

Staff Responses to Council Questions

December 6, 2011

6. Consent Agenda. C. Resolution: Authorize a Letter of Intent with the Will County Governmental League re: Electricity Aggregation

Will there be other opportunities to discuss the Village's involvement in the WCGL aggregation project?

Yes, the Village Council will have at least two additional opportunities to discuss moving forward with the WCGL aggregation process. The first will occur when the Council is asked to authorize the execution of the intergovernmental agreement, which is anticipated to occur no later than the end of February 2012. The second will occur when the Council is asked to adopt the Plan of Operation and Governance, which is expected no later than June 2012. The WCGL staff has indicated that there will be a deadline for municipalities to withdraw from the program prior to the issuance of the bid documents in order to ensure that the bid scope accurately reflects the number of customers in the program.

Could we get a better explanation of how the credits for renewable energy would work and what the recommendations of the ECC would entail? How would residents be affected?

Renewable energy (wind, solar and hydro-electric) is supplied to the electric grid in same way that other energy (coal and nuclear) is supplied and is mixed in with all other types of energy in the grid to create one electricity supply. Renewable energy in the grid is purchased in the form of renewable energy credits. Any individual's purchase of renewable energy does not mean that an individual customer will use renewable energy. Rather, it means that renewable energy will make up a larger proportion of the total energy supply and reduce the need to use other non-renewable sources. Energy suppliers that offer renewable energy credits have an external certification that authenticates their claims.

Some of the municipalities that have completed aggregation programs have required the supplier to build renewable energy sources into the total electric supply that is provided to the grid on their customers' behalf. The Village could request that this be included of the WCGL program. The ECC recommended that renewable energy be at least 15% of the total energy provided by the supplier. Alternatively, the Village could choose to purchase renewable energy credits that are equivalent to at least 15% of the electricity used in Downers Grove. For example, if all the customers in the Village used a total of 100 kilowatt hours of electricity, the Village could purchase 15 kilowatt hours worth of renewable energy credits. This purchase is not budgeted in the Village's FY 12 budget.

We are currently using another supplier for our "revenue-producing" electrical uses, while Com Ed supplies our other needs free (correct?). Under the aggregation process, would any of this change? Would we continue to get "free" electricity or is this something that we need to bargain for?

The electricity supply covered under the Village's franchise agreement would not be impacted by the aggregation program. The Village contracts with Champion Energy for electricity supply and this would not likely change until the Village's three-year contract with Champion expires.

What was the process used to choose a consultant?

The Will County Governmental League used a competitive RFQ process. Three consultants submitted formal proposals to the Will County Governmental League and interviewed with the WCGL's utilities committee. The consultant was chosen by the WCGL's utilities committee.

If the process continues on a "normal" or expected course, will this consultant be the one to get a portion of everyone's electrical fee?

Yes, the consultant receives a fee in exchange for its services that is built into the rate charged to customers. The fee was negotiated by the Will County Governmental League with the consultant. The fee is \$.00015 per kilowatt hour. For the average customer, the fee received by the consultant is \$1.50 per year. The WCGL will charge an administrative fee (which will be built into the customer electric rate) based on a total fee equivalent to membership fees in the Will County Governmental League. This WCGL administrative fee is \$.0001 per kilowatt hour, which is equivalent to approximately \$1 per year for the average customer. All fees associated with aggregation, including the consultant's fee and the WCGL administrative fee, will total approximately \$2.50 per year for the average customer. Customers in member municipalities will not pay the WCGL rate.

Would village residents or entities who opt out be excluded from paying these fees?

Yes, customers that opt out of the program of the program would be excluded from paying the fee. They will continue to pay the ComEd supply rate or may pursue their own contract with another alternative retail energy supplier.

As part of our participation, are we going to be required to join the Will County organization? Staff indicated at the last meeting that we would join...was this in addition or to the exclusion of DuPage Mayors and Managers?

No, the Village is not required to join the Will County Governmental League as a condition of participating in the aggregation program. At the Council's direction, staff could provide additional information to allow the Council to determine whether the Village could join the WCGL by paying the fee.

Why is a lobbyist involved in this process? Who has a contract with a lobbyist on this issue?

To staff's knowledge, there is no lobbyist involved in this process.

How many of the Will County municipalities involved are "home rule"? Wasn't one of the complaints against the DMMC related to the apparent emphasis on non-home rule issues?

Eleven of the 22 municipalities that are tentatively participating in the WCGL program are home rule.

6. Consent Agenda D. Resolution: Submit a Ballot Question re: Operation of Electricity Aggregation Program as an Opt-Out Program

Reference is made to approving a letter of intent, a referendum, and an ordinance by Jan 3, By passing these two items on the Consent Agenda. Have we fully complied with all 3?

Yes, if the Council approves the resolution submitting the ballot question, the Village will have met the required deadlines. While the WCGL presentation states that the participating municipalities should pass an ordinance submitting the referendum question, staff evaluated the statute and found that the Village's process of passing a resolution to submit the ballot question is sufficient to meet all legal requirements.

6. Consent Agenda G. Motion: Award a contract for \$79,422 to Tank Industry Consultants, Indiana, for Professional Services for Maple Avenue Water Tower Rehabilitation

Is the \$80,000 expense for this contract in line with what we expected to pay and what others are paying for these services?

The amount of this contract is in line with what staff expected to pay for this work and what is comparable in the industry. The Village received five proposals for this project. Each proposal included a price based on the consultant's proposal for a timeline and scope for construction oversight. Based on staff's evaluation of the oversight services required (full-time, weekly

construction observation), staff determined that Tank Industry Consultants proposed the best price for the service.

6. Consent Agenda H. Motion: Approve 2012 Sidewalk Matrix

Please provide a map showing how the new sidewalks to be constructed in 2012 connect to the existing sidewalk system.

The requested maps are provided as an attachment.

6. Consent Agenda J. Motion: Award a contract for \$27,895.02 to F.H. Paschen, S.N. Nielsen & Associates LLC, Chicago, Illinois for Final Phase of Finley Well House Repairs

What is the current status of recovery from the driver?

The Village is not aware of and is not responsible for collection from the driver or driver's insurance company. The Village's insurance company has issued payment to the Village for the full cost of the repairs. The recovery of the costs from the driver is the responsibility of the Village's property insurance provider and staff is typically not made aware of the status of these recovery efforts. A revised e-sheet has been attached that correctly states the source of the repair funding.

8. First Reading C. Resolution: Authorize a Redevelopment/Sales Tax Rebate Agreement with Bentley of Downers Grove

What was the annual base sales tax amount based on?

The annual base sales tax is based on the taxable sales generated by the property in 2010.

Why are we making this agreement?

The agreement is intended to provide an incentive to Bentley to redevelop the property and to increase the amount of taxable sales generated from the property.

What happens if we do not make this agreement?

But for the agreement, the redevelopment project would not be economically viable.

Over 10 years, there is expected to be \$400 M in sales, or \$40 M per year. How much revenue will the Village get without the agreement? With the agreement?

With the agreement, the Village expects to collect approximately \$2 million over 10 years. Without the agreement, the amount of sales is expected to be substantially reduced as the petitioner has indicated that he will not continue to sell Bentley's from this location.

How much are the expected improvements, including signage cost Bentley?

The estimated cost for the exterior improvements is \$190,000.

How does this agreement compare to the other outstanding agreements?

Each sales tax agreement is unique based on the property and type of business. The key terms of each agreement are listed below:

Bill Kay Nissan

- Seven Year Incentive Period
- Seven annual payments of \$35,000 from the TIF fund
- 25% of sales over \$25,000,000

Devry

- Fifteen year Incentive Period

- 50% of electric, telecommunications and sales tax

Fry's

- Twelve year incentive period
- On an annual basis:
 - 0% of the first \$100,000 of sales taxes
 - 100% of the next \$100,000 of sales taxes
 - 50% of sales taxes over \$200,000

Michaels

- Nine year incentive period
- On an annual basis:
 - 37.5% of the first \$150,000 of sales taxes
 - 50% of sales taxes over \$150,000

Packey Webb

- Ten year incentive period
- On an annual basis:
 - 0% of the first \$240,000 of sales taxes
 - 50% of sales taxes over \$240,000

Pugi

- Seven year incentive period
- 50% on sales over \$27,000,000 up to a total rebate of \$800,000
- 25% of sales taxes for the remainder of the incentive period

Zeigler

- Ten year incentive period
- On an annual basis:
 - 50% of the first \$700,000 of sales taxes
 - 75% of sales taxes over \$700,000

Can you provide a chart showing revenue, revenue rebated actual and projected pro forma for all the agreements?

A chart showing sales tax and tax rebate amounts for the past three years is attached. Staff is in the process of gathering the pro forma information that exists on file, and will present it prior to Council action on this item.

What provisions are there for internet sales or dealership sales from secondary locations?

There are no terms in the agreement that specifically relate to internet sales or dealership sales from secondary locations. The proposed agreement applies to the Village's net portion of all sales tax collected in accordance with the laws of the State of Illinois.

What happens to changes in the sales tax payments should the state withhold payments in whole or part?

The agreement states that if a governmental or legislative body other than the Village enacts any law or statute affecting sales tax, there will be a 60 day period to reevaluate and restructure the agreement. If the Village and Bentley do not reach agreement within 60 days, the sales tax agreement will automatically terminate.

How much was withheld from Luxury Motors? How much did we give back after withholding?

The Village permanently withheld \$372,070 from Luxury Motors. No further payments were made after the permanent withholding.

8. First Reading D. Resolution: Authorize a Sales Tax Rebate Agreement with the Lemon Tree, LLC

What happens to all money rebated to Lemon Tree if it closes – goes bankrupt? How do we expect to recover?

If Lemon Tree fails to continue to operate, it shall forfeit the withheld quarterly payment and shall pay back the tax rebate on the following schedule:

If Lemon Tree or an approved successor fails to continue to operate during:

- Year 1 through 3: 100% of the Incentive Payment
- Year 4 through 6: 75% of the Incentive Payment
- Year 7 through 10: 50% of the Incentive Payment
- Year 11 through 13: 25% of the Incentive Payment

What is the effect on the TIF?

The proposed agreement has no effect on the TIF. The TIF fund revenues are from property taxes and this applies only to sales tax.

Why 100%?

The intent of the 100% rebate is to provide an incentive to sell groceries in the downtown business district. The 100% rebate applies only to grocery items. Lemon Tree sells non-grocery items as well. There is no rebate for non-grocery items.

How is accurate reporting of grocery items enforced?

The agreement states that, prior to receiving each quarterly payment, the Lemon Tree shall submit sales figures, an affidavit and any other documents the Village requests to ensure the accuracy of the sales figures.

We are talking 1%?

Yes, this applies to the sales tax on groceries; it does not apply to the Home Rules Sales Tax portion.

ATTACHMENT

Sidewalk Maps

Revised Memo for Finley Well House Repairs

Chart showing Sales Tax and Tax Rebates



2012 PROPOSED SIDEWALK SEGMENTS





-  PROPOSED SIDEWALK CONSTRUCTION
-  EXISTING SIDEWALK
-  RIGHT-OF-WAY (lines)
-  VILLAGE LIMITS

EXHIBIT A





2012 PROPOSED SIDEWALK SEGMENTS





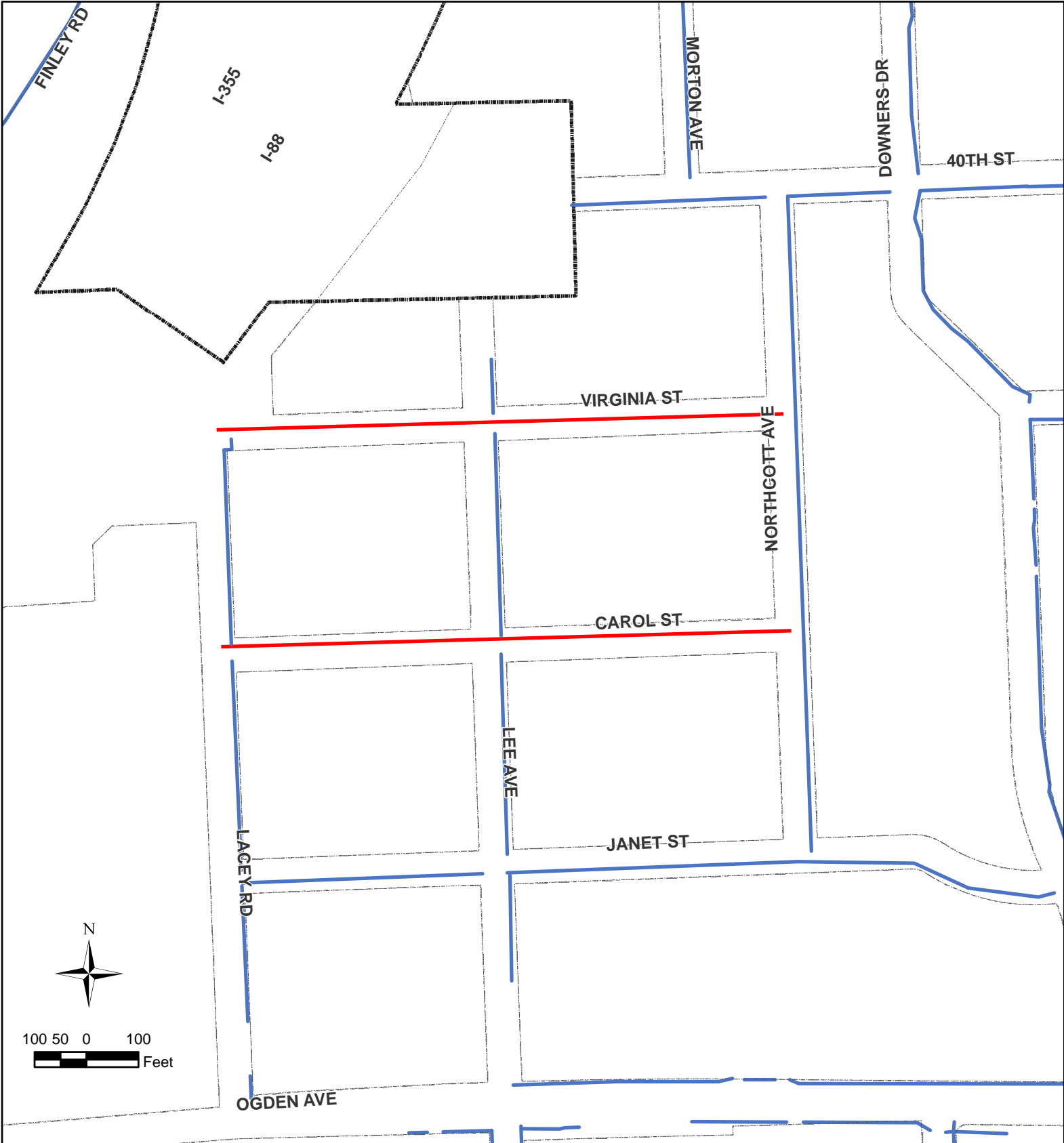
-  PROPOSED SIDEWALK CONSTRUCTION
-  EXISTING SIDEWALK
-  RIGHT-OF-WAY (lines)
-  VILLAGE LIMITS

EXHIBIT B

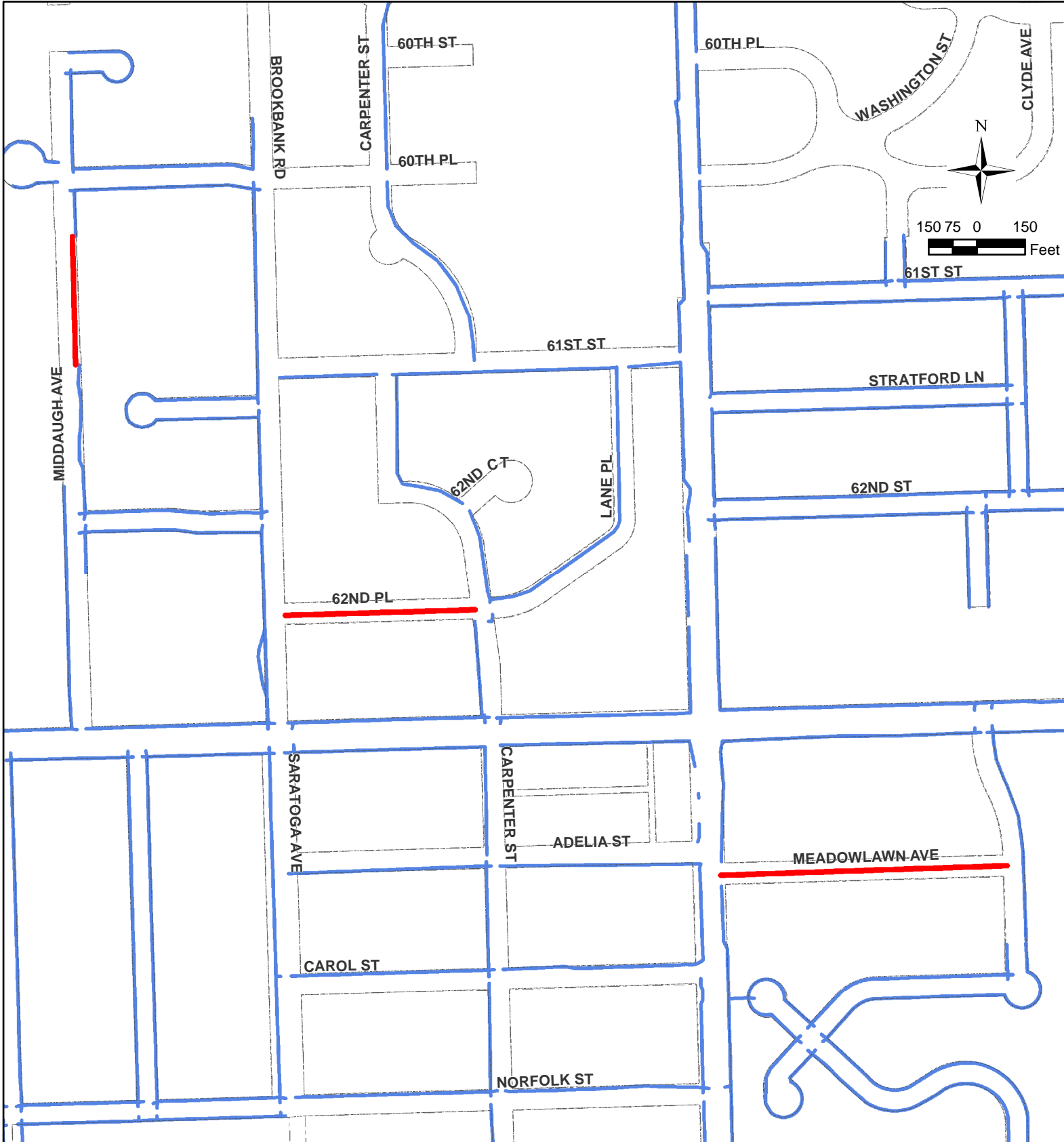




2012 PROPOSED SIDEWALK SEGMENTS

- PROPOSED SIDEWALK CONSTRUCTION
- EXISTING SIDEWALK
- - - - - RIGHT-OF-WAY (lines)
- ⋯ VILLAGE LIMITS

EXHIBIT C





2012 PROPOSED SIDEWALK SEGMENTS





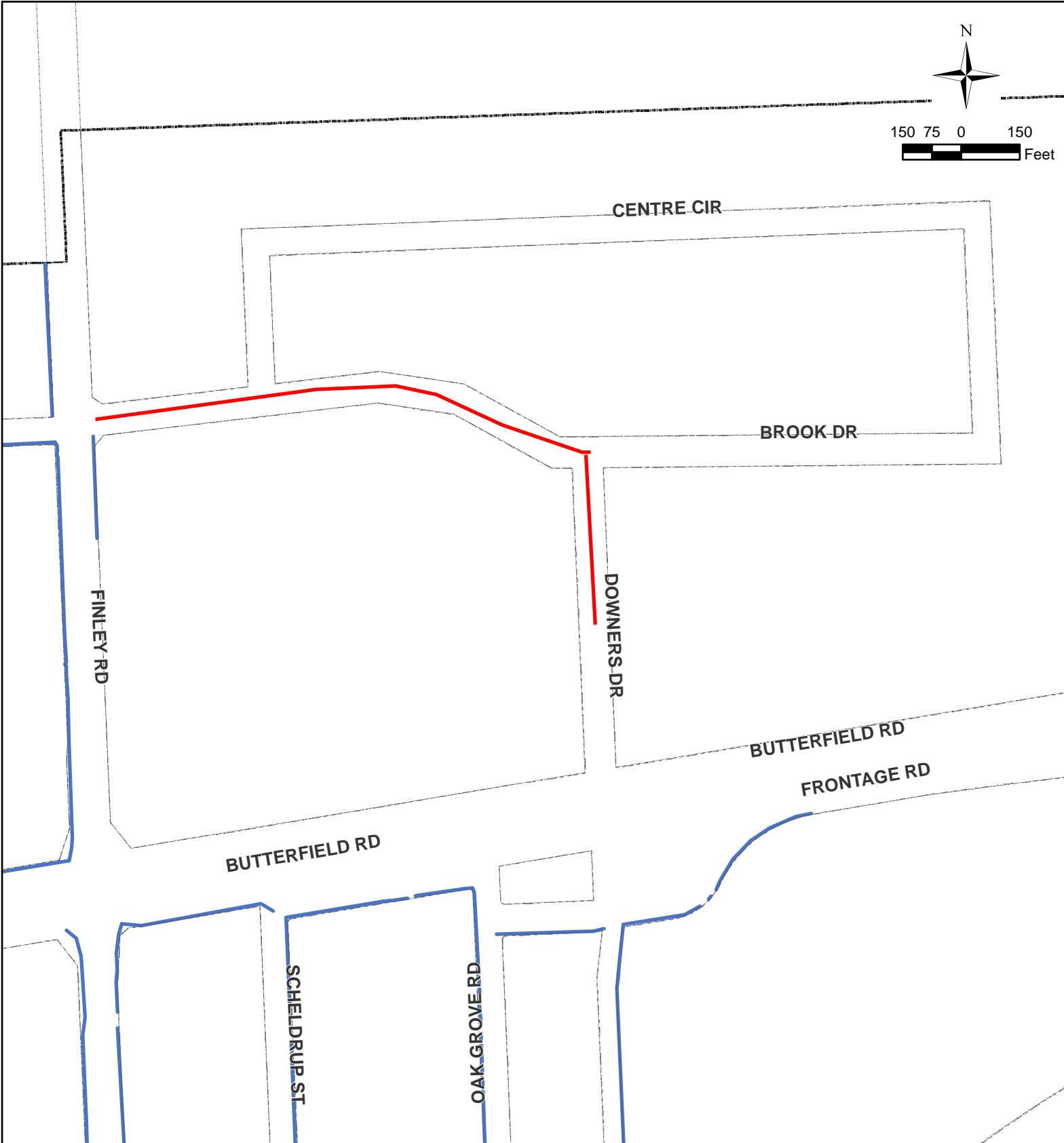
-  PROPOSED SIDEWALK CONSTRUCTION
-  EXISTING SIDEWALK
-  RIGHT-OF-WAY (lines)
-  VILLAGE LIMITS

EXHIBIT D





2012 PROPOSED SIDEWALK SEGMENTS



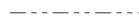

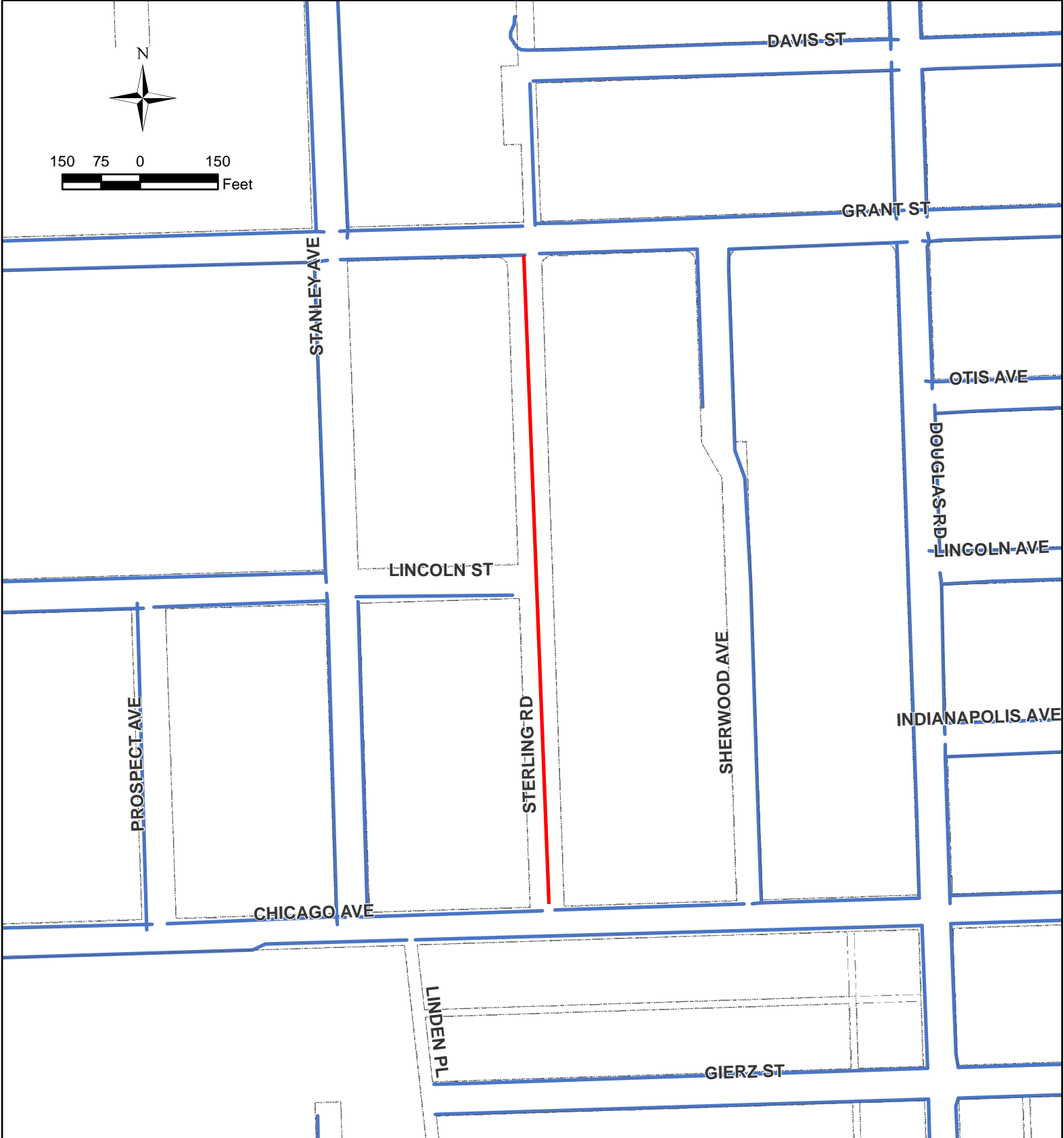
-  PROPOSED SIDEWALK CONSTRUCTION
-  EXISTING SIDEWALK
-  RIGHT-OF-WAY (lines)
-  VILLAGE LIMITS

EXHIBIT E

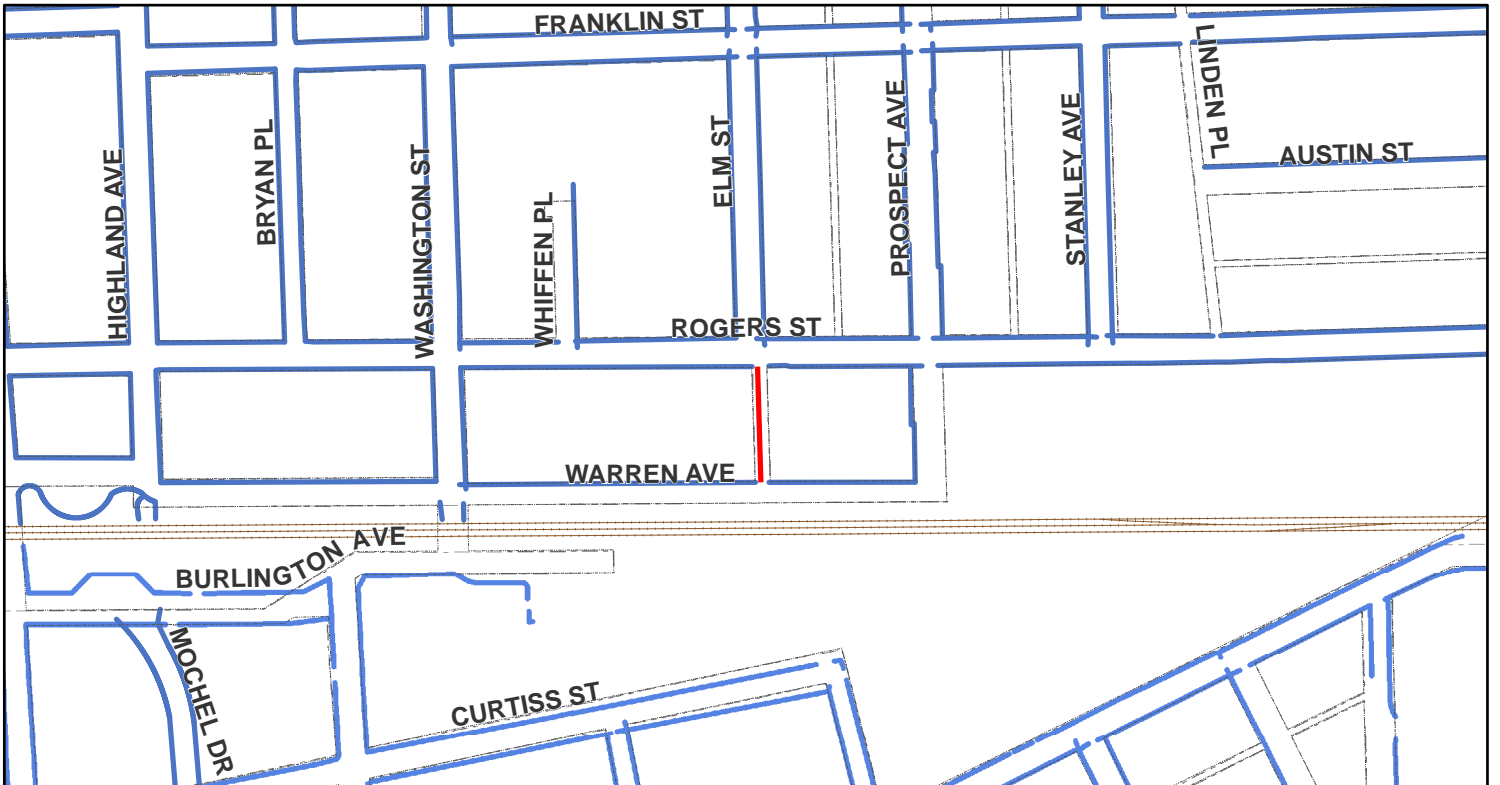
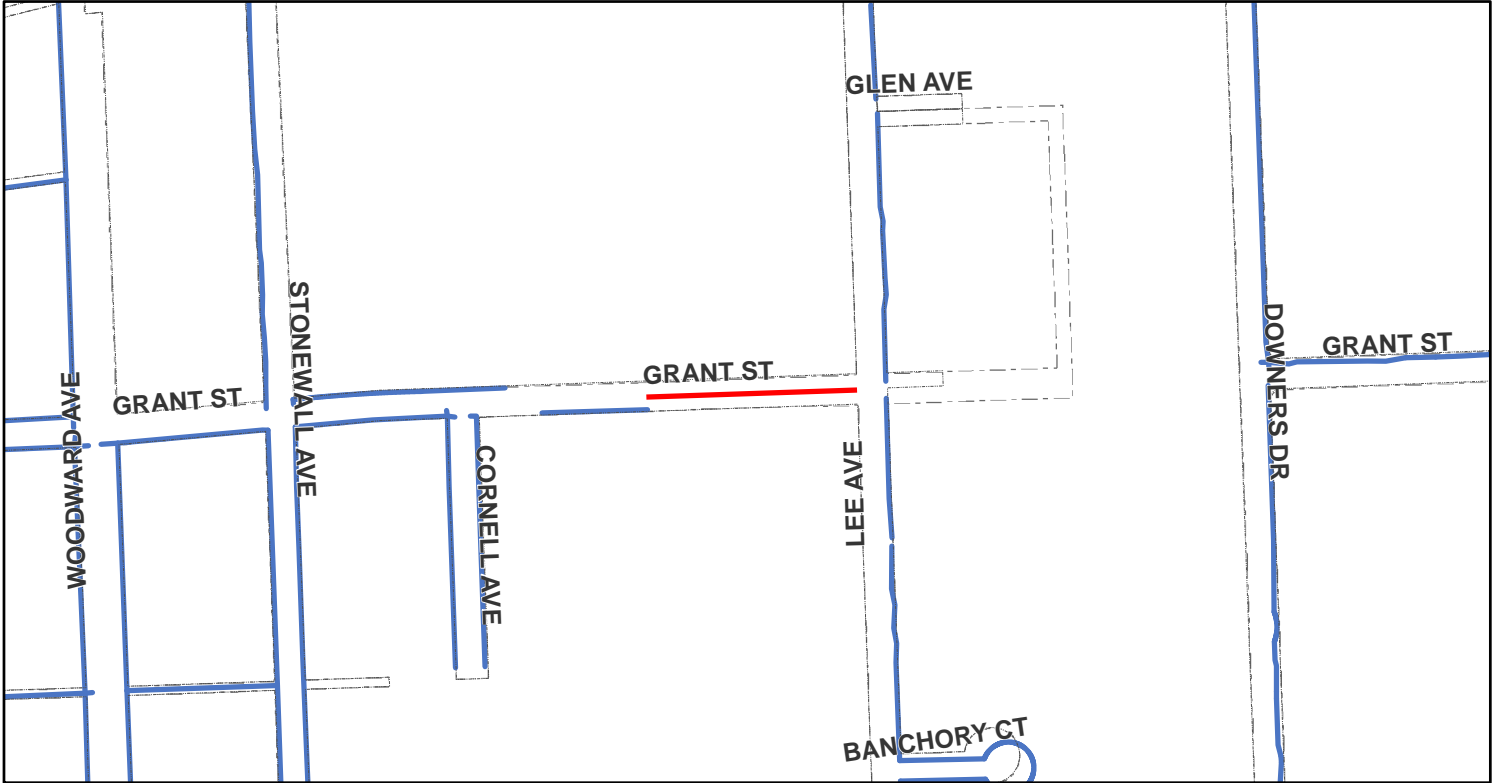




2012 PROPOSED SIDEWALK SEGMENTS

- PROPOSED SIDEWALK CONSTRUCTION
- EXISTING SIDEWALK
- - - RIGHT-OF-WAY (lines)
- ▭ VILLAGE LIMITS

EXHIBIT F



**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
DECEMBER 6, 2011 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Final Phase of the Finley Well House Repairs	Resolution Ordinance ✓ Motion Discussion Only	Michael Baker Deputy Village Manager

SYNOPSIS

A motion is requested to authorize award of a contract to F.H. Paschen, S.N. Nielsen & Associates LLC, of Chicago, Illinois, in the amount of \$27,895.02 for repairs to the Finley Avenue well house, which was damaged by a ruptured water main pipe in November 2010. This contract represents phase three of a three-phase repair process.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 identified *Top Quality Infrastructure*.

FISCAL IMPACT

All direct costs for these repairs are being paid from the funds that have already been received from the Village's property insurance provider. The Village's provider is responsible for collecting from driver that caused the damage to the well house, or their insurance company.

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RECOMMENDATION

Approval on the December 6, 2011 consent agenda

BACKGROUND

The Finley Well House, which is located adjacent to the Village's water tower along Finley Road, was damaged in November 2010. A driver in a nearby parking lot struck a fire hydrant, causing a surge of pressure in the system that ruptured the water main, resulting in substantial damage to the well house. The driver and her insurance company have assumed full liability for the damage. The Village's property insurance company issued payment to the Village in the amount of \$121,128.23 for the full cost of the repairs and will be seeking full reimbursement from the driver's insurance company.

The contract with F.H. Paschen, S.N. Nielsen represents the third of a three-phase repair process, and will complete the repair work on the well house. The work was awarded to through a Job Order Contract, which is a competitive bidding process conducted by the State of Illinois pursuant to 30ILCS 525 (Procurement #11-082). The process allows municipalities to participate in using any of the pre-qualified contractors on an on-call basis. Although not a requirement, staff did informally seek pricing from another contractor and found the costs as established through the State-based process to be more favorable. Staff has conducted reference checks for work performed by this company and is confident that they can satisfactorily perform the work involved.

ATTACHMENTS

Contract Form

Tax Rebates for Past 3 Years

Quarter	Fry's Electronics		Pugi		Bill Kay Nissan		Saturn		Michaels		Lemon Tree		DeVry		Zeigler
	Sales Tax	Rebate	Sales Tax	Rebate	Sales Tax	Rebate	Sales Tax	Rebate	Sales Tax	Rebate	Sales Tax	Rebate	Sales Tax	Rebate	\$
2009 1st Quarter	\$ 154,057.55	\$ 127,028.78	\$ 80,316.64	\$ 40,158.32	\$ 62,124.85	\$ 15,531.21	\$ 16,847.28	\$ 8,423.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 2nd Quarter	\$ 158,183.20	\$ 79,091.60	\$ 80,511.07	\$ 40,255.54	\$ 61,864.06	\$ 15,466.02	\$ 16,506.04	\$ 8,253.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 3rd Quarter	\$ 147,860.89	\$ 73,930.45	\$ 87,091.69	\$ 43,545.85	\$ 63,657.91	\$ 15,914.48	\$ 15,830.92	\$ 7,915.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 4th Quarter	\$ 97,952.67	\$ 22,744.06	\$ 134,546.24	\$ 67,273.12	\$ 78,805.06	\$ 19,701.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010 1st Quarter	\$ 164,467.44	\$ 131,210.06	\$ 80,546.74	\$ 40,273.37	\$ 62,394.00	\$ 15,598.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010 2nd Quarter	\$ 182,685.93	\$ 91,342.97	\$ 80,367.53	\$ 36,838.79	\$ 60,889.19	\$ 15,222.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,848.50	\$ 1,424.25	\$ -
2010 3rd Quarter	\$ 154,671.13	\$ 77,335.57	\$ 123,074.98	\$ 64,882.47	\$ 70,815.28	\$ 17,703.82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,218.00	\$ 609.00	\$ 28,506.60
2010 4th Quarter	\$ 136,834.74	\$ 21,155.98	\$ 149,906.43	\$ 74,953.22	\$ 84,640.01	\$ 21,160.00	\$ -	\$ -	\$ 19,375.97	\$ -	\$ -	\$ -	\$ 2,870.91	\$ 1,435.46	\$ 57,255.75
2011 1st Quarter	\$ 136,640.61	\$ 115,581.70	\$ 99,398.86	\$ 49,699.43	\$ 65,439.20	\$ 16,359.80	\$ -	\$ -	\$ 15,629.97	\$ 7,814.99	\$ -	\$ -	\$ 4,179.27	\$ 2,089.64	\$ 59,006.02
2011 2nd Quarter	\$ 147,325.14	\$ 73,662.57	\$ 119,808.41	\$ 59,904.21	\$ 75,819.05	\$ 18,954.76	\$ -	\$ -	\$ 9,807.92	\$ 4,306.26	\$ -	\$ -	\$ 6,725.19	\$ 3,361.60	\$ 46,724.23
2011 3rd Quarter	\$ 134,368.22	\$ 67,184.11	\$ 130,175.95	\$ 65,087.98	\$ 69,733.83	\$ 17,433.46	\$ -	\$ -	\$ 3,933.68	\$ 1,475.13	\$ -	\$ -	\$ -	\$ -	\$ 37,765.26
2011 4th Quarter	\$ 120,658.28	\$ 18,506.83	\$ 162,630.22	\$ 81,315.01	\$ 78,409.69	\$ 19,602.42	\$ -	\$ -	\$ 3,084.28	\$ 1,156.61	\$ -	\$ -	\$ 3,141.45	\$ 1,570.73	\$ 54,632.81
Total	\$ 1,735,705.80	\$ 898,774.68	\$ 1,328,374.76	\$ 664,187.31	\$ 834,592.13	\$ 208,648.04	\$ 49,184.24	\$ 24,592.12	\$ 51,831.82	\$ 14,752.99	\$ -	\$ -	\$ 20,983.32	\$ 10,490.66	\$ 283,890.67
Agreement Type	Sales		Sales		Sales		Sales		Sales		Sales & Utility		Sales		
Status	ongoing		ongoing		ongoing		out of business		out of business		Communications Tax not coming to Village-DeVry working with state		Have not yet met terms of the agreement		
LOC	no LOC		no LOC		LOC		drew down LOC		no LOC		no LOC		no LOC		
holdback	no holdback		90 day holdback		no holdback		no holdback		no holdback		no holdback		90 day holdback		