



Agenda Cover Memorandum

Meeting Date: January 25, 2016

Meeting Type: COW (Committee of the Whole) City Council Budget Workshop

Item Title: TIF Update

Action Requested: Approval Discussion Feedback Requested For Your Information

Staff Contact: Shawn Hamilton, City Manager w/ Joe Gilmore, Finance Director

Background:

We have discussed in previous Council and COW meetings the status of discussions with the 3 taxing districts regarding amendments to the Intergovernmental Agreements for the Uptown TIF.

A revised IGA with School District 64 was negotiated by Staff, and approved at the July 7, 2015 City Council meeting. This agreement provided an annual payment to the School District equal to 13.46% of incremental revenues.

Similarly, a revised IGA with the Park Ridge Park District was approved at the August 3, 2015 City Council meeting. This agreement provided an annual payment to the Park District equal to 1.92% of incremental revenues.

Both agreements, with School District 64 and the Park Ridge Park District, included a stipulation that in the event that negotiations with the remaining TIF partner (School District 207) yields a higher sharing percentage for that partner than originally contemplated, the proportionate increase would be applied to all three TIF partners. This component of the respective agreements has become known as the "me too" clause.

City Staff has been in negotiations with School District 207 Staff to amend the remaining TIF Intergovernmental Agreement. Those negotiations have identified that School District 207 is more interested in a stable, predetermined payment plan as opposed to a variable percent of incremental revenue as originally proposed by City Staff. When negotiations began, the two parties were at an impasse, with City Staff estimating the obligation to D207 at \$4.2M and D207 Staff believing that approximately \$5.6M was owed over the remaining life of the TIF. This disparity highlights the variety of interpretations that the original IGA produced. Through a series of meetings and counter proposals, City and D207 have agreed in theory to a payment stream totaling \$4.8M as outlined at the bottom of this memo. The proposal has been shared with the City's TIF subcommittee (Ald. Knight and Ald. Milissis) and D207 shared the proposal with their Board.

Assuming that the City Council approves the \$4.8M payment schedule to D207, there may be an impact on the D64 and Park District agreements, per the "me too" clause reference above. Both D64 and the Park District will be offered sharing percentages proportionately higher (or lower) in any remaining years of the TIF, commensurate with the D207 agreement. In the event that both D64 and the Park District elect a payment schedule proportionately comparable to the D207 agreement, the NPV impact to the City would be approximately \$500,000 in additional TIF payments over the remaining life of the TIF.

An IGA is being drafted and will be presented to the City Council for a vote on February 1st. D207 Staff plans to bring the IGA to their next Board meeting on the same night for approval.

Recommendation:

Budget Implications:

Attachment(s), if any:

- n/a

Proposed Annual Payment Schedule:

<u>Tax Year (Calendar Year)</u>	<u>Amount</u>	<u>Payment Date</u>
2012 (2013)	\$257,294.58	April 20, 2014
2013 (2014)	\$250,000.00	March 1, 2016
2014 (2015)	\$250,000.00	March 1, 2016
2015 (2016)	\$100,000.00	December 1, 2017
2016 (2017)	\$100,000.00	December 1, 2018
2017 (2018)	\$100,000.00	December 1, 2019
2018 (2019)	\$100,000.00	December 1, 2020
2019 (2020)	\$100,000.00	December 1, 2021
2020 (2021)	\$100,000.00	December 1, 2022
2021 (2022)	\$100,000.00	December 1, 2023
2022 (2023)	\$200,000.00	December 1, 2024
2023 (2024)	\$787,500.00	December 1, 2025
2024 (2025)	\$787,500.00	December 1, 2026
2025 (2026)	\$787,500.00	December 1, 2027
2026 (2027)	<u>\$787,500.00</u>	December 1, 2028
TOTAL	\$4,807,294.58	

Initial Offer (9.62% of incremental TIF revenue)

<u>Tax Year (Calendar Year)</u>	<u>Amount</u>	<u>Payment Date</u>
2012 (2013)	\$167,022.00	April 20, 2014
2013 (2014)	\$203,247.00	March 1, 2016
2014 (2015)	\$236,287.00	March 1, 2016
2015 (2016)	\$241,012.00	December 1, 2017
2016 (2017)	\$274,693.00	December 1, 2018
2017 (2018)	\$280,187.00	December 1, 2019
2018 (2019)	\$285,790.00	December 1, 2020
2019 (2020)	\$291,506.00	December 1, 2021
2020 (2021)	\$297,336.00	December 1, 2022
2021 (2022)	\$303,283.00	December 1, 2023
2022 (2023)	\$309,349.00	December 1, 2024
2023 (2024)	\$315,536.00	December 1, 2025
2024 (2025)	\$321,846.00	December 1, 2026
2025 (2026)	\$328,283.00	December 1, 2027
2026 (2027)	<u>\$334,849.00</u>	December 1, 2028
TOTAL	\$4,190,225.00	