

# 2021 Annual Conference

Intergovernmental Agreements: The solution to many township fiscal problems

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- I. Advantages/ “Cost-Benefit” Analysis
  - a. Fewer tax dollars
    - i. PTELL Counties (Current CPI Level)
    - ii. Difficulty in rate increase/referenda passing
  - b. Resource Sharing
    - i. Staff
      1. Police
        - a. Mutual Aid fosters greater efficiency
        - b. Better coverage and broader attention to crime follow-up
        - c. Greater availability of resources and opportunities & more technical assistance
        - d. Flexibility to meet emergencies or special events such as community festivals & ability to request additional staff when necessary
        - e. More information sharing, including best practices
        - f. Cost savings, particularly through reduced capital investment
        - g. Better traffic control
        - h. Reduction of risk
        - i. Ability to offer additional services to a community not feasible on one’s own
      2. Fire Protection
        - a. Strong support in dealing with emergencies or large events
        - b. Staffing and training benefits
        - c. Mutual aid necessary for multiple calls or times when ambulances are already in service
        - d. Better coordination of efforts
        - e. Better response to major fires
        - f. Cost savings
        - g. Better safety overall
        - h. Increased availability of inspectors, resulting in a larger available talented inspector pool
        - i. Lowers worker cost structure & gives villages greater flexibility to structure service costs to meeting building activity demands
      3. Management/Administration

- a. Insurance cooperatives provide training and services to mitigate risk that are not provided by traditional insurance companies
- b. Cooperatives also respond to needs that private vendors would not fulfill
- c. Better information & best practice sharing
- d. Improved coordination with local taxing bodies so as to provide more comprehensive service
- e. Higher quality service and greater variety of options for the locality, its employees, and the community as a whole at a lower cost
- f. Ability to appoint extremely knowledgeable staff to run insurance pools
- g. Cost savings through economies of scale & from eliminating the need for each municipality to hire extra personnel to provide the services, thereby eliminating long term employee benefit costs

ii. Equipment

1. Technology

- a. Greater stable of innovation and specialization
- b. Sharing part time employees allows for a higher caliber of part time employees
- c. Standardization & better strategic planning
- d. Intergovernmental cooperation & sharing of best practices
- e. Cost savings
- f. Pooled infrastructure & reduced capital expenses
- g. Better access to expert resources, particularly through the GIS Consortium
- h. Greater information sharing and access to uses for technological services (especially GIS) that multiple other communities have done
- i. Immediate access to data layers and a breadth of support through the GIS Consortium that can be unaffordable to provide in-house

iii. Services

1. Sewage Treatment

- a. Ability to share a Class I Operator
- b. Better regulatory compliance
- c. Greater geographical choice: tying the service to where the topography of the land allows for sewer flow to follow gravity eliminates the need for expensive mechanical lifting stations
- d. Significant operating cost savings

2. Public Works Operations
  - a. Avoid redundant costs to taxpayers
  - b. Greater capacity for equipment
  - c. Additional support in emergencies, severe weather events, or when equipment is out of service
  - d. Reduced capital infrastructure expenses
  - e. Greater efficiency
  - f. Reduced equipment maintenance
  - g. Cost savings
  - h. Increased idea, innovation, & best practice sharing
  - i. Better maintenance
  - j. Improved communication and coordination of efforts
3. Drinking Water Treatment and Delivery
  - a. Lower costs by outsourcing to another town through (1) eliminating capital infrastructure costs necessary for buying & maintaining facilities and (2) eliminating production and personnel costs
  - b. Revenue from providing water to another municipality
  - c. Connections for backup water supply allow for flexibility for both fire flow and water system maintenance
  - d. Back-up capability in serious emergencies when a fire incident may drain the towers or when a water treatment plant or well malfunctions
  - e. Improved quality of water & services
  - f. Greater efficiency
  - g. Better water source (ex. Lake Michigan instead of groundwater, also reducing groundwater depletion) that would be unavailable to municipalities too small to afford the costs

- c. Foster relationships
  - i. County power over townships (60 ILCS 1/10)
  - ii. Future agreements

- II. Participants
  - a. Counties
  - b. Municipalities
  - c. Libraries
  - d. Schools
  - e. Special Districts
  - f. Other Townships
  - g. Road Districts

- III. Applicable Law
  - a. Illinois Constitution, Article VII, Section 10 (Intergovernmental Cooperation)

- i. Units of local government and school districts may contract or otherwise associate among themselves, ... to exercise, combine, or transfer any power or function, in any manner not prohibited by law or by ordinance ... Participating units of government may use their credit, revenues, and other resources to pay costs and to service debt related to intergovernmental activities.
- b. Intergovernmental Cooperation Act (5 ILCS 220/)
  - i. Broad grants of authority
  - ii. Supplemental authority – must be included with other sources of power
  - iii. Sections
    - 1. Contracting
      - a. Any powers or powers, privileges, functions, or authority exercised, or which may be exercised by a public agency of this State may be exercised, combined, transferred, and enjoyed jointly with any other public agency of this State ... except where specifically and expressly prohibited by law
    - 2. Purchasing
      - a. Any expenditure of funds by a public agency organized pursuant to an intergovernmental agreement in accordance with the provisions of this Act and consisting of 5 public agencies or less ... shall be in accordance with any law or ordinance applicable to the public agency with the largest population which is a party to the agreement
    - 3. Provision of Personnel
      - a. All personnel rules applicable to an employee of a public agency shall continue to apply to such employee if the employee is assigned to perform services for another public agency pursuant to an intergovernmental agreement
    - 4. Joint Self-Insurance
      - a. An intergovernmental contract may, among other undertakings, authorize public agencies to jointly self-insure and authorize each public agency member of the contract to utilize its funds to pay to a joint insurance pool its costs and reserves to protect, wholly or partially, itself or any public agency member of the contract against liability or loss in the designated insurable area
    - 5. County Participation
      - a. A county may participate in an intergovernmental agreement under this Act notwithstanding the absence of specific authority under State law to perform the action involved provided that the unit of local government contracting with the county has authority to perform the action
- c. Government Joint Purchasing Act (30 ILCS 525)

- i. Under any *agreement* of governmental units that desire to make joint purchases, one of the governmental units shall conduct the competitive selection process. Where the State is a party to the joint purchasing agreement, the Dept. of Central Management Services (CMS) shall conduct the letting of bids
      - ii. The credit or liability of each governmental unit shall remain separate and distinct. Disputes between bidders and governmental units shall be resolved between the immediate parties.
      - iii. Any governmental unit may, without violating any bidding requirement otherwise applicable to it, procure personal property, supplies, and services under any contract let by the State pursuant to lawful procurement procedures.
- d. Local Government Property Transfer Act (50 ILCS 605)
  - i. Purchasing
    - 1. Transferee municipality, shall by ordinance declare that it is necessary or convenient
    - 2. Transferor municipality shall have the power to transfer all of the right, title and interest held by it immediately prior to such transfer, in and to such real estate to the transferee municipality
    - 3. Upon such terms as may be agreed upon by the corporate authorities of both municipalities
  - ii. Leasing
    - 1. Any municipality may lease for any term not exceeding 50 years to any other municipality real property owned or held by the transferor municipality, or any part thereof or interest therein, upon such terms and conditions and for such uses as may be agreed upon by the corporate authorities of both the transferor and transferee municipalities
- e. Special Recreation Associations (70 ILCS 1205/8-10b)
  - i. Any 2 or more park districts are authorized to take any action jointly relating to recreational programs for the handicapped
  - ii. Enter into agreements for the purpose of providing for the establishment, maintenance and management of joint recreational programs for the handicapped of all the participating districts and municipal areas
- f. Tort Immunity Act (745 ILCS 10/9-107)
  - i. A local public entity may enter into intergovernmental contracts with a term of not to exceed 12 years for the provision of joint self-insurance
  - ii. Combine with authority under Intergovernmental Cooperation Act
- g. Public Funds Investment Act (30 ILCS 235)
  - i. Any public agency may invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act
- h. Public Building Commission Act (50 ILCS 20; 70 ILCS 1205/8-12)

- i. PBC may be organized by the governing body of any municipality with 3,000 or more inhabitants
- ii. Requires referendum approval
- iii. A PBC may be created for the limited purposes of constructing, acquiring, enlarging, improving, repairing, or replacing a specific public improvement, building, or facility
- iv. A PBC has authority to rent all or any part or parts of buildings, or other facilities to any municipal corporation with which the PBC has entered into an intergovernmental agreement or contract with under the Intergovernmental Cooperation Act
- v. Under the Park District Code, any lease may no exceed 20 yers

IV. Practical Considerations

- a. Relevant Authority
- b. Contract Terms/Enforceability
  - i. Invalid subject matter
  - ii. Circumvent voters
  - iii. Prevailing wage
  - iv. Duration of Contact
- c. Alternatives
  - i. Joint Ordinances/Resolutions (fund transfers)
  - ii. Unilateral Actions (vacations, etc.)
  - iii. Cooperation (dilapidated properties)

V. Where to Cooperate?

- a. Counties
  - i. Dilapidated Properties
    - 1. 60 ILCS 1/85-50(b)
    - 2. 55 ILCS 5/5-1121
  - ii. Lease of County Home or Hospital
    - 1. 60 ILCS 1/180-5
  - iii. Assessor
    - 1. 60 ILCS 1/77-5
    - 2. 30 ILCS 2/200-60(b)
- b. Municipalities
  - i. Roads and Bridges
    - 1. Vacations, etc.
      - a. 605 ILCS 5/6-312 (County Superintended as Reviewing Body)
      - b. 605 ILCS 5/6-325 (Accepting Roadways)
    - 2. Motor Fuel Tax
      - a. 35 ILCS 505/8
      - b. 605 ILCS 5/6-701
  - ii. Township Code
    - 1. 60 ILCS 1/30-150 (Police Protection)

- 2. 60 ILCS 1/110-75 (Zoning)
  - c. Townships and Road Districts
    - i. Between Road Districts
      - 1. Lease/exchange of idle machinery (605 ILCS 5/6-201.10)
      - 2. District Line Agreements (605 ILCS 5/6-402; 605 ILCS 5/6-408)
    - ii. Between Townships and Road Districts
      - 1. Property Ownership
      - 2. Borrow from one another (60 ILCS 1/240-5; 605 ILCS 5/6-107.1)
  - d. Townships
    - i. Multi-township Assessment Districts
    - ii. Joint Township Cemeteries
  - e. Road Districts
    - i. State of IL
      - 1. IDOT requests vacation (605 ILCS 5/6-303)
      - 2. Interstate Commerce Commission/Railroads
    - ii. "Catch-All"
      - 1. 605 ILCS 5/9-101
  - f. Others
    - i. Fire Protection (60 ILCS 1/30-165)
    - ii. Cemeteries (60 ILCS 1/130)
    - iii. Community Building Sale (60 ILCS 1/150-80)
- VI. Drafting Agreement
  - a. CONTACT YOUR ATTORNEY
  - b. Terms (non-exhaustive list)
    - i. Party(ies)
    - ii. Service(s)
    - iii. Time frame (could be limited by law)
    - iv. Administration
    - v. Breaches/Default
  - c. Elector Involvement
    - i. Ordinance and Timing Issues
- VII. Agreement
  - a. Clauses
    - i. Powers authorizing the agreement
    - ii. Can attach authorizing ordinances
    - iii. Findings
  - b. Terms
    - i. Exact services provided
    - ii. Consideration provided for services
    - iii. Beginning and End dates
- VIII. Additional Options
  - a. Economic Development
  - b. Ordinance Enforcement

- c. Joint Purchasing
- IX. Case Studies
  - a. Park District of Highland Park and City of Highland Park
    - i. Financed and Constructed Aquatic Park
    - ii. Financed and Constructed Recreation Center
    - iii. Financed and Constructed Golf Course amenities
    - iv. Exchange of real property to maximize efficiency of public holdings
    - v. 99-Year lease for Golf Course
  - b. North Shore
    - i. Five core communities now share IT resources
    - ii. Operate as a common provider
    - iii. **Saved substantial costs** in software licenses and operations
    - iv. **Reduced overall staff time** and associated costs
    - v. Savings allowed for upgraded systems
  - c. DuPage County – DuPage County Act Initiative  
(Accountability/Consolidation/Transparency)
    - i. Comprehensive county reform program designed to improve efficiency, reduce duplication and encourage resource-sharing across all county government departments and independently administered (county appointed) agencies
    - ii. County Board undertook a systematic examination of its appointed agencies that provide a wide array of important community services including, but not limited to, fire suppression, sanitary and water services, mosquito abatement, airport administration, housing assistance, election management and street lighting
      - 1. County partnered with a reputable, local accounting firm to highlight challenges while pinpointing areas for optimization and intergovernmental cooperation among regional service providers.
      - 2. A nine-month study was conducted, and the accounting firm worked with each agency to evaluate financial results and operations - evaluated existing business practices and identified alternative service options.
      - 3. County worked with the appointed bodies to explore functional consolidation where feasible in order to improve efficiency and reduce costs of essential services such as IT, human resources, procurement and financial applications
    - iii. Transparency portal was created on the DuPage County website to increase public access to important information for each agency
    - iv. Results/Outcomes
      - 1. County's consolidation bill (Public Act 98- 0126) provided a mechanism for full-scale consolidation by county ordinance.
      - 2. This tool has allowed the County Board to expand its ACT Initiative, merging service functions and decreasing the overall number of



governmental units when found to be in the *best interest of taxpayers*

3. Most importantly, changed the conversation and culture of local governments in DuPage County. Before acting on something alone, agencies now stop to think...is another agency doing this that we could collaborate with to create efficiencies and savings?

## X. Cost-Saving Examples

### a. DuPage County

- i. In three years, DuPage County increased accountability and transparency and demonstrates a projected \$116 million in taxpayer savings through shared services, cooperative joint purchasing agreements, employee benefit reforms and modifications to procurement policies and practices

#### 1. Specific Examples

- a. Overhaul of employee benefits for county workers – \$20 million in savings.
- b. Closure of the county's youth home and partnering with Kane County to provide youth detention services – \$6.9 million in savings
- c. Procurement reforms and enhanced shared services with the DuPage County election commission – \$3 million in savings
- d. Reforms by the water commission to control labor costs, implement efficiencies and retire loans early – more than \$10 million in savings
- e. Consolidation of the county's 9-1-1 dispatch centers from 20 to 8 facilities (since 2008) – \$4.5 million in savings.
- f. Elimination of 45 full-time county staff positions since 2011 and an overall reduction in the county's annual budget of \$33 million.

### b. Crete

- i. Saves over \$25,000 in capital investment by borrowing crack sealing equipment from Monee
- ii. Saves approximately \$250,000 per year over the last 16 years by joint dispatching
- iii. Saved over \$25,000 – borrowed crack sealing equipment from Monee instead of buying a unit
- iv. Saves millions of dollars – uses Thorn Creek to process its sewage

### c. The Village of Woodridge

- i. Saves \$2,200 a year on fuel delivery costs – purchases fuel through DuPage County
- ii. Savings of approximately \$2,500 – purchases squad cars through the Suburban Purchasing Cooperative instead of the State of Illinois Joint Purchasing Agreement
- iii. Saves approximately \$1.2 million per year – uses joint dispatching

- iv. Saves approximately \$5,600 a year for streetlight power and \$12,000 a year for water/sewer power – bids with other localities through NIMEC
  - v. Saved approximately \$8,300 in asphalt patching through using Bolingbrook Public Works equipment and staff to assist with the repair (at no cost)
- d. Deerfield
  - i. Saved \$4,275 for elevator inspections through the Lake County Health Inspections
  - ii. Saved \$364,683 in GIS services through the GIS Consortium in 2014
- e. Chicago Ridge
  - i. Saves approximately \$70,000+ in salary – shares a Fire Chief with Oak Lawn