

Staff Responses to Council Questions

March 7, 2017

7. First Reading

C. Report: Facilities Sustainability Plan Update

The materials given to council include a revised proposal from Next Generation dated February 22, 2017 which indicates an increased purchase price of \$4,680,000 if the property is purchased at one time rather than in phases. The Executive Summary indicates that Flaherty & Collins has increased their bid to \$5,561,000 if the property can be purchased in one phase however the revised proposal from Flaherty & Collins does not appear to be included in the written materials provided council. Please provide the written materials that document the updated proposal from Flaherty & Collins.

Flaherty & Collins provided the following in an email dated January 25, 2017:

If the village were to sell the entire parcel at once and relocate the police department this would be our preference. The land is more valuable if it can be developed all at once. We believe the Village is familiar with our Ninety-Seven-Fifty project in Orland Park. We envision something similar to that development here with a product that has a hidden garage wrapped with apartments. This construction is less expensive than the podium phased option we presented. The podium garage is more expensive per space and we can build our amenities at grade vs building over the podium. We can achieve more density by going to type 3 construction and go up to 5 stories across the site and be within the height allowances. This would take our offer price from roughly \$2,400,000 collectively over phase I and II to \$5,561,000.

The Next Generation proposal indicates that existing building(s) are to be demolished prior to closing. Is this correct? What is the Flaherty & Collins proposal with respect to demolition prior to closing?

If the Village Council were to direct staff to pursue one or more of the development proposals, at the time that the terms of the redevelopment agreement are negotiated, staff would work with the preferred developer(s) to craft terms acceptable to both the Village and the developer regarding the timing of property acquisition and demolition.

I suggest that consideration be given to include a brief staff presentation on the Washington Street reconfiguration options as part of tomorrow's meeting.

The introduction of this item will include a brief presentation regarding potential improvements to the Washington crossing.

ATTACHMENTS

rEmarks are attached.



rRemarks Data for March 7, 2017 Village Council Meeting

Agenda Section	Agenda Item	Comment	Commenter
		<p>Did you hear the 2017 installment of Marty's Fairy Tales, aka the Mayor's annual report, the State of the Village address? Now I appreciate that even at the lowly level of village governance, a politician's stock in trade is to put lipstick on a pig. And DG has been blessed with many skilled in the craft, including Marty. But what happens when reality kicks in? Thanks to our new presidential administration, every citizen has a ready tool of discernment: fact or alternative fact? reality or reality tv? So here are some basic questions, questions one might aptly believe are worthy of consideration in the village's so-called long range plan:</p> <p>Since the village is not fully funding its police and firefighter pensions, can Marty claim the village is meeting its goal of financial sustainability? Based on what math? What will it take for the village to reveal the impact on village funding obligations should the return on pension investments fall, even fall dramatically? Does the village council even know what the impact will be? Since the village is located in the state of Illinois, and the state is arrear in paying its bills to the tune of ten plus billions AND in paying its teacher and other public employee pensions to the tune of hundred plus billions, how can Marty claim the village is meeting its goal of financial sustainability? Based on what math? Given that DG village councils have systematically undercollected taxes for years, put off projects until they reach crisis level and then pay for them with borrowing, and rely on finding 'new sources' of revenue to compensate for undercollecting taxes and to pay for borrowing, how can Marty claim the village is meeting its goal of financial sustainability? How is the current council's intention to sell village property to pay for upgrading the village hall and police station NOT another instance in this pattern of financial irresponsibility? What happens when the village runs out of 'new' methods by which to 'protect' residential property owners from paying the costs they incur to live in DG? How can Marty claim the village is capable of meeting its goal of financial sustainability: a) when a substantial portion of DG residents work in Chicago, and rely on that city's smooth operation, and Chicago is itself hundreds of billions in debt? b) when a substantial portion of DG residents work for private companies presently successful because they benefit from financial leverage of one sort or another -- that is, companies which are billions in debt, used the debt to pay dividends and buy back stock -- and expect to pay back the debt by somehow selling their products to consumers who are themselves collectively trillions in debt? c) when DG residents live in the USA, and the federal government is tens of trillions in debt, regardless of which major political party dominates power? Based on what math? Given the unpaid debts cited above, on what basis does DG or any level of governance within IL increase any public employee's salary or undertake any project that incurs new costs (and debt), and in the next breath claim financial sustainability? What is the difference between taking such actions and check kiting? Similarly, when the village floats tax incentives to individual businesses, when is it crony capitalism and when is it not? Based on what math and what logic? Can the village's Economic Development corporation and the village Council explain the difference between economic development and economic churn? Based on what math? Based on what data? Specific hypotheticals: If Caterpillar relocates from Peoria to DG, is that economic development or economic churn? If Packey Webb Ford relocates from DG to Westmont, is that economic development or economic churn? If Packey Webb Ford chooses not to relocate because DG gives it tax incentives, what economic development has occurred? If Lemon Tree is unable or unwilling to maintain its business without DG tax incentives, how viable is its business? In that vein, how is the village's redefinition of 'historic house' to 'historic street-facing facade' not simply another form of crony capitalism? Since the prevailing sentiment in the village seems to be to pay as little tax as possible, why don't we just make property taxes voluntary? And pay village (and school district and sanitary district and park district, etc.) expenses by fee? Speaking of which, if everyone incurs it (or should incur it if it weren't for crony capitalism), what is the difference if it's called a tax or a fee? Likewise, if some village expenses are paid by fee rather than property tax, is it really noteworthy that the village portion of property taxes ARE NOT going up if the total outlays by residents ARE going up (example: stormwater utility)? To what extent are rising residential real estate prices of DG not dependent on the inequitable school funding mechanisms entrenched in IL? To what extent are the village's -- and related district entities' -- stellar bond rating(s) not simply a fiscal shell game that worsens inequality and political divisions within IL? For that matter, what is the impact of fees imposed in DG (e.g., water, stormwater utility, sanitary district) and DG's tax incentive programs on equity WITHIN the village? Speaking of inequitable school funding, were you as impressed as I was in the 2016 campaign for state representative by the vigor of the debate between the candidates (one a former council member, one a current council member) over who was more prepared to work to undo the school funding inequity, and change the funding mechanism so that the financial consequences of teacher salaries on teacher pensions will in future be felt and funded directly by the districts making those commitments? Oh, wait; that's right. Neither said 'boo' on either matter.</p> <p>Which reminds me, Marty and Council, please save the righteous indignation over unfunded public safety pension liabilities until after you are part of the effort to solve the unfunded teacher pension liabilities problem. To what extent is homeowner resistance to paying more in property tax due to the artificiality of rising real estate prices, i.e., increases due less to rising incomes and more to falling interest rates over the past several decades? What happens to real estate prices when interest rates revert to 'normal'? What happens then to revenue collected as property tax, to the services financed thereby, and to claims of financial sustainability? Similarly, to what extent is resistance to paying more in property tax due to the reality that property tax on residential real estate is really a disguised form of income tax (a disguise used to perpetuate inequitable funding of schools and other services in IL), and more aggravating still, a tax not on actual but on imputed income? What happens to revenue collected as property tax, and claims of financial sustainability, when actual incomes don't keep up with imputed incomes? What tax incentives will the village offer (lemon-tree-like) squeezed residents not to abandon their houses? Given that Illinois has the most inefficient governmental structure of any state in the nation, with its excess of taxing bodies, little interaction between them, and essentially no mechanisms by which they coordinate decision-making, how will public priorities be determined and implemented when revenue from taxes and fees fall and borrowing is no longer an option? Does Marty make his claim of financial sustainability because a) Marty knows the unpaid bills will never be paid and the pension obligations will never be met (we love our IL public servants, especially their glibility regarding their pensions)? Or b) does Marty believe accounting wizardry, generous acts of charity from some wealthy benefactor(s), or a fortuitous windfall (DG wins the IL lottery, discovers oil!!!) will let the good people of DG avoid paying the costs they have incurred? Or c) is Marty singing the hallelujah chorus of economic growth, "forever and ever"? Or d) is Marty just secretly praying -- ala the prior mayors of Chicago and DG -- he won't be mayor when the SHTF? Regardless of how the village pays for its stormwater system (fee or tax), is the system, when it is designed to make DG stormwater ultimately someone else's responsibility, an example of the village trying to meet its goal of environmental sustainability? Or an example of chutzpah? Is Marty's effort to get village residents to reduce their consumption of resources such as water, electricity, gasoline, consumer goods, electronics, house building and remodeling, and so on, and to reduce their output of waste associated with such consumption -- including most notably their contribution of solid waste, nuclear waste, carbon dioxide, plastic and other chemical pollution of water, air, and soil -- helping the village reach its goal of environmental sustainability? Oh, wait, sorry; Marty isn't asking residents to do any of that. So, Marty and Council, please explain how the village is going to develop, pave, and shop its way to environmental sustainability? Or is it, as with the historic street-facing facades of DG, when Marty says environmentally sustainable, what he -- and Council members in their silent acquiescence -- mean is environmentally "out of sight, out of mind"? (Except, of course, for the dwellings the council permits -- in its quest for revenue -- to be built in flood plains.) In which case, Marty, can the village and its residents just get rid of the goal and drop the pretense of being concerned about the environment because, well, like our new president, we know the whole issue of climate change and the like is a hoax? And it'll be great when we don't have to shovel snow; and in summer we can just turn up the air conditioning a bit more if we have to ... when it gets too hot or outside air quality becomes unhealthy to breathe. And if 100-year rainfalls start coming every five years, we'll have that great stormwater system to shunt the runoff and its associated effluent down to the Gulf of Mexico. And if we get a little oil spillage or radiation leakage in Lake Michigan or other water systems, we know from experience here and elsewhere that's no big deal. And given the advances made already in coming up with near-food for those unable to afford real food, clever innovators will surely develop even better economic substitutes as raising crops, fruits, and vegetables becomes even more difficult, unpredictable, unsafe, and expensive. Because we know that regardless of what happens outside the village, we'll continue to live, work, and prosper here in (the fairytale land of) Downers Grove. Which is to say: What is the point of the village having a long range plan if the plan fails to address ANY of these issues? Answer: if one finds it acceptable to put lipstick on a pig, one might as well make it a flying pig. [Pleasant dreams, Village Council. Sweet dreams, village residents. Sleep well.]</p>	