

# VILLAGE OF HOMEWOOD



## BOARD AGENDA MEMORANDUM

DATE OF MEETING: July 8, 2025

**To:** Village President and Board of Trustees

**Through:** Napoleon Haney, Village Manager

**From:** Amy Zukowski, Director of Finance

**Topic:** Budget Amendment – Ford of Homewood Sales Tax Sharing

### PURPOSE

Staff is requesting the Village Board approve a budget amendment to meet its obligation to Ford of Homewood for their annual sales tax sharing payment according to the agreement approved in February 2022.

### PROCESS

During the February 22, 2022 Board of Trustees meeting, the Village Board authorized entering into a sales tax sharing agreement with Ford of Homewood. The sales tax sharing agreement established an incentive of \$1,000,000 payable over a 15-year period. The sales tax sharing is structured with 90% to Ford of Homewood and 10% to the Village in years 1 and 2 – with a 10% proportional reduction to Ford of Homewood's share every two years. This will culminate in a 30% share to Ford of Homewood and 70% to the Village in year 14 and 20% to Ford of Homewood and 80% to the Village in year 15.

#### *Base Sales Tax*

As part of the sales tax sharing arrangement, the Village will continue to receive 100% of the amount of sales tax generated by the former Van Drunen Ford – described as “base sales tax.” After the Village receives an amount equal to the base sales tax, any remaining sales tax will be shared between the Village and Ford of Homewood – described as the “incentive.” To calculate the base sales tax amount, the Village averaged their portion of sales tax from the property prior to Steve Phillipos' acquisition of the property. The base sales tax amount is \$149,192 (three-year average for Van Drunen Ford from 2018 through 2020).

#### *Ford of Homewood Sales Increase*

During the past year, sales at Ford of Homewood have increased nearly 70%. The owner, Mr. Steve Phillipos is currently investing in the property through expansion of the facility and improvements to the property. Mr. Phillipos plans to continue to improve performance at the Ford dealership to make this store one of the best in the Midwest.

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### *Future Incentive Payments Possible with TIF Increment*

In the future, as the Kedzie Avenue Gateway TIF district accumulates increment from this and other developments over the next few years, the Village will have the option to pay Ford of Homewood's remaining incentive payments out of the property tax increment; not from sales tax sharing.

### **OUTCOME**

Approval of the budget amendment will allow the Village to meet its obligation to Ford of Homewood for sales tax revenue sharing.

### **FINANCIAL IMPACT**

- **Funding Source:** General Fund – Transfer from Business Incentive Program
- **Budgeted Amount:** \$30,000
- **Budget Amendment Requested:** \$81,267

### **LEGAL REVIEW**

Not Required

### **RECOMMENDED BOARD ACTION**

Approve a budget amendment of \$81,267 to the General Fund to meet the Village's obligation to Ford of Homewood for sales tax revenue sharing per the sales tax sharing agreement dated February 23, 2022.

### **ATTACHMENT(S)**

None