

**VILLAGE OF DOWNERS GROVE**  
**Report for the Village**  
**8/17/2021**

|  |                                      |
|--|--------------------------------------|
| <b>SUBJECT:</b>  | <b>SUBMITTED BY:</b>                 |
| Key Terms of an Intergovernmental Agreement between the Village of Downers Grove and Elementary School District 58 | Mike Baker<br>Deputy Village Manager |

**SYNOPSIS**

A motion is requested authorizing key terms of an Intergovernmental Agreement between the Village of Downers Grove and Elementary School District 58.

**STRATEGIC PLAN ALIGNMENT**

The goals for 2019-2021 include *Exceptional Municipal Services* and *Top Quality Infrastructure*. One of the Priority Action Items includes *Develop a Facility Replacement & Sustainability Plan*.

**FISCAL IMPACT**

N/A

**RECOMMENDATION****UPDATE & RECOMMENDATION**

This item was discussed at the August 10, 2021 Village Council meeting. Staff recommends approval on the August 17, 2021 Active Agenda.

**BACKGROUND**

During the [June 15, 2021 Long-Range Plan discussion](#), the Village Council unanimously expressed a preference for the Village to resume work on the Facilities Replacement and Sustainability Plan, which had been suspended since the beginning of the COVID-19 pandemic. This plan would redevelop the Village-owned Civic Center site with a combined Police Station/Village Hall and allow for the construction of a multi-family residential building on a remaining portion of the site.

As part of the June 15 discussion, the Village Council directed staff to verify that Elementary School District 58 remains interested in exploring a partnership with the Village that would construct additional space in the new facility to accommodate certain administrative functions. The Village has met with District 58 officials and determined that the District does continue to have interest in this partnership.

Key terms for an intergovernmental agreement between the Village and District 58 have been prepared and are attached. These key terms represent a first step in formalizing the partnership between the Village and the District.

**ATTACHMENTS**

Key Terms for an Intergovernmental Agreement

VILLAGE OF DOWNERS GROVE  
COUNCIL ACTION SUMMARY

INITIATED: Village Manager DATE: August 17, 2021  
(Name)

RECOMMENDATION FROM: \_\_\_\_\_ FILE REF: \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

**STEPS NEEDED TO IMPLEMENT ACTION:**

- Ordinance
- Resolution
- Motion
- Other

Motion to authorize key terms of an Intergovernmental Agreement between the Village of Downers Grove and Elementary School District 58.



**SUMMARY OF ITEM:**

Adoption of this motion shall authorize key terms of an Intergovernmental Agreement between the Village of Downers Grove and Elementary School District 58.

**RECORD OF ACTION TAKEN:**

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## Key Terms for Village & District 58 Facility Intergovernmental Agreement

- 1) Village and District 58 recognize that the governmental units have an overlapping and shared constituency and taxpayers.
  - 93% of Village's property tax base is located within District 58 limits
  - 82% of District 58's property tax base is located within Village limits
- 2) Village intends to construct a new Police Station/Village Hall facility on the Civic Center Property, consisting of approximately:
  - 69,000 to 75,000 square feet
  - 202 parking spaces
- 3) District 58 intends to construct or lease a facility for certain administrative staff and functions, consisting of approximately:
  - 7,100 square feet
  - 60 parking spaces
- 4) Village and District 58 desire to partner in the construction of a facility that meets the needs of both organizations. Partnering is expected to:
  - Result in a total cost of construction that is lower than it would be if each organization constructed its own facility
  - Achieve a scale economy and efficiency in construction activities
  - Result in the construction of less space than would be constructed if each organization constructed its own facility
  - Occupy less land and use fewer resources than would be occupied and used if each organization constructed its own facility
- 5) The shared facility will consist of space for exclusive use by the Village, space for the exclusive use by District 58 and space for use by both organizations (shared space). The Village and District 58 will share certain spaces in the facility including but not limited to:
  - Lobbies
  - Hallways
  - Stairways and elevators
  - Cafeteria and break rooms
  - Restrooms
  - Conference and meeting rooms (professional development rooms)
  - Storage areas
  - Parking lots

- 6) Village shall design and construct the facility. Village shall seek and obtain District 58's input regarding the design of the portions of the facility for the exclusive use and shared use of District 58.
- 7) District 58 shall reimburse the VoDG for a portion of the cost of designing the facility in an amount equal to 5% of the total design cost. The Village shall invoice District 58 for design costs at the same time the Village is invoiced for design services from its consultants providing design services.
- 8) Village shall construct and own the facility.
- 9) Village shall lease portions of the facility to District 58.
- 10) Lease term shall be 50 years. The term may be extended by mutual agreement.
  - Annual lease payments for years 1 through 25 shall be the incremental cost of constructing the facility including the parking lot for District 58's use divided by 25
  - The annual lease payments for years 26 through 50 shall be 50% of the annual lease payment of years 1 through 25.
- 11) During the design phase of the project the Village, through its consultants, will prepare construction cost estimates. These cost estimates will be prepared at multiple times during the design phase. The cost estimates will include two estimated costs of construction:
  - *Village-only Cost Estimate* - the estimated cost of constructing a facility designed only for the Village's use meeting only the Village's facility needs.
  - *Shared Facility Cost Estimate* - the estimated cost of constructing a facility designed for the shared use of the Village and District 58 as described above.
  - Incremental Cost for the purpose of calculating District 58's financial contribution to the project and lease payments shall be the difference between the *Village-only Cost Estimate* and the *Shared Facility Cost Estimate* as shown in the final cost estimate prepared by the Village prior to entering into a contract for the construction of the facility. The Incremental Cost will be expressed as a percentage of the total construction cost. The District 58 financial contribution to the project shall be based on this percentage of the contracted cost of construction. Below is an example of the calculation:

| <b>Calculating the District 58 Contribution Percentage</b> |             |   |
|--|-------------|---|
| Village-Only Facility Cost as shown in Final Cost Estimate | \$1,000,000 | Cost of constructing a facility that meets only the Village's needs   |
| Shared Facility Cost as shown in Final Cost Estimate       | \$1,100,000 | Cost of constructing a facility that meets the Village's and District 58's needs  |
| Incremental Cost   | \$100,000   | Difference between Village-Only Cost and Shared Facility Cost   |
| District 58 Contribution Percentage                        | 9.1%        | \$100,000 divided by \$1,100,000<br>This percentage contribution will be applied to the cost of construction in the construction contract, as shown below |
| <b>Calculating the District 58 Annual Lease Payments</b>   |             |   |
| Cost of Construction in Construction Contract*             | \$900,000   | The cost of construction included in the construction contracts   |
| District 58 Contribution Amount                            | \$81,900    | $\$900,000 \times 9.1\%$  |
| Annual Lease Payments Years 1-25                           | \$3,276     | $\$81,900/25$   |
| Annual Lease Payments Years 26-50                          | \$1,638     | $\$3,276 \times 50\%$   |

\*NOTE: It is highly likely that the Cost of Construction in the awarded contract will be different than the final cost estimate. This example shows a Cost of Construction that is \$200,000 less than the final cost estimate.

- 12) The lease must be executed prior to the Village entering into a contract for the construction of the facility.
  - The Village shall use its best efforts to adhere to the construction schedule established for the project. The Village is currently in the process of updating the space program, preliminary cost estimates and construction schedule. As this information becomes available, it will be shared with District 58.
  
- 13) The Village intends to create a Tax Increment Financing District on the Civic Center property to facilitate the redevelopment of the site with both public sector improvements and private sector redevelopment. The current plan calls for the Village to sell a portion of the property to a private developer and for the property to be developed with a

multi-family residential development. The Village plans on using the property tax increment generated by the apartment development to help pay for the costs of constructing the facility. District 58 shall waive its rights to any revenue generated from the tax increment financing district.

- 14) Village and District 58 understand that the partnership efforts must be formalized. The partnership effort will likely consist of the following key documents:

| Document                                      | Topic   | Target Approval Date   |
|---|---|--|
| Draft Terms of an Intergovernmental Agreement | General terms of all aspects of the facility partnership  | August 2021  |
| Intergovernmental Agreement                   | Final, detailed terms of all aspects of the facility partnership  | During the project design phase - likely upon completion of Design Development Plans |
| Lease   | Final, detailed terms of the District 58's use of the facility  | Prior to the Village executing a construction contract                               |
| Operating Agreements                          | Village and District 58 may choose to partner on some operations. One or more operating agreements detailing these operating partnerships may be executed | May be entered into any time   |