

**VILLAGE OF DOWNERS GROVE**  
**Report for the Village Council Meeting**  
**2/21/2017**

<b>SUBJECT:</b>	<b>SUBMITTED BY:</b>
Intergovernmental Agreement with Downers Grove Public Library	Michael Baker, Deputy Village Manager

**SYNOPSIS**

A resolution has been prepared authorizing approval of an Intergovernmental Agreement (IGA) with the Downers Grove Public Library.

**STRATEGIC PLAN ALIGNMENT**

The goals for 2015-2017 include *Steward of Financial, Environmental and Neighborhood Sustainability and Exceptional Municipal Services*.

**FISCAL IMPACT**

Adoption of this IGA is not expected to have any financial impact to the Village in FY2017 and may result in the reduction of interest income of approximately \$1,000 in future years, based on current interest rates. As a result of this action, the Library is able to establish a Building Maintenance and Equipment Replacement Fund and transfer \$1,400,000 into that fund in order to ensure effective ongoing maintenance of its facility without increasing the property tax levy for this purpose.

**RECOMMENDATION**

Approval on the February 21, 2017 consent agenda.

**BACKGROUND**

In preparation for the FY2017 budget, staff members from the Village and Library met to identify potential partnership opportunities. One such opportunity involved use of the Village's pooled cash reserves to meet the Library's cash flow needs on a temporary basis. This is possible due to the Village's AAA bond rating, which has been achieved, in part, due to strong financial reserves maintained by the Village.

The Library receives approximately 95% of its annual operating revenues from property taxes. Property tax revenues to local government entities are disbursed by the County in two equal installments, once in June and once in September. Because the Library operates on the same fiscal year as the Village (January 1 – December 31), the Library will incur nearly six months of operating expenses before receiving the first property tax payment. Previously, the Library had been maintaining its own reserve of approximately six months to ensure that funding was available to pay for operating expenses. Under the terms of this IGA, the Village will allow its reserves to meet the Library's cash flow needs on a temporary basis. As a result of this action, the Library is able to establish a Building Maintenance and Equipment Replacement Fund and transfer \$1,400,000 into that fund in order to ensure effective maintenance of its facility without increasing the Property Tax levy for this purpose.

**ATTACHMENTS**

Resolution

Intergovernmental Agreement

**A RESOLUTION AUTHORIZING EXECUTION OF  
AN INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE VILLAGE OF DOWNERS GROVE AND THE  
BOARD OF LIBRARY TRUSTEES OF THE VILLAGE OF DOWNERS GROVE  
IN REGARD TO THE CREATION OF A SPECIAL RESERVE FUND**

WHEREAS, Article VII, Section 10 of the Illinois Constitution of 1970 provides that units of local government may contract or otherwise associate among themselves to obtain or share services and to exercise any power common to them; and

WHEREAS, the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., provides that power or powers, privileges or authority exercised or which may be exercised by a unit of local government may be exercised and enjoyed jointly with any other unit of local government; and

WHEREAS, the Village Council of the Village of Downers Grove has determined that it is in the best interest of the Village and its residents to establish a Special Reserve Fund for any or all purposes authorized by 75 ILCS 5/5-8 of the Illinois Local Library Act or for emergency expenditures for the repair of the Library's existing building or equipment; and

WHEREAS, the Village Council of the Village of Downers Grove has determined that approval and execution of the Intergovernmental Agreement with the Board of Library Trustees of the Village of Downers Grove, attached hereto as Exhibit A, is in the best interests of the Village and its residents.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove, Illinois:

SECTION 1. Each of the recitals in the Whereas paragraphs set forth above are incorporated into Section 1 of this Resolution.

SECTION 2. That the Mayor and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, as set forth in the form of the Agreement submitted to this meeting, together with such changes as the Manager shall deem necessary.

SECTION 3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

SECTION 4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_  
Village Clerk

**AN INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE VILLAGE OF DOWNERS GROVE AND THE  
BOARD OF LIBRARY TRUSTEES OF THE VILLAGE OF DOWNERS GROVE  
IN REGARD TO THE CREATION OF A SPECIAL RESERVE FUND**

This Intergovernmental Agreement (“Agreement”), is entered into this \_\_th day of February, 2017, by and between the VILLAGE OF DOWNERS GROVE, Illinois, an Illinois Municipal Corporation (hereinafter referred to as the "Village"), and the BOARD OF LIBRARY TRUSTEES OF THE VILLAGE OF DOWNERS GROVE, an Illinois Public Library (hereinafter referred to as the "Library Board"). The Village and the Library Board are hereinafter sometimes individually referred to as “Party” and collectively referred to as the “Parties.”

**WITNESSETH**

WHEREAS, the Village is an Illinois municipal corporation operating pursuant to the Illinois Municipal Code; and

WHEREAS, the Downers Grove Public Library (“Library”) is an Illinois public library operating pursuant to the Illinois Local Library Act (75 ILCS 5/1-0.1, *et seq.*); and

WHEREAS, pursuant to 75 ILCS 5/4-10 of the Illinois Local Library Act, the Library Board provides an annual statement of financial requirements of the Downers Grove Public Library for each fiscal year for inclusion in the budget of the Village, and a statement of the amount of money which, in the judgment of the Library Board, will be necessary for the Village to levy in its annual Tax Levy Ordinance, said Levy to be made pursuant to 75 ILCS 5/3-5 and pursuant to the provisions of the Illinois Municipal Code; and

WHEREAS, the Village provides administrative services to the Library at no cost, including payroll, accounts payable, financial statement preparation, financial reconciliation and reporting, audit services, employee parking permits, IMRF and 457 Plan administration.

WHEREAS, the Library Board currently has a sufficient Operating Fund balance on deposit for cash flow purposes to meet all of its necessary expenses and liabilities, which cash flow need was created by the prior change of the fiscal year of the Village from May 1 to January 1; and

WHEREAS, the Library Board and the Village recognize that it is in the best interests of both Parties and the benefit of the taxpayers residing within the boundaries of the Village of Downers Grove for the Library Board to reduce its Operating Fund balance by transferring a portion of the Operating Fund balance to a Special Reserve Fund to address the Library's capital needs and certain emergency expenditures; and

WHEREAS, the Village agrees that it will use its pooled cash reserves to cover any Library temporary cash flow deficit and to eliminate any negative balances or shortages in the Library's Operating Fund; and

WHEREAS, the Village and the Library Board have determined and find that it is in the overall best interests of the Village, the Library Board, their residents, taxpayers and the public, to facilitate this Agreement regarding the Library Board's annual tax levy needs and its Operating Fund; and

WHEREAS, Article VII, Section 10 of the Illinois Constitution of 1970 and the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, authorize units of local government to contract or otherwise associate among themselves to obtain or share services, and to exercise, combine or transfer any power or function, in any manner not prohibited by law; and

WHEREAS, the Village and the Public Library are public agencies as that term is defined in the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*; and

WHEREAS, the Library Board and the Village are authorized to enter into this Agreement pursuant to the intergovernmental cooperation powers provided by Section 10(a) of

Article VII of the Constitution of the State of Illinois of 1970 and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq*; and

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and agreements contained herein, the Village and the Library Board agree as follows:

SECTION 1: The Library Board agrees to establish a Special Reserve Fund for use for any or all of the purposes authorized by 75 ILCS 5/5-8 or for emergency expenditures for the repair of the Library's existing building or equipment.

SECTION 2: The Library Board agrees to direct that One Million Four Hundred Thousand Dollars (\$1,400,000.00) of the unexpended balances of the Library's Operating Fund be transferred to the Special Reserve Fund in 2017 thereby lowering its Operating Fund balance by that amount.

SECTION 3: The Library Board shall, within two (2) years from the effective date of the Ordinance and/or Resolution establishing the Special Reserve Fund, develop a plan as described in 75 ILCS 5/5-8 to guide the expenditure of monies held in the Special Reserve Fund.

SECTION 4: The Library Board shall levy in 2017, in a manner that eliminates the need to adopt a levy that contributes to the Special Reserve Fund from the proceeds annually received from 2017 ad valorem tax revenues. The Library Board, beginning in 2017, will continue to levy to meet its other operating expenses.

SECTION 5: The Library Board may keep in the Library's Operating Fund an operating cash balance year to year for emergency purposes, as provided in the Library's Finance Policy.

SECTION 6: At any time that the Library's Operating Fund balance is negative in advance of receiving the second installment of property tax revenue, the Village will use pooled cash reserves to meet temporary cash flow needs of the Library. The total amount of cash reserves provided by the Village in any fiscal year shall not exceed one half of the Library's

Operating Fund property tax levy for the full fiscal year. The Village will not charge interest on the use of cash reserves for this purpose.

SECTION 7: The Village shall continue to provide administrative services, including payroll, accounts payable, financial statement preparation, financial reconciliation and reporting, audit services, employee parking permits, IMRF and 457 Plan administration, at no cost to the Library.

SECTION 8: This Agreement shall be executed simultaneously in two (2) counterparts, each of which shall be deemed an original, but both of which shall constitute one and the same Agreement.

SECTION 9: This Agreement contains the entire understanding between the Parties and supersedes any prior understanding or written or oral agreements between them respecting the subject matter herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the Parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

SECTION 10: This Agreement shall be effective as of the date it is executed by authorized officials of Village and the Library Board, as approved by the corporate authorities of the Parties. Unless otherwise terminated by mutual agreement, this Agreement shall remain in effect perpetually until either Party notifies the other Party in writing that this Agreement shall be terminated on a date not less than two full tax years after the effective date of the service of the notice to terminate this Agreement.

IN WITNESS WHEREOF, each Party, pursuant to authority granted by the adoption of a Resolution by its governing Board, has caused this Agreement to be executed by its President and attested by its Clerk or Secretary.

VILLAGE OF DOWNERS GROVE  
THE

BOARD OF LIBRARY TRUSTEES OF  
VILLAGE OF DOWNERS GROVE

By: \_\_\_\_\_

By: \_\_\_\_\_

Mayor

President

ATTEST:

ATTEST:

BY: \_\_\_\_\_

Village Clerk

BY: \_\_\_\_\_

Secretary

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_