

**A RESOLUTION APPROVING AN
INTERGOVERNMENTAL AGREEMENT WITH
THE ARLINGTON HEIGHTS MEMORIAL LIBRARY**

BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: A certain Intergovernmental Agreement by and between the Village of Arlington Heights and the Arlington Heights Memorial Library, related to the Personal Property Replacement Tax (PPRT) and administrative services, a true and correct copy of which is attached hereto, be and the same is hereby approved.

SECTION TWO: The Village President is hereby authorized and directed to execute said Intergovernmental Agreement on behalf of the Village of Arlington Heights.

SECTION THREE: This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

AYES:

NAYS:

PASSED AND APPROVED this 2nd day of November, 2020.

Village President

ATTEST:

Village Clerk

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE ARLINGTON HEIGHTS MEMORIAL LIBRARY AND THE
VILLAGE OF ARLINGTON HEIGHTS**

This Intergovernmental Agreement ("Agreement") by and between the Arlington Heights Memorial Library ("Library") and the Village of Arlington Heights ("Village"), both units of local government, becomes effective upon approval and signature by the Library and Village. This Agreement may refer to the Library and the Village together as the "Parties."

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, combine, or transfer any power or function in any manner not prohibited by law or by ordinance and may use their credit, revenues, and other resources to pay costs related to intergovernmental activities; and

Whereas, the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, further authorizes intergovernmental cooperation; and

Whereas, prior to 1970, the State of Illinois was permitted to impose personal property taxes on business entities: and

Whereas, the 1970 Illinois Constitution directed the Illinois State Legislature to abolish personal property taxes and replace the revenue lost by units of local government; and

Whereas, in 1979, a law was enacted to provide for a 1% income tax on corporations to replace the personal property tax revenue lost to units of local government ("PPRT") with the PPRT then distributed to taxing districts; and

Whereas, the Village has been receiving PPRT since 1981; and

Whereas, because the Library is not a separate taxing district, it appears that the Library is eligible to receive a portion of the PPRT collected by the Village; and

Whereas, neither the Village nor the Library has any documentation that would explain why the PPRT has been accounted for in the manner it has been; and

Whereas, at least since 1981, the Library has received various services from the Village, including payroll, accounts payable, investment management, benefits administration, Human Resources administration, and IT services (“Services”); and

Whereas, since 2002, at the Village’s request, the Library has been sharing a portion of the costs of Services provided by the Village; and

Whereas, the Parties agree that a fair and reasonable estimate of the PPRT revenue received by the Village on behalf of the Library from 1981 through 2019 is \$2,876,078 and a fair and reasonable estimate of the value of the Services provided by the Village to the Library from 1981 through 2019 is \$2,516,746, for which the Library has paid the Village \$322,200 to date (see attachments); and

Whereas, in recognition of the importance and value to the residents, taxpayers and community of continuing intergovernmental cooperation between the Library and the Village, the Parties desire to address the past and future distributions of PPRT revenue by the Village to the Library and the providing of services by the Village to the Library in a manner that best serves the residents, taxpayers and community.

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

1. The Parties agree that this Agreement resolves all financial obligations either the Library or the Village might have owed to the other for PPRT and/or Services for the period from 1981-2019.

2. The Parties agree that the Library should receive 24% of the PPRT received annually by the Village. From 1981-2019, the Library's portion of the PPRT is agreed to be \$2,876,078. The Services provided by the Village from 1981-2019, less the \$322,200 that Library paid for those Services between 2000 and 2019, are valued at \$2,194,546, leaving a balance due for the PPRT of \$681,532. To settle that balance:

1. The Village is in the process of purchasing Enterprise Resource Planning software ("ERP"), certain modules of which may be utilized by and for the Library. The Parties agree that, if the library agrees to use the software, the Library's contribution towards the cost of the ERP is 20% of the applicable modules. The Village may or may not require use of the software by the Library as a condition of continuation of Service provided by the Village. As the actual cost is not yet known, the Village will charge the Library an amount not to exceed \$460,000 towards the purchase of the ERP, which is 20% of the estimated cost, and apply that amount to reduce the PPRT balance due. Once the actual total cost of the ERP is known, the Village will notify the Library of that total cost, as well as how the Library's actual portion compares to what was paid based on the estimated cost.

In the event that the Library's portion of the cost of the ERP is less than \$460,000, the Village will apply the overpayment towards future payments due for Services provided to the Library as set forth in Paragraph D below.

2. The Village will pay the Library a one-time lump sum payment of \$221,532 within 30 days of the effective date of this agreement in recognition of the balance of the PPRT from 1981-2019.

3. The Village will pay the Library a one-time, lump sum, payment of 24% of the total PPRT revenue received by the Village in 2020 within 30 days of execution of this agreement or the final 2020 PPRT disbursement from the State, whichever occurs first.

4. Beginning in 2021, the Village shall pay the Library 24% of the PPRT received by the Village. Such payments will be made within 30 days of the Village's receipt of PPRT disbursements from the State. The Village is only obligated to pay the Library upon actual receipt of PPRT revenue from the State.

5. The Village will continue to provide Services to the Library as agreed by the Parties from time to time. The Village will invoice the Library quarterly for the actual cost of the Library's portion of such Services. The Library shall pay the invoice for the Services within 30 days of the date of the invoice.

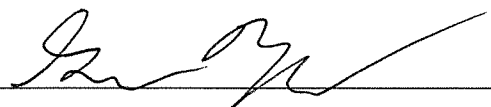
6. Beginning on or about July 1, 2021 and continuing on or about July 1 of each subsequent year, the Parties shall review the costs for the Services.

This Agreement represents the entire understanding between the Parties regarding the subject matter hereof. No amendment, waiver or modification of this Agreement shall be binding or effective unless approved in writing by the Parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers this 20th day of October, 2020.

ARLINGTON HEIGHTS MEMORIAL LIBRARY

VILLAGE OF ARLINGTON HEIGHTS



 Greg Zyck, President, Board of Library Trustees
 Arlington Heights Memorial Library

 Thomas W. Hayes, Village President
 Village of Arlington Heights

Date: 10/20/2020

Date: _____

ATTEST:



Carole Medal, Secretary, Board of Library Trustees
Arlington Heights Memorial Library

Date: 10/20/2020

ATTEST:

Rebecca Hume, Village Clerk
Village of Arlington Heights

Date: _____

ESTIMATED SHARED SERVICE COSTS - LIBRARY

Current Taxes collected in 1977	<u>\$3,133,874</u>		Year	PPRT	24%	Estimated Library Cost of Village Services	Token Library Charges	Variance
			1981	133,977	31,777	29,855	-	(1,922)
			1982	124,703	29,577	30,478	-	901
		1976 Levy	1983	108,989	25,850	31,146	-	5,296
		Collected 1977	1984	104,082	24,686	31,828	-	7,142
			1985	180,875	42,900	32,614	-	(10,286)
General	0.2549	0.241154	1986	175,716	41,676	33,401	-	(8,275)
Public Benefit	0.0127	0.012015	1987	205,932	48,843	34,125	-	(14,718)
IMRF	0.1111	0.105109	1988	205,015	48,626	34,876	-	(13,749)
Library	0.2507	0.237181	1989	245,852	58,311	35,939	-	(22,372)
GO Debt	0.313	0.296121	1990	217,793	51,656	36,975	-	(14,681)
Police Pension	0.0553	0.052318	1991	198,929	47,182	37,867	-	(9,315)
Fire Pension	0.0593	0.05610	1992	196,540	46,615	38,810	-	(7,805)
	<u>1.057</u>	<u>1</u>	1993	200,179	47,479	39,496	-	(7,983)
			1994	237,779	56,397	40,416	-	(15,980)
			1995	251,113	59,559	41,233	-	(18,326)
			1996	276,158	65,499	42,217	-	(23,282)
			1997	284,436	67,463	72,812	-	5,350
	\$ 743,294		1998	312,539	74,128	77,914	-	3,786
	<u>\$ 3,133,874</u>		1999	330,144	78,304	47,773	-	(30,531)
Library's Percent of Total Property Taxes		<u>24%</u>	2000	354,507	84,082	48,609	-	(35,473)
			2001	333,034	78,989	49,903	-	(29,086)
			2002	313,147	74,272	61,080	10,000	(23,192)
			2003	255,487	60,597	62,271	10,000	(8,326)
			2004	283,300	67,193	61,315	10,000	(15,878)
			2005	316,130	74,980	63,698	10,000	(21,282)
			2006	407,912	96,749	67,662	10,000	(39,087)
			2007	433,670	102,858	69,037	10,000	(43,821)
			2008	516,811	122,578	74,536	20,000	(68,042)
			2009	464,953	110,278	83,894	20,000	(46,383)
			2010	411,138	97,514	86,407	20,000	(31,107)
			2011	455,733	108,091	93,528	20,000	(34,563)
			2012	410,962	97,472	99,089	20,000	(18,383)
			2013	415,244	98,488	106,092	20,000	(12,396)
			2014	466,766	110,708	110,566	23,000	(23,142)
			2015	454,992	107,915	115,126	23,000	(15,789)
			2016	430,829	102,184	120,449	23,000	(4,735)
			2017	464,689	110,215	122,743	23,700	(11,172)
			2018	422,905	100,305	124,520	24,400	(185)
			2019	<u>523,153</u>	<u>124,082</u>	<u>126,446</u>	<u>25,100</u>	<u>(22,735)</u>
			Total	<u>12,126,113</u>	<u>2,876,078</u>	<u>2,516,746</u>	<u>322,200</u>	<u>(681,533)</u>
								Library's estimated share of the new ERP consultant and software costs (ERP project estimate: \$2.3 M * 20% Library portion) 460,000
								Net Amount (221,533)

ESTIMATED SHARED SERVICE COSTS - LIBRARY

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Payroll</u>				
(20% of Wages and Benefits: Payroll Coordinator)	\$ 26,739	\$ 25,793	\$ 25,062	\$ 23,840
<u>Human Resources</u>				
(18% of Wages and Benefits: Employee Benefits Coordinator)	\$ 27,532	\$ 26,761	\$ 26,275	\$ 27,736
<u>Financial Services</u>				
(Includes Accounting, Budgeting and Investing)				
(3% of Wages and Benefits: Finance Director, Assistant Finance Director and Budget Coordinator/Accountant)	\$ 16,690	16301	16274	15756
<u>IT</u>				
(Estimated Staff Cost)	\$ 5,000	\$ 4,950	\$ 4,901	\$ 4,851
Software-Central Square (20% of Software Maintenance Costs Includes Payroll, General Ledger, and Accounts Payable)	\$ 40,000	\$ 40,000	\$ 40,000	\$ 39,152
VM Ware	\$ 13,306	\$ 12,641	\$ 12,009	\$ 11,408
<u>Total Service Costs</u>	<u>\$ 129,267</u>	<u>\$ 126,446</u>	<u>\$ 124,520</u>	<u>\$ 122,744</u>