



**REGULAR AGENDA ITEM NO. 8B**

FOR COUNCIL: February 22, 2016

**SUBJECT:** Consideration of approving an Intergovernmental Revenue Sharing Agreement between the County of McLean, the City of Bloomington and the Town of Normal.

**RECOMMENDATION/MOTION:** That the Intergovernmental Revenue Sharing Agreement be approved, and the Mayor and City Clerk be authorized to execute the necessary documents.

**STRATEGIC PLAN LINK:** 1. Financially Sound City Providing Quality Basic Services

**STRATEGIC PLAN SIGNIFICANCE:** 1.e. Partnering with others for the most cost-effective service delivery

**BACKGROUND:**

On September 21, 2015, the City Council approved an ordinance increasing, by 1%, the rate of its Home Rule Retailer Occupation Tax and Home Rule Service Occupation Tax to 2.5% beginning January 1, 2016. As part of the ordinance authorizing the 1% increase, the City Council directed .25% of the increase be dedicated to McLean County for purposes of mental health and public safety.

To effectuate the transfer of the .25% set forth in Ordinance No. 2015-62, representatives from the County, Town and City have been working on this Intergovernmental Agreement to set forth the terms and conditions on the transfer and use of the money. A few of the key terms of the Intergovernmental Agreement are as follows:

- The County is required to use the shared revenues for only: (1) debt service relating to expansion and renovation of the McLean County Law & Justice Center Detention Facilities; (2) County Government criminal justice services related to expanded and renovated detention facility operations for behavioral health services; and (3) community behavioral health initiatives, services and programs consistent with the McLean County Behavioral Health Action Plan including provisions for an electronic integrated case-management system to be used by Town and City public-safety agencies.
- The McLean County Behavior Health Coordinating Council will be created to help advise the County on its budgeting as it relates to the shared revenues and both the Town and City will have representatives on this Council.

- Both the City and Town will begin paying sales tax collected from the increase that went into effect on January 1, 2016, within 30 days of receipt. The first payment is likely to be received in April 2016.
- The shared revenues are to be maintained in a separate account by the County known as the County Special Mental Health and Public Safety Fund.
- The County will provide a financial report to the City upon request and annually concerning the Fund and its disbursements.
- The term of the Intergovernmental Agreement is 20 years.
- If there is a change in the law that materially impacts the ability of the City to collect the home-rule sales tax, or there is a material decrease in the County's need for the sales tax sharing, the agreement is to be renegotiated in good faith.
- If the City ever lowers the home-rule sales tax to 1.5% or less, the City is obligated to negotiate in good faith a new agreement that assist the County in paying its related bond obligations.

The County approved the Intergovernmental Agreement on February 16, 2016, and the Town is set to consider it on March 12, 2016.

**COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED:** An opportunity for special public input and presentation on the sales tax increase and proposed revenue sharing with the County was held on September 14, 2015.

**FINANCIAL IMPACT:** Upon adoption of this agreement the City will transfer to Mclean County .25% of the Home Rule Sales Tax revenue estimated to be \$2.4M annually.

Respectfully submitted for Council consideration.

Prepared by: Jeffrey R Jurgens, Corporation Counsel

Financial & budgetary review by: Patti-Lynn Silva, Finance Director

Recommended by:



David A. Hales  
City Manager

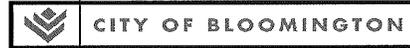
**Attachments:**

- Intergovernmental Agreement
-

Motion: That the Intergovernmental Revenue Sharing Agreement be approved, and the Mayor and City Clerk be authorized to execute the necessary documents.

Motion: \_\_\_\_\_ Seconded by: \_\_\_\_\_

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			



**Office of the City Clerk**

*Cherry L. Lawson, C.M.C., MPA, City Clerk  
109 E. Olive Street; Bloomington, IL 61702*

*Office: (309) 434-2240 ~ Fax: (309) 434-2628*

*Website: [www.cityblm.org](http://www.cityblm.org) ~ Email: [clawson@cityblm.org](mailto:clawson@cityblm.org)*

February 23, 2016

COPY

Wendellyn Briggs, Town Clerk  
Town of Normal  
11 Uptown Circle  
Normal, IL 61761

Re: Intergovernmental Revenue Sharing Agreement between the County of McLean,  
the City of Bloomington and the Town of Normal

Dear Wendi,

I have enclosed three (3) of the above agreements that were approved by the City of Bloomington Council during its Regular Meeting on Monday, February 22, 2016.

Please place this item on your agenda for your Council's consideration. Once approved, please have all original copies fully executed. Then please forward all copies to the McLean County for signature.

Thank you so much for assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cherry L. Lawson', written over a horizontal line.

Cherry L. Lawson  
City Clerk

Cc: File

Enclosure

# **Intergovernmental Revenue Sharing Agreement**

**Between the  
County of McLean,  
the City of Bloomington, and  
The Town of Normal**

This agreement is dated April 1, 2016 and is between the COUNTY OF McLEAN ("County"), the CITY OF BLOOMINGTON ("City"), and the TOWN OF NORMAL ("Town").

WHEREAS, the United States Department of Justice, through a subdivision thereof known as the National Institute of Corrections evaluated the growing number of citizens from our community who suffer from mental illness who find themselves interacting with our community's criminal justice system; and

WHEREAS, the National Institute of Corrections issued two reports on the matter. The first, technical report No. 13J1032 titled *Options & Opportunities* on January 6, 2013, and the second, technical assistance report No. 13J1069 titled *Jail Mental Health Design and Programming* on July 23-26, 2013; and

WHEREAS, the aforementioned reports found that "publicly funded mental health facilities have closed permanently and/or access to outpatient treatment has been reduced to the point where many people have lost access to vitally needed services. As a result, many people suffering from mental illness are incarcerated for the first time and many others are re-incarcerated following stable community living"; and

WHEREAS, technical assistance report No. 13J1069 indicated that "jails have become the primary safety net for people suffering from mental illness. This further exacerbates community barriers causing mentally ill stigma by the added title 'criminal' to these already 'left-out' community members"; and

WHEREAS, the aforementioned reports found that the McLean County Adult Detention Facility ("MCDF") was not designed for nor is it adequately staffed to manage this growing population of mentally ill; and

WHEREAS, specific to our community, the U.S. Department of Justice found that the “current local community mental health delivery system is ineffective in significantly reducing suffering of its citizens or in reducing mentally ill involvement in the criminal justice system. It is clearly unable to provide timely or adequate levels of services to meet the needs of the community without significant changes and determined commitment among government officials and community leaders”; and

WHEREAS, acknowledging this great need of the community, and in an effort to protect and provided necessary services to our citizens, government officials and community leaders convened two interagency, public-private workgroups. These workgroups identified the long-term objective and necessity to “create a community-wide commitment to diversified funding for Mental Health Services”; and

WHEREAS, in an effort to meet that stated necessity, the Town of Normal, City of Bloomington and County of McLean endeavored to provide the funds necessary to achieve such a worthy long-term objective; and

WHEREAS, the Town of Normal and City of Bloomington are home rule units of government and, as such, Article 7, Section 6(a) of the Constitution of the State of Illinois of 1970 provides them the authority to “exercise any power and perform any function pertaining to its government and affairs including” the power “to tax”; and

WHEREAS, sections 8-11-1 and 8-11-5 of the Illinois Municipal Code allow the Town of Normal and the City of Bloomington to impose a Home Rule Retailer occupation Tax and a Home Rule Service Occupation Tax, respectively; and

WHEREAS, neither State statute nor the Illinois Constitution restricts the Town of Normal nor the City of Bloomington from pledging to share with the County a portion of tax revenue received under sections 8-11-1 or 8-11-5 of the Illinois Municipal Code; and

WHEREAS on September 8, 2015, the Town of Normal found that it is in the best interests of the health, safety, and welfare of the citizens of the Town of Normal to increase the rate of its Home Rule Retailer Occupation Tax and Home Rule Service Occupation Tax to 2.5% beginning January 1, 2016 in part to help fund mental-health services; and

WHEREAS, the Town of Normal by ordinance dedicated 10% of its 2.5% Home Rule Retailer Occupation Tax and Home Rule Service Occupation Tax “to the County of McLean for purposes of mental health and public safety”; and

WHEREAS on September 21, 2015, the City of Bloomington found that it is in the best interests of the health, safety and welfare of the citizens of the City of Bloomington to increase the rate of its Home Rule Retailer Occupation Tax and Home Rule Service Occupation Tax to 2.5% beginning January 1, 2016 in part to help fund mental health services; and

WHEREAS, the City of Bloomington by ordinance dedicated 10% of its 2.5% Home Rule Retailer Occupation Tax and Home Rule Service Occupation Tax “to the County of McLean for purposes of mental health and public safety”; and

WHEREAS, the City of Bloomington is a unit of local government as defined in Article VII, Section 1 of the Constitution of the State of Illinois of 1970. The Town of Normal is a unit of local government as defined in Article VII, Section 1 of the Constitution of the State of Illinois of 1970. The County of McLean is a unit of local government as defined in Article VII, Section 1 of the Constitution of the State of Illinois of 1970; and

WHEREAS, pursuant to Article VII, Section 10 of the Constitution of the State of Illinois of 1970, units of local government have the authority to contract or otherwise associate among themselves to obtain or share services and exercise, combine, or transfer any power or function, in any manner not prohibited by law or ordinance; and

WHEREAS, pursuant to Section 5 of the Intergovernmental Cooperation Act (found at 5 ILCS 220/1 *et seq.*), any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract; and

The parties agree as follows:

## **Article 1. Definitions, Purpose, and Term**

### **Section 1-1. Definitions.** As used in this agreement:

“City Rate Ordinance” means City Ordinance, No. 2105-62, passed on September 21, 2015

“Home Rule Sales Tax” means (i) for the Town, the home rule municipal retailers’ occupation tax and the home rule service occupation tax imposed under Section 25.9-1 of the Municipal Code of the Town of Normal, 1969 and (ii) for the City, the home rule municipal retailers’ occupation tax and the home rule service occupation tax imposed under Chapter 39, Section 130 of the Bloomington City Code.

“IDOR” means the Illinois Department of Revenue.

“Net Tax Proceeds” means the Home Rule Sales Tax proceeds remitted to the Town or City by IDOR under Division 11 of Article 8 of the Illinois Municipal Code from its collection of the Town’s or City’s Sales Tax.

“Pledged Revenue” means the portion of the Net Tax Proceeds remitted to the County by the Town and by the City under Article 2 of this Agreement.

“Town Rate Ordinance” means Town Ordinance, No. 5596, passed on September 8, 2015

### **Section 1-2. Purpose and intent.**

(a) The purpose and intent of this agreement is to memorialize the commitment that the City and Town have made to provide the County with revenues collected from the Town and City’s Home Rule Sales Tax for the County to use solely for the purposes of mental health and public safety. The amount of revenues provided to the County are specified in the City Rate Ordinance and the Town Rate Ordinance and set forth below.

(b) The County agrees to use these revenues exclusively for mental health and public safety purposes as more particularly described in Article III.

**Section 1-3. Term.** The term of this agreement begins on April 1, 2016 and continues through May 31, 2036.

## **Article 2. City and Town Obligations**

### **Section 2-1. Payment of Pledged Revenues.**

(a) Each month, the City and the Town will pay to the County the Pledged Revenue, as calculated under Section 2-2.

(b) The Pledged Revenue must be remitted within 30 days after the date that the City or the Town receives the Net Tax Proceeds from IDOR.

(c) The obligation of the City or the Town to begin to remit the Pledged Revenue begins on the first month that the City or the Town receives the Net Tax Proceeds from IDOR of Home

Rules Sales Taxes collected at the 2.5% rate. (The parties estimate that the City and the Town will receive these proceeds beginning in April of 2016.) The obligation of the City or the Town to remit the Pledged Revenue continues until that municipality has made a total of 240 monthly payments.

**Section 2-2. Calculation of Pledged Revenues.**

(a) The parties intend that the amount of the Pledged Revenue remain proportionate to the distribution to the County set forth in the City Rate Ordinance and in the Town Rate Ordinance, which is 10% of the Net Tax Proceeds collected at a rate of 2.5%.

(b) If, in any month, the Home Rule Sales Tax of the City or the Town is collected at the tax rate of 2.5%, then the amount of the Pledged Revenue for that municipality for that month is 10% of the Net Tax Proceeds received by the municipality for that month.

(c) If, in any month, the Home Rule Sales Tax of the City or the Town is collected at a rate other than 2.5%, then the amount of the Pledged Revenue for that municipality for that month is identified in Schedule A attached to this Agreement.

**Section 2-3. Changes in Law or Circumstances.** The parties agree to negotiate in good faith to amend this agreement accordingly if any of the following occur:

(1) Due to State or federal law, administrative regulations, or referendum, the Town's or the City's ability to impose or receive Home Rule Sales Tax is materially altered; or

(2) There is a material decrease in the County's need for future Pledged Revenues for the expenses set forth in Section 3-2.

**Section 2-4. Reduction in Tax Rate.**

(a) The parties acknowledge that the County has incurred debt obligations in anticipation of receiving the Pledged Revenue under this agreement.

(b) If, for any reason other than those set forth in Section 2-3, the City or the Town reduces the rate of this Home Rule Sales Tax to a rate of 1.5% or less, then the parties agree to negotiate in good faith to amend this agreement for the purpose of providing funding to the County to assist in the repayment of the County's bond obligations incurred in reliance on this Agreement.

(c) The reduction of a rate under this Section does not relieve the City or Town from providing Pledged Revenues until the Net Tax Proceeds collected on the rate of 1.5% or lower are remitted to the City or Town.

(d) The City or Town will provide the County with advanced notice, as soon as practical, of any intention to reduce the Home Rule Sales Tax rate to an amount of 1.5% or less.

**Section 2-5. No obligation to remit other tax proceeds.** Nothing in this Agreement obligates the City or the Town to remit to the County any tax proceeds or any other moneys disbursed by IDOR or by the State other than the Home Rule Sales Tax.

### **Article 3. County Obligations**

#### **Section 3-1. Pledged Revenues maintained in separate fund.**

(a) During the term of this agreement, the County shall maintain a fund, separate from its other funds, known as the County Special Mental Health and Public Safety Fund.

(b) The County must deposit the Pledged Revenue into the Fund and may not deposit any other monies from any source other than the Pledged Revenue into the Fund.

(c) The County may use monies from the Fund only for the purposes set forth in Section 3-2.

**Section 3-2. Use of Pledged Revenues.** The County may use the Pledged Revenue only for the following purposes:

(a) Debt service relating to expansion and renovation of the McLean County Law & Justice Center Detention Facilities.

(b) County Government criminal justice services related to expanded and renovated detention facility operations for behavioral health services.

(c) Community behavioral health initiatives, services and programs consistent with the McLean County Behavioral Health Action Plan, including provisions for an electronic integrated case-management system to be used by Town and City public-safety agencies.

**Section 3-3. Budgeting of Pledged Revenues.** The County shall budget the Pledged Revenue through its normal and customary budgeting process. During the process of budgeting the Pledged Revenue, the County shall seek the advice of the McLean County Behavior Health Coordinating Council (MCBHCC) which is described in the McLean County Behavioral Health Action Plan. The Town and the City shall nominate one representative, each, to the MCBHCC. The McLean County Board agrees to appoint those nominated by the Town and the City to the MCBHCC.

**Section 3-4. Reporting.** During the term of the agreement, the County shall provide to the City and Town a financial report upon request and annually providing information on disbursements made from the County Special Mental Health and Public Safety Fund, including type of utilization as outlined in Article III and identification of funded initiatives as outlined in this Article.

## **Article 4. Default and Remedies**

**Section 4-1. Default by City or Town.** Any of the following acts or omissions by the City or Town constitutes a default:

(a) Failure to remit pledged revenue to the McLean County Treasurer in accordance with the provisions of this Agreement.

(b) Any other failure on the part of the Town or City to comply with the terms of this Agreement.

**Section 4-2. Default by County.** Any of the following acts or omissions by the County constitutes a default:

(a) Use of Pledged Revenue for any purpose inconsistent with the terms and conditions of this Agreement.

(b) Any other failure on the part of the County to comply with the terms and conditions of this Agreement.

**Section 4-3. Notice and opportunity to cure.** Any party asserting a default against another party shall deliver written notice to that party of the nature of the alleged default and shall demand performance. The party asserting default may resort to the remedies under Section 4-4 if, within 45 days after the delivery of the default notice, the defaulting party has failed to cure the default in accordance with the demand set forth in the notice.

**Section 4-4. Remedies.** If, within 45 days after delivery of a default notice under Section 4-3, the defaulting party fails to cure the default in accordance with the demand for performance set forth in the notice, the demanding party, without further notice, may resort to any and all remedies available at law or in equity, including specific performance.

## **Article 5. General Provisions**

**Section 5-1. Amendment.** This Agreement may be amended only by the mutual consent of all parties provide through the adoption by each party of an ordinance or resolution approving said amendment as provided by law, and by the execution of said amendment by the parties.

**Section 5-2. No Third-Party Beneficiaries.** This Agreement is for the exclusive benefit and convenience of the parties hereto. No provision of this Agreement shall in any way inure to the benefit of any third person, including the public at large, so as to constitute any such person a

third-party beneficiary of the Agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

**Section 5-3. Assignability.** The parties may not assign this agreement or any right or obligation thereunder without prior written consent of all the parties, which shall not be unreasonably withheld.

**Section 5-4. Integration.** This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to the subject matter.

**Section 5-5. Severability.** If any provision of this Agreement is held illegal or unenforceable in a judicial proceeding, that provision shall be severed and shall be inoperative, and the remainder of this Agreement shall remain operative and binding on the parties.

**Section 5-6. Applicable Law.** This Agreement shall be construed in accordance with the laws and decisions of the State of Illinois.

**Section 5-7. Notices.** All notices herein shall be in writing and shall be deemed to be effective as of the date of actual delivery if by personal delivery or as of the third day from and including the day of posting if mailed by certified or registered mail return receipt requested with postage prepaid. Notices shall be delivered as follows or to any replacement parties as may from time to time be identified by written notice.

*To the City:*  
City of Bloomington  
Attention: City Manager  
109 E. Olive Street  
Bloomington, IL 61701

*To the Town:*  
Town of Normal  
Attention: City Manager  
11 Uptown Circle  
Normal, IL 61761

*To the County:*  
McLean County  
Attention: County Administrator  
115 E. Washington Street, Suite 401  
Bloomington, IL 61701

*[Remainder of page intentionally blank]*

The parties are signing this agreement as of the date set forth in the introductory clause.

<p><b>City of Bloomington</b></p> <p>By: <u>Toni Perun</u> Mayor</p> <p>ATTEST:</p> <p>By: <u>Carlye Laws</u> City Clerk</p>	<p><b>County of McLean</b></p> <p>By: <u>John McJannet</u> County Board Chairman</p> <p>ATTEST:</p> <p>By: <u>Kathy Michael</u> County Clerk</p>
<p><b>Town of Normal</b></p> <p>By: <u>Christopher Kos</u> Mayor</p> <p>ATTEST:</p> <p>By: <u>Wendell J. Bygg</u> Town Clerk</p>	

## SCHEDULE A

Home Rule Sales Tax Rate	Amount of Pledged Revenue
1.50% or below 1.50%	To be determined
1.75%	14.28% of Net Tax Proceeds
2.00%	12.50% of Net Tax Proceeds
2.25%	11.11% of Net Tax Proceeds
2.50%	10% of Net Tax Proceeds
2.75%	9.09% of Net Tax Proceeds
3.00%	8.33% of Net Tax Proceeds
3.25%	7.69% of Net Tax Proceeds
3.50%	7.14% of Net Tax Proceeds
3.75%	6.66% of Net Tax Proceeds
4.00%	6.25% of Net Tax Proceeds
4.25%	5.88% of Net Tax Proceeds
4.50%	5.55% of Net Tax Proceeds
4.75%	5.26% of Net Tax Proceeds
5.00%	5.00% of Net Tax Proceeds
5.25%	4.76% of Net Tax Proceeds
5.50%	4.54% of Net Tax Proceeds
5.75%	4.34% of Net Tax Proceeds
6.00%	4.16% of Net Tax Proceeds