



DeKalb Municipal Building  
Council Chambers, Second Floor  
200 South Fourth Street  
DeKalb, Illinois 60115

## **AGENDA**

Meeting of the Joint Review Board  
January 25, 2019  
2:00 p.m.

- A. Call to Order
- B. Roll Call: City of DeKalb - Bill Nicklas  
DeKalb Community Unit School District #428 - Jamie Craven  
DeKalb County - Gary Hanson  
DeKalb County Forest Preserve - Terry Hannan  
DeKalb Park District - Amy Doll  
DeKalb Public Library - Emily Faulkner  
DeKalb Township - Jennifer Jeep Johnson  
DeKalb Township Road and Bridge District - Craig Smith  
Kishwaukee Community College #523 - Dr. Laurie Borowicz  
Kishwaukee Water Reclamation District - Mark Eddington
- C. Re-election of Public Member Tim Hayes (Barb City Bagels)
- D. Election of a Chairperson
- E. Public Participation
- F. Status of the Forensic Audit
- G. Status of the TIF #2 Surplus Distribution
- H. Principles and Structure to Assure Public Accountability, Fiscal Accountability, and Public Transparency
- I. Next Meeting
- J. Adjournment

**City Manager's Directive: January 16, 2019**

**Tracking Internal TIF Expenditures for FY2019**

This memorandum relates to use of TIF funds to reimburse City personnel costs staff and regularly contracted expenditures (such as the City Engineer or City Attorney) as they relate to TIF-eligible projects. This memorandum does not apply to third party expenditures under project incentive agreements, hard costs that are TIF-eligible (e.g. mailing of TIF notices), or contracts for TIF-specific services (e.g. a contract for a TIF eligibility study or audit). For purposes of this memo, the staff and regularly contracted services are referred to as “Internal Costs.”

Hereafter, the City will track any and all time incurred on TIF-eligible work by internal staff and consultants. This accounting shall be retroactive to January 1, 2019. Until financial software is available to provide more detailed tracking, each staff member that works on TIF-eligible projects should manually track time using an Excel spreadsheet, and provide the spreadsheet to their Department Head on the same interval as payroll submissions. This memo should be shared with any City employees who are potentially subject to such reporting. Reporting should include adequate detail to identify the project being worked upon, the date of the work in question, the nature and description of the work being performed, the duration of time involved (to a quarter of an hour), and the person performing the work. A separate log should be kept for each involved individual, and all efforts should be made to coordinate the records to confirm consistency.

Under 65 ILCS 5/11-74.4-3(q)(1), TIF-eligible “redevelopment project costs” include the “costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services.” Subsection (q)(1.5) limits this definition and indicates that “annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan.”

Applying those definitions in a **conservative** fashion, employees should track only that time that is specifically allocated to TIF-related work or TIF-related redevelopment projects, where the City is using internal staff in lieu of incurring additional expense to utilize an outside contractor or consultant. In other words, time should only be tracked where the work would not have been performed but-for the existence of the TIF District. All of the examples below assume that a project is only being undertaken because of the existence of the TIF District and the resulting availability of funding.

Consider the following examples:

1. The City planner reviews financial projections for a proposed TIF-funded development project and prepares a unique analysis of the projections to determine the possible return on investment. But-for the TIF-funded project, the City would not perform this analysis, and if the analysis were not performed by City staff, a third-party cost would need to be incurred to perform this task. This cost could be tracked.
2. The Finance department personnel review invoices and issue payments for TIF-eligible expenses. But-for the existence of the TIF district, the City would not be issuing these payments, and if the payments were not issued by City staff, a third-party cost would need to be incurred to perform this task. This cost could be tracked.
3. Police, Fire or Community Development staff review a specific, proposed TIF-funded development project to assist in the development or implementation of plans and specifications for that project.
  - a. This cost *should not* be tracked if it is an ordinary review or a review paid by another funding source (see #4).
  - b. This cost *should* be tracked if it is a review that would not ordinarily be conducted, but which is conducted because of the TIF-funded nature of the project. For example, if the City has greater involvement in or control over a project because of an incentive request, staff time working on those areas of greater involvement should be tracked. If the project is one that would not have been undertaken without a TIF incentive, related review time should be tracked.
4. The Chief Building Official reviews building plans for a TIF-eligible redevelopment project.
  - a. If the building plan review is a regular plan review paid for through building permit fees, this time should *not be included in TIF-eligible expense tracking*.
  - b. If the building plan review relates to the TIF-eligibility or TIF-specific aspects of the project, if the plan review is being charged as a TIF-eligible expense rather than being paid through a building permit fee, or if the review is not paid for through another separate funding source (e.g. not a regular building permit-funded review) the time *should be included in TIF-eligible expense tracking*.
5. Public Works employees develop or implement plans for an infrastructure improvement within a TIF-district where the improvement or repair is a TIF-eligible expense.
  - a. This time should be tracked if TIF is the funding source for the infrastructure work.
  - b. This time *should not be included if TIF is not the funding source*.

If a question arises regarding eligibility, please contact the City Manager.



**ORDINANCE 2018-**

**ADOPTING CHAPTER 37 “TAX INCREMENT FINANCING REGULATIONS” OF THE MUNICIPAL CODE OF THE CITY OF DEKALB, ILLINOIS.**

**WHEREAS**, the City of DeKalb is a home rule municipality with the power and authority conferred thereupon by virtue of the Illinois Municipal Code, the Illinois Constitution, the Illinois Liquor Control Act and the City Code of the City of DeKalb; and,

**WHEREAS**, the City Council has determined that it is necessary and advantageous to adopt certain regulations pertaining to the use and conduct of business relating to Tax Increment Financing Districts (“TIF Districts”) within the City of DeKalb; and,

**WHEREAS**, the City Council wishes to adopt a progressive, transparent and proactive policy to improve the utilization and effectiveness of TIF Districts within the City;

**THEREFORE BE IT ORDAINED** by the Mayor and City Council of the City of DeKalb, DeKalb County, Illinois, as follows:

**Section 1.** Chapter 37, “Tax Increment Financing Regulations” shall be adopted as follows:

**37.01 Tax Increment Financing Regulations:** The contents of this Chapter 37 shall govern the use and operation of any tax increment financing districts (“TIF Districts”) which the City of DeKalb may from time to time establish or maintain pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et. seq.*, (“the TIF Act”). The regulations contained herein shall be applicable to TIF Districts within the City of DeKalb in addition to the regulations contained in the TIF Act.

**37.02 Amendment of Chapter 37:** Notwithstanding any contrary provision of City Code, the provisions of this Chapter 37 may only be amended with an affirmative, 2/3 supermajority vote of the City Council members then holding office, and second reading of any such ordinance amending this Chapter 37 may not be waived. Any such amendment shall only be presented for consideration after submittal of the proposed amendment to the Joint Review Board(s) (“JRB”) which are then-presently in existence.

**37.03 Joint Review Board:**

- a) The City shall maintain a JRB for each TIF District within the City pursuant to the requirements of the TIF Act. In addition to the requirements contained therein, the City shall convene meetings of each JRB (which meetings may be conducted in sequence at the same date/location, or may be conducted as joint meetings of all JRBs), on a not less than quarterly basis.

- b) The members of each JRB shall be provided with a detailed financial report for each of the City's then-existing TIF Districts in the form and content described in Section 37.04 ("the TIF Report") not less than ten days in advance of the scheduled meeting, providing financial reporting for a preceding quarter. Financial reporting shall be completed in the TIF Report one quarter in arrears (i.e. the first quarter of the year shall be reported at the third quarter JRB meeting, and so on). The JRB shall also be provided with a copy of the annual report required under the TIF Act. The TIF Report and the annual report shall also be posted on the City's website not later than the date of posting of the JRB meeting agenda for the meeting at which they are presented, and shall be included in the City Council meeting agenda packet for the first or second regular City Council meeting occurring after circulation of the TIF Report to the JRB.
- c) The City shall engage the JRB to make a recommendation prior to adopting any revisions to this Chapter 37.
- d) The City may convene one or more special meetings of the JRB as may be required from time to time in order to fulfill the requirements of the TIF Act or this Chapter 37.
- e) Meetings of the JRB shall be public meetings conducted in accordance with the Open Meetings Act.
- f) The City shall give notice of JRB meetings to all taxing districts levying property taxes against property within a given TIF District, regardless of whether said taxing district is formally recognized as a member of the JRB under the TIF Act. Each such taxing district shall have the right to participate in JRB meetings as a non-voting, *ex-officio* member. Such members shall not be counted towards a quorum or any applicable vote requirement, but shall be recorded in the JRB meeting minutes.
- g) The City shall utilize its best efforts to record and televise meetings of the JRB in accordance with then-current practices.
- h) Minutes of any JRB meeting shall be included within the City Council agenda packet for the first or second regular City Council meeting occurring after their approval by the JRB, for purposes of ensuring that the City Council is aware of present JRB discussions.

**37.04 TIF Report:** The City shall prepare a quarterly TIF Report which shall provide updated and detailed reporting on TIF revenue projections, TIF expenditures, and encumbered TIF funds which have been approved for expenditure but not yet expended. Such reports shall provide adequate detail so as to demonstrate compliance with the TIF Act, and also the requirements of this Chapter 37. Each expenditure identified in the TIF Report shall include an explanation of the statutory citation authorizing the expenditure

as a TIF-eligible expense under the TIF Act. This report shall be made publicly available and circulated to the JRB and City Council as provided in Section 37.03.

**37.05 Project Performance Reporting:** ~~The City shall prepare an annual report of all private development projects funded by TIF that are within the term of their development agreement. Such report shall include for each project:~~

Deleted: 37.05

- ~~a) Reference to the Resolution or Ordinance approving the development agreement.~~
- ~~b) Terms of the development agreement in regards to repayment of any forgivable loans or grants (e.g. property tax or sales tax increment, maintenance of improvements funded by agreement, employment, etc.).~~
- ~~c) Expiration date of the term of the agreement.~~
- ~~d) Additional terms or requirements related to the development agreement (e.g. annual affidavit of employment).~~
- ~~e) Status of whether the project is compliant with the terms of the agreement. In instances where the repayment of a forgivable loan is tied to incremental property tax generation, the report shall provide exact dollar amounts of the incremental property tax that has been generated by the property within the terms of the agreement. Projects that are also required to generate incremental sales tax shall be prohibited from publicly providing any data that would violate the City's reciprocal agreement with the Illinois Department of Revenue. An annual report shall still be prepared that indicates the sales tax performance of any required project(s), but that portion of the report shall only be shared with City staff or elected officials that are included on the reciprocal agreement and have the authority to view sales tax information.~~

**37.06 Additional TIF Funding Restrictions:** In addition to the funding restrictions contemplated in the TIF Act, the City shall further restrict expenditures from any City TIF District in accordance with the following requirements:

- a) **Administrative Expenses:** The City may incur and pay administrative expenses as may be eligible for reimbursement under subsection 11-74.4-3(q)(1) of the TIF Act (or any amendment thereto). The City expressly notes the limitation on administrative expenses set forth in subsection 11-74.4-3(q)(1.5) of the TIF Act. Where the City is required to perform a task that constitutes an administrative expense under the TIF Act, the costs of such task shall not be disqualified from reimbursement simply because the task is performed by City staff (in lieu of utilizing and incurring costs of a third-party consultant). However, any such costs reimbursed shall be based on the actual costs incurred by the City, as reflected in the TIF Report. The City may satisfy this determination by allocating a percentage

of certain expenses to a TIF District where the City has reasonably determined that the expenditure is equivalent to or lesser than the actual TIF-eligible expense, and provided that the City provides an accounting of the percentage allocation(s), if any. The City shall not complete general, unallocated transfers of funds from any TIF District Special Tax Allocation Fund ("STAF") to the City's general fund or any other City fund (other than a legally permissible transfer from one STAF to another STAF for the purpose of paying TIF-eligible expenses in accordance with the TIF Act.

b) **Infrastructure Expenses:** The City has, in the past, utilized TIF funds to provide for the construction of infrastructure projects within TIF Districts, such as road resurfacing and related projects that are not tied directly to a redevelopment project. While such projects are TIF eligible expenses, the City shall not approve of the use of TIF District incremental revenues for the payment of costs relating to standalone maintenance projects for City Infrastructure (defined herein as including roadway replacement or resurfacing, water main replacement or storm sewer replacement, and excluding projects at DeKalb Taylor Municipal Airport) unless such costs are directly related to a discrete TIF eligible redevelopment project that is approved by the City (e.g. roadway resurfacing relating to a TIF-eligible construction project adjacent to and utilizing the roadway in question). In the event that the City believes a standalone City Infrastructure project is merited and should be funded, in whole or in part, by TIF incremental revenues, the City may present such project to the JRB for the affected TIF District. If a majority of the members of a properly convened JRB meeting support the utilization of TIF funds for all or some portion of a project which purely involves City Infrastructure, the City may proceed to utilize TIF funds for such purpose, within the amounts recommended by the JRB and within the then-current expense eligibility standards applicable under the TIF Act.

c) **Return on Investment:** Prior to approving any project-based TIF expenditure, the City shall evaluate the return on investment for such project, and shall provide public disclosure of such analysis. While individual projects may be appropriate based upon their support of placemaking or other concepts that do not include a directly calculable return on investment, the City Council shall prioritize projects that fulfill the general objectives of the TIF Act in encouraging redevelopment that expands the property tax base (and other forms of economic growth, job creation and elimination or prevention of blight).

**Section 2.** All ordinances or portions thereof in conflict with this ordinance, including the prior versions of the ordinances included above, are hereby repealed.

**Section 3.** Should any provision of this Ordinance be declared invalid by a court of competent jurisdiction, the remaining provisions will remain in full force and affect the same as if the invalid provision had not been a part of this Ordinance.

**Section 4.** This Ordinance shall be in full force and effect after passage and publication

pursuant to law. Publication date: \_\_\_\_\_, 2018. Effective date: \_\_\_\_\_, 2018.

**PASSED BY THE CITY COUNCIL** of the City of DeKalb, Illinois at a regular meeting thereof held on the \_\_\_\_ day of \_\_\_\_\_, 2018 and approved by me as Mayor on the same day.

**ATTEST:**

\_\_\_\_\_  
**LYNN FAZEKAS**, City Clerk

\_\_\_\_\_  
**JERRY SMITH**, Mayor