

**Staff Responses to Council Questions
October 16, 2012**

6. Consent Agenda F. Motion: Authorize a Change Order for \$36,026.83 to V3 Construction Group, Woodridge, IL for the Grove Street Reconstruction Project

Can't we hold the contractor responsible for the added costs?

No, the Village cannot hold the contractor responsible for added costs because the costs are due to a change in state law that was not in place at the time the contract was awarded. The change in state law results in direct costs to V3 that were not part of the original scope of the project.

Has the project been stopped while the Village and contractor address the soils issue? Has the contractor been paid for the unexpected expense?

The project was stopped for additional material testing/classification, and to allow staff and the contractor to devise a plan to comply with the law and dispose of the material in the most cost-effective manner. Based on the results of the updated soils classification, the contractor was able to resume work October 10 on the west end of the project, where the materials are not subject to additional trucking costs. Based on current progress, it is not anticipated that the contractor will begin to incur additional cost until later this week at the earliest.

Did staff have any indication that the CCDD regulations would be changing?

Yes, staff was aware that new regulations would be approved and had adjusted specifications based on interim regulations. However, the final regulations had unexpected changes to the methodology for classifying soils for disposal. The new regulations were effective immediately upon approval, with no grace period.

How will staff administer the contingency?

Staff will carefully monitor the removal of material from the job site, and will log each load to ensure that the Village does not pay for material that did not require additional trucking costs. The final regulations allow disposal facilities to reject previously tested and approved materials and the contingency will allow for these unforeseen additional costs.

6. Consent Agenda H-L. Resolution: Authorize Agreements with Financial Institutions

Confirm that the only action being taken at this time is to add these institutions to an "approval" list and that at this time, should Council approve, there are no current intentions to transfer funds at this time.

All available funds are currently invested and staff does not plan to move funds at this time. When funds become available due to maturing investments or collection of revenues, staff will seek competitive proposals from all approved financial institutions. Upon completion of the competitive process, staff will invest the available funds in one or more of the approved institutions pursuant to the Village policy.

Confirm that there are no current conflicts of interest with staff or village principles.

There are no conflicts of interest.

For the current and approved lists, please show current and type of holdings (type of accounts) at the already approved institutions. Are there intentions to make changes at this time?

A list showing the type of investments is attached. There is no intention to make changes at this time.

8. First Reading A. Ordinance: Approve a Redevelopment/Sales Tax Agreement with Napleton Gold Coast Imports, Inc.

In keeping with "correct" e-sheets, "The Village shall 50%" ?

The sentence should read "The Village shall rebate 50% of the sales tax revenue generated by the dealership in excess of the sales tax revenue generated on the first \$3 million of taxable sales each year."

Per E-sheets, the dealership will generate \$400 K in sales tax and we rebate 50% after the first \$30 K which the sheets list as \$185 K. Would that not be \$30 k + (\$400k/2) or \$230 K?

The \$185,000 is the anticipated rebate based on the following calculations. The current dealership in the space generates \$3 million in taxable sales per year. The Village receives 1% (\$30,000) of that revenue. The new dealership is anticipated to generate \$40 million in taxable sales each year, of which the Village would receive \$400,000. The Village will keep the first \$30,000 of that \$400,000 and then will rebate 50% of the additional sales tax revenue (50% of \$370,000).

Current Taxable Sales	\$3,000,000
Village 1% Share of Current Taxable Sales	\$30,000
Incremental New Taxable Sales	\$37,000,000
Village 1% Share of Incremental New Taxable Sales	\$370,000
50% Rebate Payment to Dealer	\$185,000
50% Retained by Village	\$185,000

Later in the sheets, it says the Village will keep all sales tax on the first \$3 M in sales. What is this calculated amount?

Yes, the Village keeps all sales tax revenue on the first \$3 million in sales. This is equivalent to \$30,000, or 1% of the \$3 million. After the dealership reaches \$3 million in taxable sales, the Village will rebate 50% of the incremental sales tax revenue.

Confirm that the sales tax rebate is 10 years but the dealership will operate for 15. What holdbacks are there for the intervening 5 years?

Yes, the sales tax rebate is for 10 years but, under the terms of the agreement, the dealership shall operate for 15 years. If the dealership fails to operate in years 11-15, it shall be required to repay 50% of all incentive payments previously made.

The sheets call the agreement with different entities...Aston Martin of Chicago/ Gold Coast

Yes, staff used an abbreviated name for ease of reading. The dealership is Napleton Gold Coast Imports, Inc. doing business as Napleton's Aston Martin of Chicago. The actual agreement consistently refers to the dealership by the legal name of Napleton Gold Coast Imports, Inc.

8. First Reading B. Ordinance: Establish Provisions for Lot Consolidations

How would the lot consolidations that appear on the Consent Agenda be affected by the proposed text amendment?

If the amendment were already in place, the lot consolidations on the Consent Agenda would qualify to be approved under the new process.

What provisions of the Comp Plan specifically suggest this process?

In general, the Comprehensive Plan suggests that accommodating reinvestment in residential and commercial areas is important for the future vitality of the community (page 37 and page 49). This administrative process will streamline and simplify one aspect of the reinvestment and redevelopment

process. Additionally, the Comprehensive Plan recommends updating zoning and development regulations (page 49) to ensure ordinances implement the Village's policies.

What other municipalities or entities use this process (staff) rather than the current Plan Commission. Council?

Downers Grove's subdivision regulations already allow staff to approve lot line adjustments that meet the lot requirements. Lombard uses an administrative process for lot consolidations similar to the text amendment proposed here.

Under the proposed regulations, will staff be notifying neighbors of the proposed consolidations?
Neighbors will only be notified if the consolidation requires a public hearing.

8. First Reading C. Resolution: Training and Travel Reimbursement Policy

How much is budgeted for VC travel in training in the FY13 budget?

The FY13 proposed budget includes \$3,500 for Council Training and Travel.

ATTACHMENT

List of Current Investments

Village of Downers Grove
Treasurer's Report - Investment Report
For Month Ending: September 30, 2012

Investment Type	Sep 30 Balances \$	%	Adjustments to Balance to Book \$	Sep 30 Book Balances	%
CD's	32,809,679	37.82%	0	32,809,679	37.93%
Checking	6,763,150	7.80%	(263,079)	6,500,070	7.52%
MM Funds	41,016,764	47.28%	0	41,016,764	47.42%
Agency/Muni	6,163,313	7.10%	0	6,163,313	7.13%
CP	0	0.00%	0	0	0.00%
Totals	<u>86,752,906</u>	<u>100.00%</u>	<u>(263,079)</u>	<u>86,489,827</u>	<u>100.00%</u>

Reconciliation to Treasurers Report:

Village before Trust & Library Funds	77,697,552
Construction Deposit	2,691,872
Library - All	6,100,403
Total Book Balances 5/31/2012	<u>86,489,827</u>

Aged Investments	Sep 30 Investment \$	%	Adjustment \$	Sep 30 Book \$	%
1-3 mos	51,983,150	59.92%	(263,079)	51,720,071	59.80%
4-6 mos	5,248,800	6.05%	0	5,248,800	6.07%
7-9 mos	5,107,112	5.89%	0	5,107,112	5.90%
10-12 mos	3,829,149	4.41%	0	3,829,149	4.43%
1-2 years	10,359,362	11.94%	0	10,359,362	11.98%
2-3 years	10,225,333	11.79%	0	10,225,333	11.82%
3-3 1/2 years	0	0.00%	0	0	0.00%
Totals	<u>86,752,906</u>	<u>100.00%</u>	<u>(263,079)</u>	<u>86,489,827</u>	<u>100.00%</u>

Village of Downers Grove
Treasurer's Report - Investment Report
For Month Ending: September 30, 2012

Investment Institution	Sep 30 Investment		Adjustment	Sep 30 Book	
	\$	%		\$	%
<i>General Investments</i>					
PMA - provides collateralization and safekeeping services	14,688,362	16.93%	0	14,688,362	16.98%
Federated Funds - US Treasury MM Fund higher interest than from PMA	325	0.00%		325	0.00%
Cole Taylor - provides for collections and checking for daily operations	5,575,808	6.43%	(263,079)	5,312,729	6.14%
Charter One	0	0.00%			
IL Funds - State of Illinois pooled investment fund	10,990,728	12.67%	0	10,990,728	12.71%
IMET - Pool similar to IL Funds	26,837,817	30.94%		26,837,817	31.03%
Charter One	1,187,342	1.37%		1,187,342	1.37%
Harris Bank	13,500,000	15.56%		13,500,000	15.61%
Morgan Keegan	1,706,000	1.97%		1,706,000	1.97%
Fifth Third Bank	4,415,772	5.09%		4,415,772	5.11%
US Bank	3,000,000	3.46%		3,000,000	3.47%
Hinsdale Bank	2,318,475	2.67%		2,318,475	2.68%
<i>Health Fund</i>					
PMA	503,684	0.58%		503,684	0.58%
<i>WIIP Investments:</i>					
PMA	402,545	0.46%		402,545	0.47%
5th 3rd Bank	254,041	0.29%		254,041	0.29%
US Bank	0	0.00%		0	0.00%
Charter One Bank	0	0.00%		0	0.00%
Hinsdale Bank	1,267,008	1.46%		1,267,008	1.46%
Morgan Keegan	105,000	0.12%		105,000	0.12%
Totals	86,752,906	100.00%	(263,079)	86,489,827	100.00%
	0				

Relevant Investment Policies:

Per Section 6.1 of the Village's Cash Management and Investment Policy

- No financial institution shall hold more than 40% of the Village's investment portfolio, exclusive of U.S. Treasuries in safekeeping. No financial institution holds more that 40% as of 9/30/2012
- Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution
None of our investments through PMA, US Bank, Illinois Funds or any of our investors would come close to meeting that threshold.
- Commercial Paper shall not exceed 10% of the Village's investment portfolio, excepting bond issue proceed investments.
Per the number above Commercial Paper now represents 0.00% of the Village's investment.
- Deposits in any one public investment pool shall not exceed 50% of the Village's investment portfolio, provided, however, that a 3% in excess of 50% deviation may result due to daily volatility, on any given day. In this event, staff shall continue to monitor the balance to ensure that no audit management letter comment should be generated as a result of this allowable deviation.

IMET Investment Pool	30.94%
Illinois Funds - Combined Total	<u>12.67%</u>

Village of Downers Grove
Treasurer's Report - Investment Report
For Month Ending: September 30, 2012

Per Section 6.2 of the Village's Cash Management and Investment Policy

Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three and a half years from the date of purchase.

The latest maturity in the Village's portfolio matures on 7/11/2015 and was purchased on 1/11/2012.
This includes ALL investments, which do not exceed three and one half years in duration.