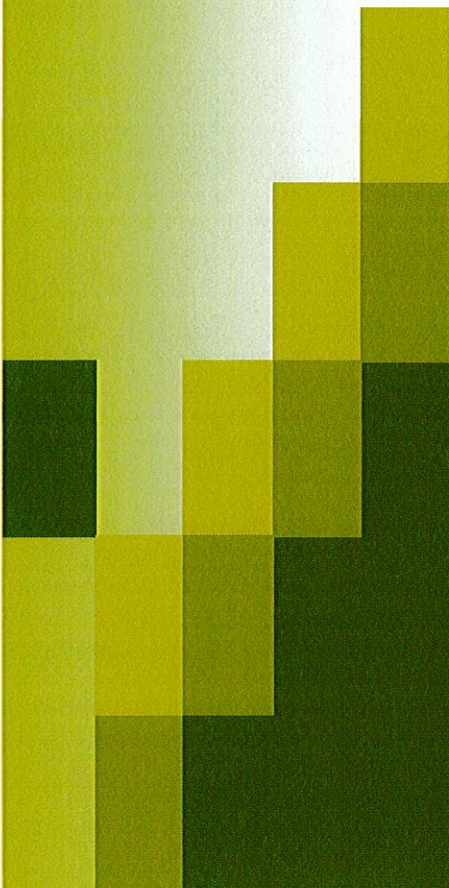




Duluth Economic Development Authority

2017 Proposed Budgets (10/26/2016):

Operating Fund 860

Debt Service Fund 861

Capital Projects Fund 865

MRO Maintenance Fund 866

Duluth Economic Development Authority

2017 Proposed Budgets – 10-26-2016

Operating Fund 860

>> Parking revenues remain a major revenue producer for the Operating Fund. The estimate of \$550,000 is a conservative estimate of what I consider to be normal summer parking activity.

>> TIF Admin Recovery (the portion of the City admin cost that we charge to the individual TIF Districts) continues to run lower as more TIF Districts drop off the radar. We may make adjustments to this line in future budget revisions as we get a better idea for how much time is spent working on projects in the individual TIF Districts.

>> DEDA is the conduit for the \$6,950,000 DEED grant for the NorShor redevelopment project. We are not adding a 2017 amount to this line since the amount is obviously unknown at this time, but we will amend the 2017 budget after 2016 has been closed out.

>> A few title issues surfaced and were corrected after the sale of the AET property fell through earlier this year. Staff considers this piece of property—because of its characteristics like size and location—may be the most likely to be sold next year, so we've budgeted for a potential sale in 2017.

>> Expenses in general – No real surprises here. They're my best estimates, primarily based on past experience. Keep in mind that existing projects that are not completed by the end of 2016 will be carried forward and added in a future budget revision.

Debt Service Fund 861

>> As TIF Districts were decertified and went offline during the past five years, we experienced a significant decline in tax increment revenues. Now as new districts are beginning to ramp up we can expect a corresponding increase in tax increment revenues over the next few years. District 25 (Bluestone) is expected to take another jump in revenue as new development is completed, and we are expecting to receive the first increment payment for District 27 (Pier B). These amounts for revenue are best estimates at the moment and they will be adjusted in a future revision after tax rates have been approved by all the taxing jurisdictions and the County has completed their TIF projections.

Exhibit A

>> Regarding PAYG debt, all of these numbers are based on development agreements that detail what each developer is to be paid—generally a percentage of TIF generated by the development.

>> Note that once the annual obligations (debt) have been satisfied, the excess over and above the annual debt is transferred to the Capital Projects Fund, to be used for TIF-eligible projects.

Capital Projects Fund 865

>> The primary source of revenue in this fund comes from the excess increment remaining after annual debt has been satisfied (see the above Debt Service Fund).

>> TIF admin Recovery - see the comment regarding this in the Operating Fund.

>> At the moment for the Capital Projects Fund we have not specifically identified projects that we expect to start in 2017. One project expected to be taken on in the future will be the addition of the skywalk linking the Medical District to the downtown.

MRO Maintenance Facility Fund 866

>> This fund's sole purpose is to accumulate MRO rents for a period of years in order to anticipate expected capital maintenance costs (primarily replacement of the roof) that will likely occur in 10 (or so) years. This year's increase in rents over last year was a scheduled increase in the lease.

>> A large expenditure is expected to be made to correct deficiencies in the roof. The work is expected to add an additional 10 years to the life of the roof before replacement is necessary.

Storefront Loan Fund 867

>> This fund was all but depleted at the closing of the NorShor project. The fund will be combined with Fund 860 at the end of 2016 and all future loan collections will be accounted for in the Operating Fund beginning in January.

Exhibit A

Duluth Economic Development Authority

Executive Summary - DEDA Budgets 2017 Proposed Budgets 10-26-2016

	Operating Fund 860	TIF Funds		MRO Maint Facility Fund 866
		Debt Service Fund 861	Capital Projects Fund 865	
Operating Fund #860				
Revenues				
Parking Program Revenues	550,000			
TIF Admin Recovery	105,867			
NorShor Rent Revenues	65,000			
Other	233,444			
Proposed 2017 Fund 860 Revenue	954,311			
Expenses				
Parking Program Expenses	(304,500)			
Atlas Cement Plant Expenses	(18,068)			
Temple Opera Expenses	(100,384)			
Other	(516,552)			
Proposed 2017 Fund 860 Expenses	(939,504)			
Debt Service Fund #861				
Revenues				
Tax Increment received from the County		1,884,000		
Proposed 2017 Fund 861 Revenues		1,884,000		
Expenses				
PAYG Note Payments		(925,984)		
Transfer to City Debt Service (Medical District Ramp)		(385,000)		
Other Expenses		(22,353)		
Transfer of excess increment to Capital Projects		(550,663)		
Proposed 2017 Fund 861 Expenses		(1,884,000)		
Capital Projects Fund #865				
Revenues				
Transfer of excess increment from Debt Service			550,663	
Note Payment for the Washington School Project			44,000	
Other			13,500	
Proposed 2017 Fund 865 Revenues			608,163	
Expenses				
Additional allocation of Admin Costs charged to TIF Districts			(105,867)	
Proposed 2017 Fund 865 Expenses			(105,867)	
MRO Maintenance Facility Fund #866				
Revenues				428,728
Expenses				(213,000)
Net Revenues / Expenditures	14,807	-	502,296	215,728
Beginning Fund Balances	989,763	-	1,473,382	400,095
Ending Fund Balances	1,004,570	-	1,975,678	615,823

Duluth Economic Development Authority

DEDA Operating Fund 860 2017 Proposed Budget (10-26-2016)

Exhibit A

			2015	2016		2017					
			FINAL 12-31-2015	Actual YTD 09-30-2016	Revised Budget 10-05-2016	Proposed Budget 10-26-2016	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other Operating
Revenues											
	IDB Fees	403	168,759	36,836	36,836	2,609					2,609
	Investment Earnings	401	3,725	8,317	10,000	10,000					10,000
	Augusta TIF Recapture	404	3,835	3,835	3,835	3,835					3,835
	Sale of Phoenix Parking Ramp (contract for deed-final year)	405	14,426	-	91,232	-					
	DEDA's Parking Program	402	611,064	467,682	550,000	550,000		550,000			
	Construction Assessments - Chadco	490	14,652	-	-	-					
	SLC Pastoret/Grand Ave demo contribution		-	-	365,000	-					
	Gifts / Donations	406	1,000	-	-	-					
	Project Development Fees / Services	407	11,250	1,000	10,000	5,000					5,000
	TIF Admin Recovery	498	197,408	-	144,880	105,867					105,867
	Sale of Soo Line bridge to State of MN		-	-	21,800	-					
	DEED Redevelopment Grant - NorShor (Playhouse sub-grant)	497	-	520,161	6,950,000	-					
	Tax Forfeited Land Purchase/Re-Sale (Harbor Bay Development)	409	86,713	-	-	-					
	Other Revenues	499	18,578	15,252	2,000	2,000					2,000
	Projected Land Sales - AET Property		-	-	-	210,000					210,000
	Projected Land Sales - Atlas Site	411	-	-	235,000	-					
	DEDA's 2011 EPA Atlas Cleanup Grant	412	30,672	17,149	41,709	-					
	Temple Opera Building Rent	410	80,763	50,996	65,000	65,000	65,000				
	Bayfront EPA Cleanup Grant - Lot D	494	20,874	-	199,675	-					
	DEED match to the Bayfront EPA Cleanup Grant - Lot D	494	-	-	40,000	-					
	Bayfront (Pier B) Cleanup Grant	496	999,000	-	-	-					
	Bayfront (Pier B) Redevelopment Grant - Infrastructure	495	495,909	-	-	-					
	Pier B Redevelopment Grant	493	270,918	-	-	-					
	Conduit Grants - Lincoln School / HDPE / Harbor Bay	450	472,865	125,231	125,231	-					
	Cirrus Abatement - County & City / Expansion TIF	413	58,025	-	43,270	-					
		998	-	-	-	-					
	TOTAL REVENUES		3,560,435	1,246,459	8,935,468	954,311	65,000	550,000	-	-	339,311
EXPENDITURES											
	Auditing Services	501	3,328	4,218	4,000	4,000					4,000
	Administrative Fees	598	365,000	273,750	365,000	365,000					365,000
	APEX - Marketing Program	503	18,960	11,500	15,000	15,000					15,000
	Northland Connection	504	55,329	29,690	15,000	15,000					15,000
	Other Professional Services	505	72,751	24,008	55,000	55,000					55,000
	DEDA's Parking Program	502	249,027	190,732	300,000	300,000		300,000			
	Canal Park Business Assn Grant	506	5,642	-	4,500	4,500		4,500			
	Meeting Expenses	507	3,285	1,472	3,500	3,500					3,500
	HRA / Garfield Square purchase	508	-	-	43,000	-					
	Dues & memberships	518	525	493	3,000	3,000					3,000
	Marketing	522	27,705	8,900	15,000	15,000					15,000
	Website Development / Maintenance	511	15,127	8,034	8,034	7,000					7,000
	Travel & Training	520	4,840	2,664	5,000	5,000					5,000
	Advertising/Promotion/Printing/Copying/Postage	513	216	604	500	500					500
	Other Services & Charges	514	5,797	9,482	5,000	5,000					5,000
	Self-Insurance	515	7,000	7,210	7,000	7,500					7,500
	Pastoret Terrace/5907 Grand Ave demo	516	-	-	365,000	-					
	Stormwater/Street Lights & Maintenance Assessments	517	11,961	8,598	12,000	12,000					12,000
	Tax Forfeited Land Purchase/Re-Sale (Harbor Bay Flats)	509	86,713	-	-	-					
	Property Taxes/Street Assessments on Land Held for Resale	519	4,154	3,926	4,052	4,052					4,052
	Atlas Cement Plant Cleanup	512	71,666	38,018	55,023	-					
	Atlas R.E. Taxes	521	19,750	23,868	18,068	18,068				18,068	
	Atlas Contingency	---	-	-	5,102	-					
	Professional Services - Bayfront - Lot D Cleanup	594	20,874	351	239,675	-					
	Bayfront (Pier B) Cleanup Grant	596	999,000	-	-	-					
	Bayfront (Pier B) Redevelopment Grant - Infrastructure	595	495,909	-	-	-					
	Pier B Redevelopment Grant	595	472,865	-	-	-					

DEDA Operating Fund 860
2017 Proposed Budget (10-26-2016)

2017					
Proposed Budget 10-26-2016	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other Operating
75,000	75,000				
-					
25,384	25,384				
-					
-					
-					
939,504	100,384	304,500	-	18,068	516,552
14,807	(35,384)	245,500	-	(18,068)	(177,241)
989,763					
1,004,570					

Duluth Economic Development Authority
DEDA DEBT SERVICE FUND 861

Exhibit A

2017 Proposed Budget - 10/26/2016

	2015	2016		2017											
	FINAL	Actual (09-30-2016)	Revised Budget (10-05-2016)	Proposed Budget (10-26-2016)	Washington Augusta dist 13	Center dist 16	Tech Village dist 19	Garfield dist 21	Medical Dist Expansion dist 22	5th Street Village Place dist 23	Duluth Renaissance dist 24	Bluestone dist 25	Pier B dist 27	21st Ave E dist 28	Kenwood Village dist 29
Beginning Fund Balance	160,443	1,146	1,146	-	-	-	-	-	-	-	-	-	-	-	-
Revenues															
Investment Earnings	5,971	3,207	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Increment	2,024,439	738,924	1,473,174	1,884,000	34,000	44,000	292,000	52,000	690,000	29,000	143,000	350,000	250,000	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	2,030,410	742,131	1,473,174	1,884,000	34,000	44,000	292,000	52,000	690,000	29,000	143,000	350,000	250,000	-	-
Total Available	2,190,853	743,277	1,474,320	1,884,000	34,000	44,000	292,000	52,000	690,000	29,000	143,000	350,000	250,000	-	-
Expenditures															
DEVELOPER PAYMENTS (PAYG)															
Final Year Payments - District 7 PAYG Debt	31,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Glen Place Apts (Augusta)	29,720	5,766	29,191	29,655	29,655	-	-	-	-	-	-	-	-	-	-
Washington Center (Artspace)	45,409	-	42,573	43,290	-	43,290	-	-	-	-	-	-	-	-	-
Garfield Business Park	21,284	-	21,500	20,700	-	-	20,700	-	-	-	-	-	-	-	-
Village Place Apartments	82,604	13,322	16,347	16,347	-	-	-	-	-	16,347	-	-	-	-	-
NorShor Theatre	-	-	-	14,000	-	-	-	-	14,000	-	-	-	-	-	-
Sheraton Hotel & Condominiums	136,156	73,147	134,000	135,000	-	-	-	-	135,000	-	-	-	-	-	-
Duluth Rennaisance Project	126,916	65,758	127,691	128,142	-	-	-	-	-	-	128,142	-	-	-	-
Bluestone Commons	82,205	86,380	172,118	314,357	-	-	-	-	-	-	-	314,357	-	-	-
Pier B	-	-	-	224,493	-	-	-	-	-	-	-	-	224,493	-	-
OTHER															
Transfer to City's Debt Service Fund	385,112	-	385,000	385,000	-	-	-	-	385,000	-	-	-	-	-	-
Transfer to Other Districts/Funds	3,835	3,835	25,729	15,073	3,835	-	-	-	-	11,238	-	-	-	-	-
Excess TIF returned to County	297,615	8,572	-	-	-	-	-	-	-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	6,243	-	6,730	7,280	510	710	600	560	1,355	555	620	715	563	542	550
Total Expenditures	1,248,301	256,780	960,879	1,333,337	34,000	44,000	600	21,260	535,355	28,140	128,762	315,072	225,056	542	550
Fund Balance before transfer	942,552	486,497	513,441	550,663	-	-	291,400	30,740	154,645	860	14,238	34,928	24,944	(542)	(550)
Less: Transfer @ Y/e to Capital Projects	941,406	-	513,441	550,663	-	-	291,400	30,740	154,645	860	14,238	34,928	24,944	(542)	(550)
Ending Fund Balance	1,146	486,497	-	-	-	-	-	-	-	-	-	-	-	-	-
Anticipated Decertification Dates					2020	2021	2026	2027	2029	2031	2034	2040	2042	25 yrs AFRI	25 yrs AFRI

Exhibit A

Duluth Economic Development Authority

2017 Proposed Budget (10-26-2016)

Capital Projects Fund 865

10/20/2016

				2015	2016		2017										
				FINAL	Actual	Revised Budget	Proposed Budget	Washington	Tech Village	Garfield	Medical Dist	Village Place	Renaissance	Bluestone	Pier B	21st Ave E	Kenwood
				12-31-2015	YTD 09-30-2016	10-05-2016	10-26-2016	dist 16	dist 19	dist 21	dist 22	dist 23	dist 24	dist 25	dist 27	dist 28	dist 29
BEGINNING FUND BALANCE				3,594,962	3,972,674	3,972,674	1,473,382	110,132	1,157,346	12,261	175,340	7	17,468	212	94	243	279
Revenues																	
	Investment Earnings	41		16,415	16,182	20,020	13,500	500	12,000	-	1,000	-	-	-	-	-	-
	Other - Interdistrict Loans			-	-	-	-	-	-	(600)	-	-	-	(15,000)	(5,000)	10,300	10,300
	Transfer from Debt Service	43		889,300	-	513,441	550,663	-	291,400	30,740	154,645	860	14,238	34,928	24,944	(542)	(550)
	Norshor Theatre Interim Note Repayment	45		-	300,000	300,000	-	-	-	-	-	-	-	-	-	-	-
	Washington School Loan Repay	44		45,409	-	42,573	44,000	44,000	-	-	-	-	-	-	-	-	-
	Other Revenues	42		1,221	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES/TRANSFER				952,346	316,182	876,034	608,163	44,500	303,400	30,140	155,645	860	14,238	19,928	19,944	9,758	9,750
TOTAL AVAILABLE				4,547,308	4,288,856	4,848,708	2,081,545	154,632	1,460,746	42,401	330,985	867	31,706	20,140	20,038	10,001	10,029
Expenditures																	
	NorShor Project	57		300,000	600,000	600,000	-	-	-	-	-	-	-	-	-	-	-
	Seawall Infrastructure Repairs / Baywalk Extension	61		-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-
	Excess TIF returned to St. Louis County	60		18,144	-	-	-	-	-	-	-	-	-	-	-	-	-
	One Roof Housing	54		80,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	Housing Rehab - City	56		150	114,560	199,850	-	-	-	-	-	-	-	-	-	-	-
	Infrastructure - S 59th Ave West	58		23,394	448,774	1,152,290	-	-	-	-	-	-	-	-	-	-	-
	Irving Exterior Home Renovation Forgivable Loan Program	62		-	80,967	180,000	-	-	-	-	-	-	-	-	-	-	-
	TIF Admin Cost Allocation	59		145,302	-	144,880	105,867	5,000	5,000	5,000	25,000	867	5,000	20,000	20,000	10,000	10,000
	HRA Acquisition/Demolition	55		3,386	-	-	-	-	-	-	-	-	-	-	-	-	-
	NorShor Skywalk/Public Improvements/Admin	52		1,081	2,721	-	-	-	-	-	-	-	-	-	-	-	-
	Purchase of Pastoret Terrace / 5907 Grand Ave	63		-	98,306	98,306	-	-	-	-	-	-	-	-	-	-	-
	Other	99		3,176	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES				574,634	2,345,328	3,375,326	105,867	5,000	5,000	5,000	25,000	867	5,000	20,000	20,000	10,000	10,000
ENDING FUND BALANCE				3,972,674	1,943,528	1,473,382	1,975,678	149,632	1,455,746	37,401	305,985	-	26,706	140	38	1	29

Decertification Dates

2021202620272030203120342040204225 yrs AFRTI25 yrs AFRTI

Duluth Economic Development Authority**DEDA MRO Maintenance Facility Fund 866****2017 Proposed Budget (10-26-2016)****Exhibit A**

		2015	2016		2017
		FINAL 12-31-2015	Actual YTD 09-30-2016	Revised Budget 10-05-2016	Revised Budget 10-26-2016
BEGINNING FUND BALANCE		(13,004)	165,763	165,763	400,095
<u>Revenues</u>					
	Investment Earnings	794	1,962	-	4,000
	Building Rent	313,738	235,304	322,872	424,728
TOTAL REVENUES		314,532	237,266	322,872	428,728
TOTAL AVAILABLE		301,528	403,029	488,635	828,823
<u>EXPENDITURES</u>					
	Repairs/Maintenance	44,791	8,232	60,000	200,000
	Long-Term MRO Maintenance Planning	-	300	16,000	-
	Capital Equipment replacement	78,434	-	-	-
	Property Insurance	12,540	10,300	12,540	13,000
TOTAL EXPENDITURES		135,765	18,832	88,540	213,000
ENDING FUND BALANCE		165,763	384,197	400,095	615,823