

**MEMORANDUM  
FINANCE DEPARTMENT**

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**TO:** Mr. Thomas Thomas, City Manager  
**SUBJECT:** Adjustment to the FY2014 Budget

**Number:** 002-14  
**Date:** 04-02-13

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An adjustment to the FY2014 budget in the amount of \$15,000.00 is requested by the Community / Economic Development Department reference payment to Ehlers and Associates for their work on the establishment of a new TIF district which was approved by the City Council on October 1, 2012 (see attached).

The requested budget adjustment is for the following account number:

201-312801-53112-0000000	\$15,000.00	Consultant Services
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**Recommendation:** Council approve the adjustment increasing the TIF #1 Downtown Fund (201) budget for FY2014 by \$15,000.00.

**Submitted by:** Cynthia Parchert, Finance Director  
Donald Reichert, Budget Coordinator

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**Approved:** Thomas Thomas, City Manager

# MEMORANDUM

## COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: The Locks – 34 unit market rate development

DATE: 9/26/12

Rock Island Economic Growth Corporation (Growth) has presented a new housing development project for downtown Rock Island. The Locks project has been in pre-development for the past few years. It involves the north section of the parking lot located near 1<sup>st</sup> Ave. and 20<sup>th</sup> St. The project will create 34 additional housing units in the downtown. The total cost of the project is estimated to be over \$6,000,000 with a mix of one, two and three bedroom units.

After many months of working through the financials and design reviews, the project ready to move forward. The development will include 6 units with income restriction of 60% of the area median income with the remaining 28 units offered at market rate. Financing would not be possible without the inclusion of the 6 units with the income restriction.

City support of this project totals \$2,100,000. Funding will be secured from two primary sources: the existing downtown TIF and a new project based TIF. The \$1,750,000 will be raised for the project through the issuance of new TIF backed bonds along with \$350,000 in cash allocated from the Downtown TIF. Bonds will be supported by the existing Downtown TIF and the new project based TIF district.

In order to create the new project based TIF for The Locks a modification of the downtown TIF is required. Secondly, a new TIF needs to be established around the site for the project. Staff recommends a consultant be retained to undertake the TIF modifications and to develop the new project based TIF. Ehlers Inc. has proposed a fee of not to exceed \$29,000 for the consulting work.

### Recommendation:

1. The Community and Economic Development Department recommends that the Council approve the development agreement with GROWTH and authorize its execution by the City Manager.
2. The Community and Economic Development Department recommends that the Council approve the agreement with Ehlers and Associates, Inc. for the establishment of a new TIF district not to exceed \$29,000, and authorize its execution by the City Manager.
3. The Community and Economic Development Department recommends the City Council to approve issuing \$1.75 million in TIF backed bonds supporting The Locks development.

Submitted by: Jeffery A. Eder, Community and Economic Development Director  
Mary Chappell, Development Programs Manager

Approved: Thomas Thomas, City Manager