



DDA ACTION SUMMARY SHEET

MEETING DATE: March 18, 2025

TOPIC Budget – Contract Based Admin and Service Fees

BACKGROUND BRIEF:

Upon the recommendation and request of the DDA Board, the Executive Director has undertaken the task of conceptualizing a series of Intergovernmental Agreements that would serve to define and track actual expenses and statutorily appropriate costs, fees and expenses related to the areas of direct service(s) and general administrative activity between the DDA and the Village. These efforts can be broken down into three areas of topic:

1. GENERAL DPW SERVICES. After a year of interacting with Village DPW, staff has accumulated significant knowledge of what services actually fall to the DDA, what should be characterized as regular services to the Village (regardless of DDA) and those special services we need on a case-by-case basis. To better administer our TIF plan and the intentions of the Board, we are recommending that the DDA maintain certain contracts with the Village, if they are inclined to do so,
 - a. WINTER MAINTENANCE. We are presently contracted for the remainder of this winter season with the Village for snow removal and salting. It is our intent to broaden this agreement to include regular snow and ice maintenance as a general fee, and expand the contract to include requisition based services, that would be budgeted but activated, invoiced and paid on an as needed basis.
 - b. INTERGOVERNMENTAL SERVICES. There needs to be a base fee paid for general services that occur regularly and are often combined with services the DPW would do for the Village regardless of our existence. The DDA adds to the work load of those services so a general fee to support the work is appropriate. We are therefore recommending a contract that provides a base fee for general services, and ALSO has an enhanced services requisition process. This approach eliminates the long standing argument that the DDA does not adequately pay for regular services as it would represent our contribution to those services that should be occurring daily, and also helps the DPW by monetizing special requests.
2. PA57 ADMINISTRATIVE FEE. Historically the Village and DDA have attempted to provide budget pass through as an “Admin Fee”, through a series of departmental expense lines. This has not only caused an annual debate over what the fees are intended to cover as expenses of the TIF,

but is an improper means of complying with the budgetary language of PA57 of 2018. The statutory language allows the Village to add a reasonable fee for administering the TIF, its capture and accounting. It does not indicate that an Admin Fee represents other identified costs such as public safety during events, parking enforcement, code and ordinance work, etc.

To better represent what both the law and the DDA board has been trying to define over a series of years, we recommend that the DDA offer a base Administrative Services Agreement with the Village that sets the offered appropriation as a percentage of the Billed Estimate from Equalization (this is the same formula the village Manager wants to use for the Capital Plan).

3. CAPITAL IMPROVEMENT AGREEMENT. The concept for this is on the agenda for consideration at the March 18, 2025 (tonight) meeting.

What's missing from this consideration is Public Safety, and whether (or how) the DDA would be responsible for additional funding beyond the general obligations of the Village. It is a strong recommendation of the Executive Director that any appropriation towards public safety is budgeted and made through an agreement that allows for the DDA to support additional cost to assure safety and security of DDA located events and training and knowledge of our owners in the areas of accessibility, code, and property improvement. Topics such as parking control, enforcement, and general policing are not core functions of a DDA and should not be included in a budgetary appropriation as an "Admin Fee".

WHAT IS THE BUDGET IMPACT?

If this contract based approach is adopted by the DDA Board, these topics should be referred to the Budget Task Force where the budget would be crafted to reflect the following types of line entries;

General Service Contract(s)	GL 000-000-000-000	\$55,000
Presently: \$30,000 (general)		
Winter Maintenance Contracts(s)	GL 000-000-000-000	\$47,000
Presently \$17,000 (snow)		
Village Administrative Fee	GL 000-000-000-000	\$101,600
Presently \$70,000		
Village Capital Improvement(s)	GL 000-000-000-000	\$125,000
Newly Adopted		

Using this approach will allow both the Village and the DDA to secure basic intergovernmental appropriation, with a mechanism to allow for higher rates of funding to be expended to the Village budget through an accounting method calling for approved requisition and invoice. The cost breakdown to the DDA would be in the CONTRACT and NOT an assumed budget pass through.

Attached for Review are NEW contracts for basic and enhanced DPW Services and an Administrative Fee Agreement. Also attached are the approved and recommended contracts for Snow and Capital Improvements.

FINANCIAL IMPACT:

Using this approach will cause the DDA to combine current budget accounts, and appropriate larger sums towards anticipated contracted work and services. It will allow the use of third party bids when the time and materials of the DPW are lacking.

The goal of the DDA should be to budget for anticipated expenses, based on a percentage of reasonable cost.

RECOMMENDED MOTION:

1. Move to adopt the use of Contract based Administrative and Service expenses as a budgetary policy of the DDA, and refer the draft agreements to the DDA Budget Task force for recommendation to the Executive Director in the preparation of the 2025-2026 Budget.
2. Move to direct the Executive Director to issue a communication to the Village explaining and outlining the adoption of this budgetary policy approach, including therein the draft agreement with a request for comment(s).