



VILLAGE OF SUGAR GROVE BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

FROM: SCOTT KOEPPPEL, VILLAGE ADMINISTRATOR
DANIELLE MARION, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: DISCUSSION: IGA IN LIEU OF LETTER OF CREDIT FOR LOCAL GOVERNMENTS

AGENDA: AUGUST 19, 2025

DATE: AUGUST 13, 2025

ISSUE

Shall the Village Board discuss allowing local governments to provide the Village with an intergovernmental agreement (IGA) in lieu of the required letter of credit (LOC) for projects that require a LOC for a public improvement guarantee.

DISCUSSION

Recently the Village has had a few projects come about from other government agencies, one of which being the Fire Protection District's new training facility on Denny Road. As part of the permitting requirements the Village Code requires that the applicants provide a Letter of Credit for 120% of the engineer's estimate of probable cost. The reason behind this requirement is to ensure that any public improvements that are done are installed properly and operating properly, therefore, if once the project commences there are issues with these items the Village can draw on the Letter of Credit to fix the problems.

The Village has received push back from the Fire Department with providing the required letter of credit, thus the idea of potentially allowing local governments to enter an IGA with the Village rather providing the LOC. This in return would not tie up the local government's funds in a LOC but maintain a certain amount of accountability to the applicants for ensuring that any public improvements are completed correctly and not falling on the Village to be responsible for correcting. The Kane County Stormwater Ordinance requires a LOC for improvements, and the Village may not have the authority to waive the LOC for the Stormwater requirements.

If the Board wishes to move forward with allowing for IGAs in place of a LOC for local governments, a text amendment will be required to amend the Village Code.

COST

The cost associated with this would be for attorney review fees and the cost for the publication for the public hearing for a text amendment.

ATTACHMENTS

None

RECOMMENDATION

That the Village Board discuss allowing for an IGA in lieu of a LOC for local governments and provide staff with direction.