



Agenda Memo

Crest Hill, IL

Meeting Date: January 23, 2023
Submitter: Jim Marino, City Administrator
Department: Administration
Agenda Item: Richland School District Intergovernmental Agreement

Summary: The Joint Review Board meeting was held on January 19 to consider creation of the Weber Road/Division Street TIF district. There was discussion about an intergovernmental agreement (IGA) with the Richland School District to annually declare a surplus of the tax increment generated in the TIF district. Such an IGA would need to be approved by the city council and school board.

Taxing districts do not receive property taxes generated within a TIF district for 23 years unless a surplus is declared. Because of this delay in receiving tax revenue, taxing districts, especially school districts, can be averse to TIF districts. The only means for taxing districts to receive revenue before the TIF district expires is if the municipality declares a surplus and releases this money to the county. The county would then distribute this surplus amount to all the taxing districts, including the city, based on their proportionate share of the tax bill.

To help the taxing districts benefit from the new tax revenue during the life of the TIF district, municipalities will annually share a portion of the tax increment. In 2021, Steve Gulden and the Superintendent of Richland School District, Joe Simpkins, had discussions about the city annually declaring a surplus. Joe proposed the city share 25% of the increment and Steve proposed 10%. When I recently talked with Joe, I indicated that 25% was too high and proposed 10% as was previously proposed by Steve. Joe and I felt that a reasonable revenue sharing method we could propose to our respective boards would be for the city to declare a surplus of 10% in years 8, 9, and 10 of the 23-year life of the TIF district, and 15% in years 11 to 23.

I conferred with our TIF attorney, Dave Silverman, regarding similar IGAs he worked on with other municipalities. Dave indicated that while the revenue sharing amounts agreed to by municipalities and school districts vary, the amounts stated above are comparable to other IGAs.

The Superintendent of Richland School District, Joe Simpkins, discussed the IGA with his board at their meeting on January 18. Joe informed me that the school board is in favor of the IGA terms. No vote was taken at this meeting.

The JRB did not vote to recommend creation of the TIF district at yesterday's meeting to give the city council time to review the IGA. Thus, the JRB meeting was recessed until February 7. If the city council is in favor of the IGA terms, the IGA will be placed on the February 6 meeting agenda for approval. The JRB will vote on recommending creation of the TIF district at their meeting on February 7. The Richland School District school board will vote on the IGA at their next meeting on February 15.

Recommended Council Action: If the city council is amenable to the terms of the IGA, direct staff and our attorney to prepare the documents necessary for approval at the February 6 council meeting.

Financial Impact: N/A

Funding Source:

Budgeted Amount:

Cost:

Attachments: Draft IGA