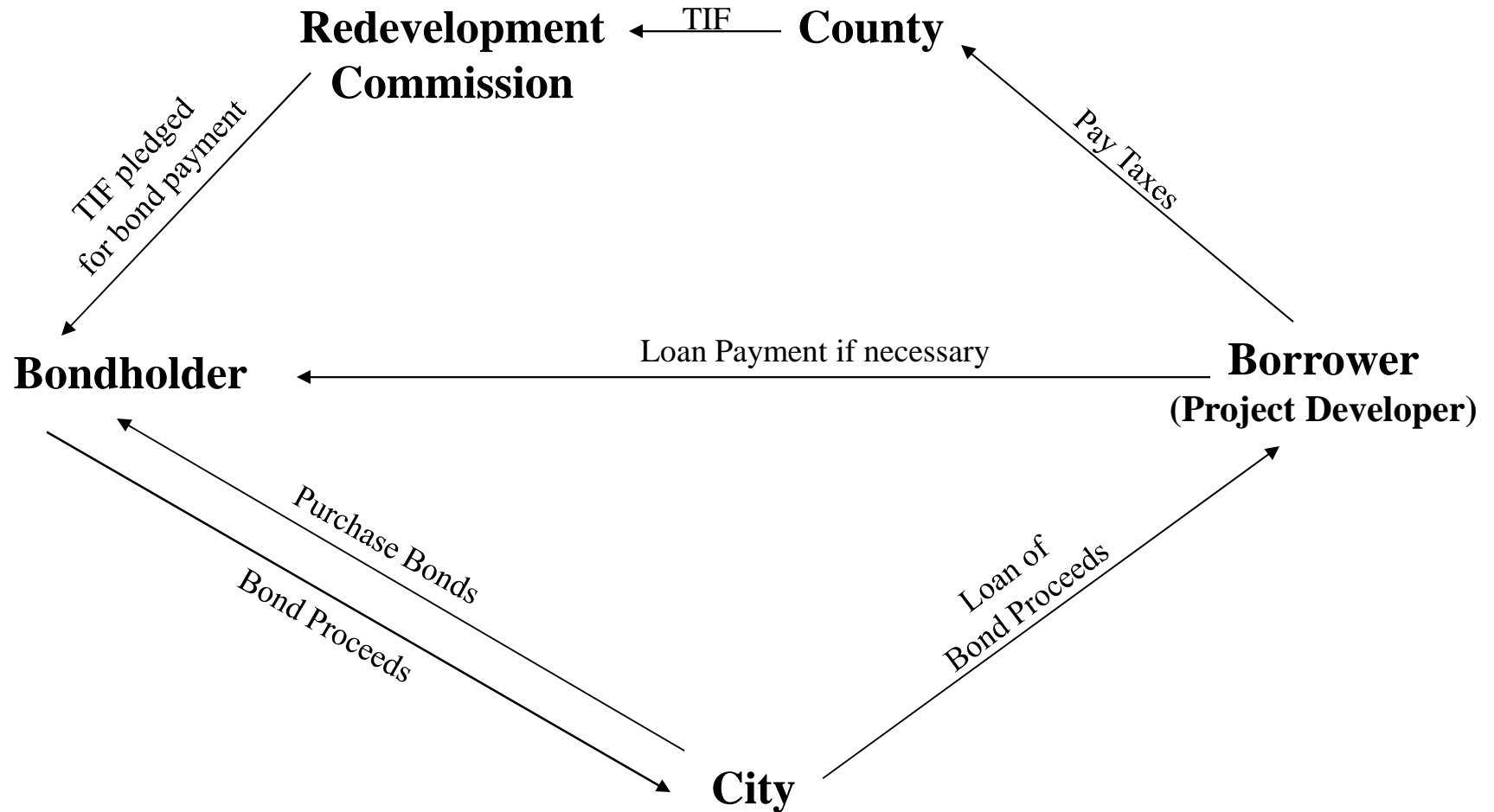
- Water, Sewer, Park and Road Improvements – can be funded with TIF revenues.
- Redevelopment Commission funded -- improvements may be located in or serving the Area.
- Reimbursing the City for city-funded improvements – improvements must be physically located or connected to the TIF area.
- The question that must be satisfied: is there a valid redevelopment or economic development purpose for such improvements?

Unique Use of TIF to Spur Development

TIF/IDB.

- It is possible to use TIF to pay for “inside the fence” improvements owned by the developer.
- The City issues economic development revenue bonds through its Economic Development Commission.
- The Redevelopment Commission pledges TIF Revenues to the payment of the Bonds.

Overview of Process for Economic Development Revenue Bond Deal (TIF/IDB)





TIF/IDB.

- Bond structure results in 100% tax abatement during the period the bonds are outstanding.
- From Developer's viewpoint, the TIF Revenue stream can add cash to the deal, making it easier to deal with lender.



QUESTIONS??

South Bend Central Development Area Summary (Excludes Central Medical District)

Date Established:	1985	
End Date for Area:	None	
Reason for Establishment:		
	<p>The 493 acre South Bend Central Development Area is located in the heart of South Bend. This area was created in 1985 by consolidating and expanding three former redevelopment areas: the Central Business District, East Bank and Monroe Park.</p>	

South Bend Central Development Area Summary (Excludes Central Medical District)

Outstanding Debt:		Outstanding Debt	Maturity Date	Annual Debt Service	
	2003/2011 TIF Bonds	17,770,000	2024	1,900,000	
	Totals	\$17,770,000		\$1,900,000	
Revenue History:		Year	Amount	Expenditure History:	
	2011	3,633,473		2011	5,310,753
	2010	3,915,158		2010	4,389,264
	2009	3,420,959		2009	4,231,349
	2008	3,702,755		2008	4,399,945
	2007	3,119,841		2007	2,989,849
Bonding Capacity:		Annual TIF Revenue	\$3,633,473		
	Divide by Coverage		1.50		
	Available		2,422,315		
	Less Debt Service		(1,900,000)		
	Available TIF Revenue		522,315		
	Bonding Multiple		10		
	Potential Bonding Capacity		\$5,223,153		
Boundary Changes:		8 boundary expansions			
	1 boundary contraction - Madison Center				

South Bend Central Development Area Summary (Excludes Central Medical District)

Recent Major Projects:	
	<u>Coveleski Park</u>
	After extensive facility upgrades in 2011, an additional \$4 million is being invested into upgrades at the ball park and adjacent grounds to further enhance the facility and improve upon the fan and game experience. A highlight of this project includes the renovation of the 1901 Sons of Israel Synagogue located at the edge of the park to be used for the new team store. Other area site improvements include the demolition of the former Michiana Lock & Key and site improvements along the perimeter of the site.
	<u>All American Plaza</u>
	All American Plaza is a \$9 million mixed use condominium and commercial development completed in 2009. The City of South Bend partnered in the historic rehab of the former American Bank building façade, and the developers constructed new residential condominium space and renovated retail frontage along <u>Washington Street</u> .
	<u>South Bend VA Community Based Outpatient Clinic</u>
	In January, the Redevelopment Commission approved funding to acquire the 16 remainder Gates Auto properties located in the downtown area. The former Gates Toyota building is being renovated for the South Bend VA Community Based Outpatient Clinic that is relocated to the downtown from the south side of South Bend. The new clinic will open on May 1st.

South Bend Central Development Area Summary (Excludes Central Medical District)

Recent Major Projects:	<u>Rink Site Townhouses</u>
	Developer Dave Mathews purchased the Rink site from the Commission in 2011 and has completed the construction of 6 townhomes on the site. All have sold at market rate.
	<u>Hotel LaSalle</u>
	Entered in to a Commercial Purchase Agreement for this landmark building with Kalamazoo based Mavcon Properties, to turn this historic property into 50 - 60 market rate rental units.
	<u>Troeger site (River Race Townhomes)</u>
	Entered in to a Contract for Sale of this property at the corner of Jefferson & Niles, for the construction of 10 townhomes and possibly two commercial buildings.
	<u>Old Transpo site</u>
	Adding the portion of this property that is outside the South Bend Central Development Area was completed in December 2011. The Howard Park Neighborhood Master Plan envisions single family and multi-family residential in this area. Transpo currently owns the site.

Central Medical District Summary

Recent Major Projects:	
	<u>Memorial Improvements</u>
	Major street, curbing, and tree lawn and landscape improvements around the Memorial Hospital campus. In addition, the <u>Bartlett Street</u> parking garage was improved with a new matching brick façade, and a dedicated right turn lane was added to <u>Michigan Street</u> for turns onto Bartlett. Parking lots bounded by Madison, Michigan, and Main Streets were also improved with pervious pavers.
	<u>Bartlett Street Garage Façade</u>
	Streetscapes along Michigan/Main/Lafayette/Madison/Monroe Streets new parking lots around old Nipsco building.
	<u>Plan Amendment</u>
	Plan was amended to delete the "S" curve project, and include: new facades on the east side of Michigan and Skyway Bridge; new parking lots on the east and west side of the 400 block of N Michigan; Bartlett St widening and enhancement from Michigan to <u>Main St.</u> , and reconfiguration of the parking lot north of Bartlett.

West Washington-Chapin Development Area Summary

Recent Major Projects:	
	<u>Civil Rights Heritage Center</u>
	Renovations were completed in May 2010 to convert the former Engman Natatorium into Civil Rights Museum and Learning Center which is operated by Indiana University South Bend.
	<u>Hansel Center</u>
	Entered in to a MOU with SBHF, UND, and Vanir (a California construction company and donor to the project), for the repurposing of this historic building, which will become a premier arts and cultural center called the Notre Dame Center for Arts and Culture.
	<u>Rushton</u>
	Entered in to a MOU with SBHF for the rehab of the City's first high rise, four story apartment building, located at the northwest corner of W. Washington and William streets.
	<u>803 W Washington (the Castle)</u>
	Acquired this historic property at the northwest corner of W Washington and Chapin streets. This property was then deeded to Indiana Landmarks, who will return it to a more fitting use within the museum and historic districts which surround it.

Northeast Neighborhood Development Area Summary

Recent Major Projects:	
	<u>Eddy St. South Corridor Streetscape Study</u>
	Streetscape study initiated for Eddy St. Corridor from Campeau to <u>Colfax Ave.</u> This street acts as a gateway into Notre Dame and the Eddy St. Commons area so there is a strong desire by the neighborhood to see new streetscape- wider tree lawns, sidewalks, lighting and landscaping.

Northeast Neighborhood Residential Development Area Summary

Recent Major Projects:	
	<u>Eddy Street Commons Development</u>
	About \$200 million mixed use commercial and residential at Eddy and Edison. Development includes apartments, condos, townhomes, retail, office, parking garage, full service hotel and a limited service hotel.
	<u>Triangle Neighborhood Subdivision</u>
	The Triangle neighborhood, a mixed income in-fill housing project is located in the Northeast neighborhood bounded by <u>South Bend Avenue</u> , <u>Eddy Street</u> and <u>Napoleon Street</u> . The infrastructure work was contracted at the end of 2011 with completion expected around June 2012. The master plan for the site includes a total of 53 lots. Roughly 43 of these lots have deposits on them as of April 2012.

South Side Development Area Summary (Excludes Erskine Commons and Erskine Village Areas)

Recent Major Projects:	
	<u>Miami & Ireland Infrastructure Improvements</u>
	Completed In 2008, the intersection of Miami and Ireland was reconstructed to improve traffic circulation at this busy intersection. As part of the project, storm sewer and other utility improvements were made to the Corridor. An additional 2,300 LF of pedestrian walkways were constructed to bring the total of new pedestrian walkways to 15,456 LF.
	<u>Erskine Plaza Pond Project</u>
	To improve the storm water drainage situation on the central section of the district, the City is reconstructing the storm ponds at Erskine Plaza to improve capacity and efficiency and create storage for future development.
	<u>Ireland/High Intersection Project</u>
	As part of continued improvements to the circulation network, a dedicated turn lane is being planned for construction in 2013.
	<u>Main/Lafayette Connector</u>
	As part of the circulation network on the west end of the corridor, the Main/Lafayette Connector will realign roadways and make new connections to open development areas and improve traffic flow in the area. The project is going out to bid in May and construction work is expected to begin in early summer 2012.

**South Side Development Area Summary
(Excludes Erskine Commons and Erskine Village Areas)**

	<u>Fellows/Chippewa Connector</u>
	In response to INDOT's plan to build a bridge over the US20 bypass on the
	<u>Fellows Street</u> alignment to allow better north/south traffic flow from the
	neighborhoods south of the bypass, a connector roadway is being designed with property acquisition to happen in 2012 and construction to happen in 2013.

Erskine Commons Area Summary (A Part of South Side Development Area)

Recent Major Projects:	
	<u>Erskine Commons</u>
	To date, over 400,000 SF of new commercial space has been constructed in Erskine Commons. New construction of a Chick-Fil-A , Texas Roadhouse, and a multi-tenant strip center complement the three anchor tenant including Wal-Mart, Lowe's and Gates Toyota dealership.
	<u>West Ireland Road Street Improvements</u>
	Completed in 2008, part of the development of the Erskine Commons site was to upgrade <u>West Ireland Road</u> from Michigan west to <u>Burnett Drive</u> . The addition of utilities, travel and turn lanes and new signals was all part of the project financed by the Erskine Commons project.
	<u>Closure of the TIF</u>
	This TIF area was terminated by the Redevelopment Commission beginning with the taxes payable for 2012. Taxes collected in 2012 and future years will revert to the benefit of other local taxing jurisdictions. Development in this area allowed for an early repayment of the debt used to finance infrastructure improvements. With all improvements completed and the debt repaid, the TIF area was no longer necessary.

**Erskine Village Area Summary
(A Part of South Side Development Area)**

Recent Major Projects:	
	<u>Erskine Village</u>
	To date, over 480,000 SF of new commercial space has been constructed in Erskine Village. The Center has built out to capacity and continues to see the addition of small user spaces in the outlot buildings. The total investment in Erskine Village exceeds \$23 million.

Douglas Road Economic Development Area Summary

Recent Major Projects:	
	<u>Memorial Home Care - Completed in 2007</u>
	The major anchor in this development area, this project represents over 49,000 SF and more than \$3.5 million in investment. The project will help to spur future commercial development in this area.
	<u>Brown Mackie College - Completed in 2009</u>
	This new College campus facility is the second major project along <u>Douglas Road</u> . The Brown Mackie site has multiple out-parcels that will allow for new commercial development.
	<u>Douglas Road Improvement Project - Completed in 2009</u>
	The entire roadway from west of SR23 to the Mishawaka city limits (2,200 LF) was reconstructed from a "County Standard" 2 land road to a 5 lane commercial roadway. Pedestrian walks, ornamental light fixtures and landscape beds line the new roadway.
	<u>State Road 23/Douglas Road Turn Lane Project</u>
	To help with traffic flow from State Road 23 turning east on to <u>Douglas Road</u> , a dedicated right turn lane has been designed and will be constructed in 2012. This addition will greatly improve traffic movement through this intersection.

Airport Economic Development Area Summary

Recent Major Projects:	
	<u>Portage Prairie</u>
	Approximately 500 acre multi-layered subdivision at US31 and <u>Adams Road</u> . Portage Prairie Phase 1: Industrial section of Portage Prairie. This expansion of the AEDA includes 152 acres for industrial and mixed use development. The first Building, the Huron, is completed. This 148,000 square foot structure is the first of over 1 million square feet of anticipated development, at a private investment of over \$22 million.
	<u>Huttsfield Square Development</u>
	In coordination with the Hutto Development team, the City extended utilities and infrastructure through a 45 acre tract of land at the northeast corner of Mayflower and Cleveland Roads. The development will be a mixed use project with both commercial and residential in the site. It is anticipated that the first construction will begin later in the summer of 2012.

Airport Economic Development Area Summary

Recent Major Projects:	<p><u>Ignition Park</u></p> <p>Demolition of the remaining Studebaker buildings has been completed. The site is enrolled in the Indiana Dept. of Environmental Management's VRP Program which will address remaining environmental issues. A Master Plan for Ignition Park was developed by BSA LifeStructures in the fall of 2011. In November 2011, Data Realty purchased a 5 Acre lot at Ignition Park for an approximately 50,000 sq.ft. data center. To support this project, infrastructure design development was speeded up with the first phase being awarded by the end of 2011. Initial infrastructure including roads, utilities will be completed by July 2012 with Data Realty completing building construction by fall of 2012. Planning for future phases continues, along with continuing acquisition of properties to the south for future expansion. Over 60 residential and commercial properties have been acquired and demolished.</p>
	<p><u>Oliver Industrial Park & Oliver Plow Memorial & Pathway</u></p> <p>Recent new tenants in park include ABC Supply and Underground Pipe & Valve. The site is enrolled in the Indiana Dept. of Environmental Management's VRP Program for purposes of groundwater remediation.</p>

Airport Economic Development Area Summary

Recent Major Projects:	<u>Renaissance District (Union Station Technology Center and Ivy Tower)</u>
	Proposed to encompass multiple properties in the area between South and Sample Streets, the Renaissance District is a technology project that will allow for further use and exploration of the fiber optic backbone that runs along the rail road right of way through the heart of the city. The project will connect the Union Station Technology Center with the Ivy Tower complex and will cause a complete façade upgrade to the Ivy Tower complex as well as create an upgraded power and technology system for the southern end of downtown
	<u>Ivy Tech Expansion</u>
	Four properties along East Sample Street were acquired to help facilitate the historic enrollment growth at the college. These properties will be donated to Ivy Tech for a combination of new classrooms, office, and storage needs.

Airport Economic Development Area Summary

Recent Major Projects:	<u>St. Vincent De Paul (La Salle Square)</u>
	Entered in to a Real Estate Option Agreement for the acquisition of this 8 acre property, which abuts 8.7 acres currently owned by the Redevelopment Commission.
	<u>Senior Housing Development (LaSalle Square)</u>
	Heritage Place at LaSalle Square is a 72 unit, 4 story senior housing development by the Sterling Group. This project was realized through a partnership of the City, Memorial Hospital and Sterling. Construction costs are expected to be \$7.5 million.

Memorandum

Friday, May 17, 2013

TO: Scott Ford
FROM: Don Inks
SUBJECT: Bosch - Original Project Funding and Lease Termination

Attached is a summary of the Bosch transaction prepared in February 2010. While some of the specific dollar amounts have changed over the last 3 plus years, the referenced structure and history have not. Below are some quick notes on project funding and the lease termination.

Public Project Funding

	<u>Millions</u>
AEDA TIF	\$3.5
County	1.0
State	
IDFA	1.3
IDGF	1.0
IDLF	1.0
Training	1.4
IRF	.5
BDC	.5
UEA Training	.4
Total	\$10.6

Lease Termination

The lease entered into in August 2000 was for an initial 20 year term. During the first 20 years Bosch was not required to make any lease payments. The lease contained provisions to extend beyond the original 20 years, and those lease payments would have been near market rate. Bosch was required to repay the city for \$4 million of the public investment, but could receive credits against this if employment stayed above 435, or 535 after 2011. Bosch met all of their annual employment goals, until 2012 when they left the facility. In accordance with the lease, Bosch will repay \$746,000, which is the full amount due after the credits and previous payments have been applied. Previous payments total \$2,058,000 representing \$1,054,000 of principal and \$1,004,000 of interest.

A portion of the project funding was borrowed by the City from the IDLF (Industrial Development Loan Fund) and the IRF (Industrial Revolving Fund). The \$746,000 being paid by Bosch will allow the City to repay these loans in full later this year.

The City also borrowed \$1.3 million from the IDFA (Industrial Development Finance Authority) for environmental remediation and demolition. Bosch has been making the payments on this loan since its inception and will continue to make payments until this loan is repaid in full. There is a current remaining balance of \$538,508, requiring quarterly payments of \$18,000 and final payment in June 2021.

The lease also provided for a lease termination penalty, which Bosch is paying in the amount of \$1,327,000. This represents a proration of a maximum \$3.5 million penalty over the term of the 20 year lease. Bosch occupied the property from lease inception in August 2000 to the end of December 2012, a total of 149 months. The remaining term was 91 months, resulting in Bosch owing $91/240 * \$3,500,000 = \$1,327,083.33$.

Project Recap

	<u>Million</u>
Total Public Funding	\$10.6
Less Loans Repaid by Bosch:	
IDFA	1.04
IDLF	1.0
IRF	.5
BDC	.3
Less Termination Penalty	1.327
Less Value of Remediation at Site	1.3
 Net Public Funding	 5.133
 Less Pending Sale of Property	 1.1
 Final Public Investment	 4.033

While the goal of this project was to retain Bosch and its employees for 20 plus years, an average of 506 jobs per year were maintained from 2000 to 2011. Bosch also maintained the leased buildings in excellent condition, making it possible for the City enter into a Letter of Intent to lease or sell the property to a growing local company, Curtis Products. Curtis Products employs over 330 individuals and has outgrown its current facilities just southeast of the downtown.



Economic Outlook for The United States

Positives

- Energy Business Booming
- Companies Moving Jobs back to U.S.
- Housing Prices Rising

Negatives

- Budget Cuts/Sequestration
- Credit Card & Student Loan Debt
- European Union

	2009	2010	2011	2012	2013
<i>GDP Growth Rate</i>	-3.10%	2.40%	1.80%	2.20%	2.50%
<i>Unemployment</i>	9.28%	9.63%	8.93%	8.08%	7.68%
<i>Inflation</i>	-0.34%	1.64%	3.15%	2.07%	1.68%
<i>Personal Income</i>	\$38,637	\$39,791	\$41,560	\$42,693	---
<i>Real GDP</i>	101.069	103.486	105.356	107.687	108.929

<http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&910=X&911=0&903=1&904=2009&905=2012&906=A>

<http://data.bls.gov/timeseries/LNS14000000>

http://inflationdata.com/Inflation/Inflation_Rate/HistoricalInflation.aspx

<http://bber.unm.edu/econ/us-pci.htm>

<http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&910=X&911=0&903=3&904=2009&905=2013&906=A>



Economic Outlook for The State of Indiana

Positives

- Steady Employment Growth
- \$500+ Billion State Budget Surplus
- 5% Income Tax Cut

Negatives

- Weather/Farming
- Federal Govt. Policies (Taxes/Healthcare)

	2009	2010	2011	2012
<i>GDP</i>	94.015	99.531	100.674	---
<i>Indiana Unemployment</i>	11.0%	10.5%	9.1%	8.5%
<i>Population (annual estimates)</i>	6,459,325	6,489,856	6,516,353	6,537,334
<i>Personal Income Per Capita</i>	\$ 35,490.49	\$ 35,833.22	\$36,431.26	\$ 36,902.28

<http://www.stats.indiana.edu/sip/>

<http://www.bls.gov/lau/#cntyaa>

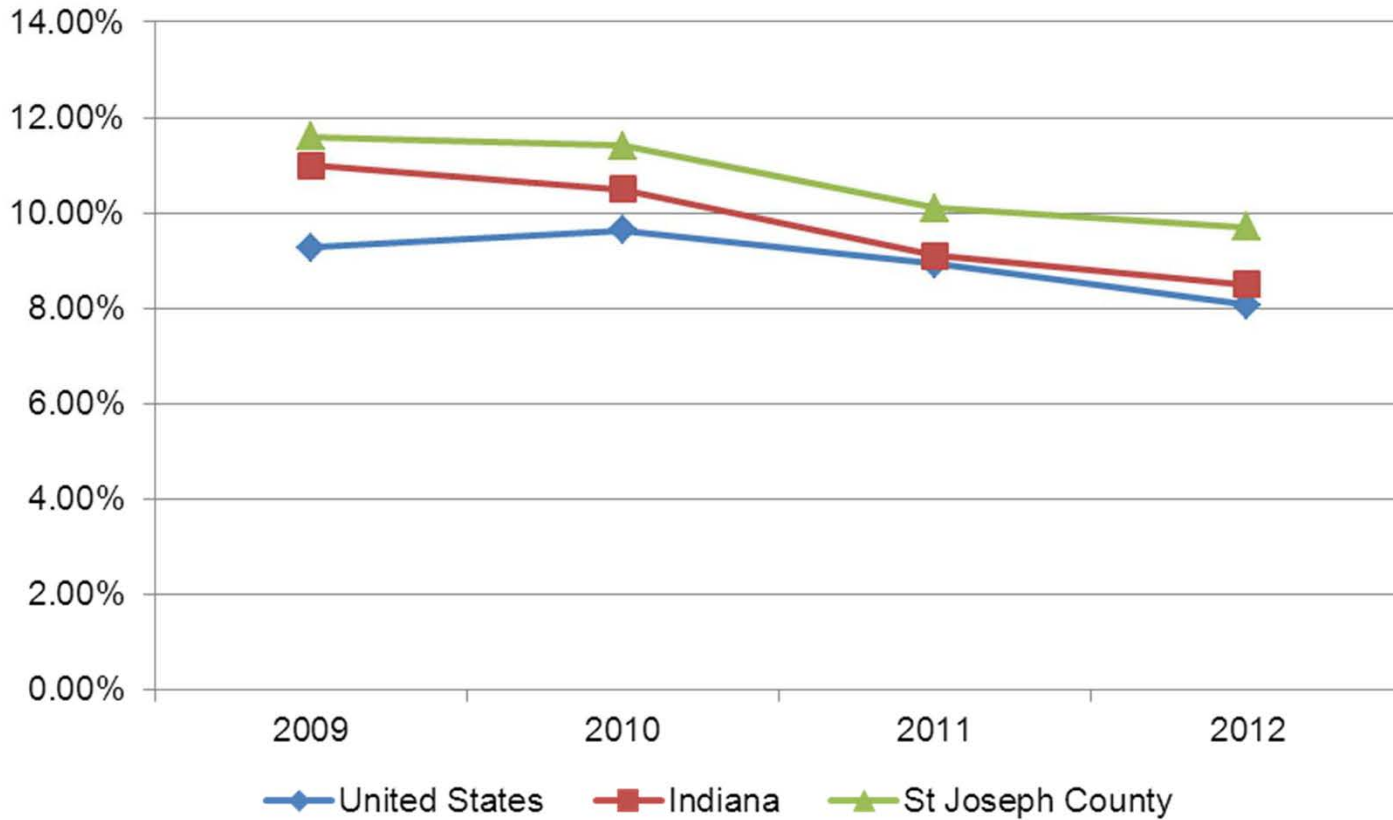
<http://www.stats.indiana.edu/sip/>

<http://www.stats.indiana.edu/sip/>

<http://www.ibrc.indiana.edu/ibr/2012/outlook/indiana.html>



Unemployment



	2009	2010	2011	2012
<i>United States</i>	9.28%	9.63%	8.93%	8.08%
<i>Indiana</i>	11.0%	10.5%	9.1%	8.5%
<i>St Joseph County</i>	11.6%	11.4%	10.1%	9.7%



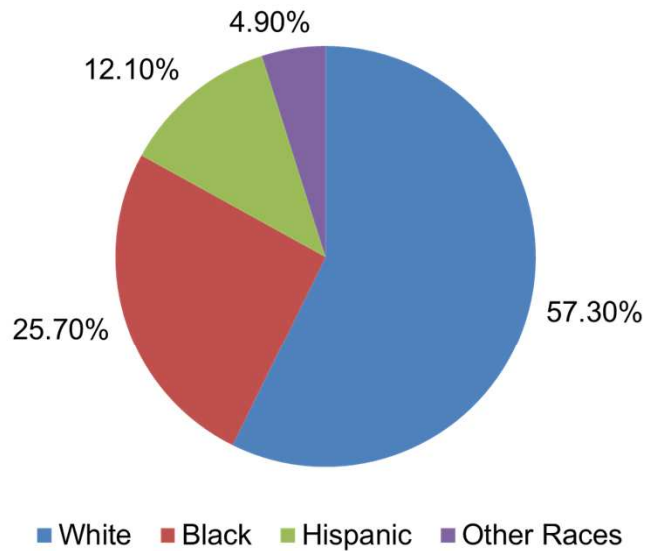
10 Largest Employers in St. Joseph County

1. UNIVERSITY of Notre Dame
2. Memorial Hospital-South Bend (SB)
3. St Joseph County of Insurance (SB)
4. Honeywell Aerospace (SB)
5. Memorial Edwards Center (SB)
6. St Joseph Regional Medical Center (Mishawaka)
7. AM GENERAL LLC (Mishawaka)
8. Liberty Mutual (Mishawaka)
9. Robert Bosch Braking Systems (SB)
10. Highway Dept. Toll Road Division (Granger)



City of South Bend Demographics

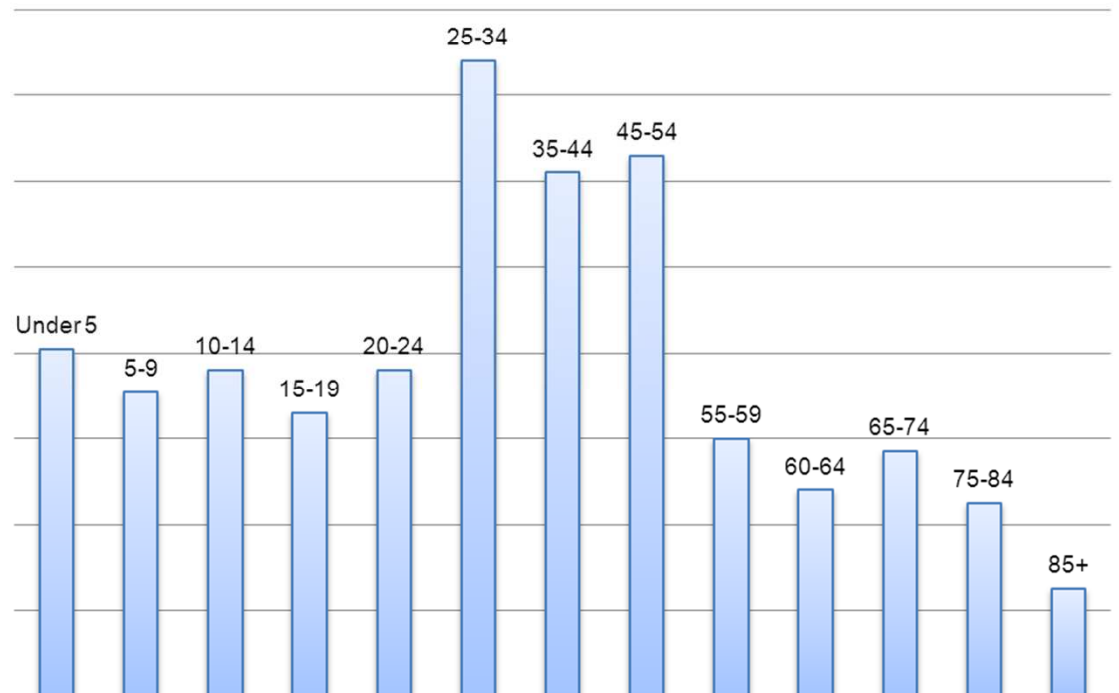
Race



<i>Male</i>	48.30%
<i>Female</i>	51.70%

<i>Total Housing Units Estimate</i>	47,413
<i>Median Age</i>	34

Age Distribution





South Bend/Mishawaka Non-farming Employment

