

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, December 2, 2003 at 4:00 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, IL 61701.

Members Present: Chairman Sorensen, Members Berglund, Selzer, Nuckolls Moss and Kalapp

Members Absent: None

Staff Present: Mr. John Zeunik, Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wherry, Human Resources Assistant; Ms. Christine Northcutt, County Administrator's Assistant

Elected Officials/
Department Heads: Mr. Don Lee, Director, Nursing Home; Ms. Jackie Dozier, County Auditor; Ms. Becky McNeil, County Treasurer; Mr. Derick Love, Chief Deputy, Sheriff's Department; Mr. Bob Keller, Director, Health Department; Ms. Peggy Ann Milton, County Clerk; Ms. Maria Pascua, Chief Deputy Clerk; Ms. Jennifer Ho, Risk Manager

Others Present: None

Chairman Sorensen called the meeting to order at 4:04 p.m. Chairman Sorensen asked if there were any additions or corrections to the minutes of the November 4, 2003 meeting. Hearing none, Chairman Sorensen stated that those minutes would stand approved as presented.

Moving on to Departmental Matters, Chairman Sorensen informed the Committee that the first item on the agenda is the report of Mr. Don Lee, Director, Nursing Home. Mr. Lee informed the Committee that the first item is a Resolution Establishing Charges for the McLean County Nursing Home for January 1, 2004 – December 31, 2004. Mr. Lee informed the Committee that each year after the budget is approved, he prepares a new private pay rates schedule for the Nursing Home. Mr. Lee noted that this year his recommendation is \$116.00 per day. This rate reflects a \$4.00 per day increase over fiscal year 2003. This increase is based on the simple calculation of dividing projected patient days by the budget. Mr. Lee stated that he would be happy to answer any questions that the Committee may have. Mr. Selzer asked how these rates are when compared to private pay nursing homes. Mr. Lee stated that there are some nursing homes that charge higher rates and some are lower, however, in addition to their base rate, most private pay nursing homes have many add-on charges which makes their overall rates significantly higher than McLean County's.

Motion by Berglund/Kalapp to recommend approval of a Resolution Establishing Charges for the McLean County Nursing Home for January 1, 2004 – December 31, 2004. Motion carried.

Mr. Lee noted that there is nothing unusual in the Monthly Reports. The census is holding steady at 135 for the month of October. During the month of November the Nursing Home saw 18 deaths and or discharges, but the census seems to be holding its own. Financially, the month ended on a positive note.

Chairman Sorensen asked what is the average census that Mr. Lee used to calculate the private pay fee increase for fiscal year 2004. Mr. Lee noted that it is 136. There were no questions for Mr. Lee.

Chairman Sorensen stated that the next item is the report of the Recorder. Chairman Sorensen informed the Committee that Ms. Weber has gone home ill this afternoon, but that her reports are in the packet. The reports do not include the accounts receivable reconciliation.

Motion by Selzer/Moss to accept and place on file the Recorders November, 2003 Revenue Stamp Report and General Ledger Reconciliation Report as presented. Motion carried.

Chairman Sorensen stated that the next item is the report of the County Treasurer, Ms. Becky McNeil. Ms. McNeil stated that her first report is the Pooled Cash Investment Report. Ms. McNeil informed the Committee that rates are up slightly for the first time in nearly a year and a half. Ms. McNeil stated that the next report is the Summary of Retailer's Occupation Tax (ROT), State Income Tax, and the Personal Property Replacement Tax (PPRT). The Sales Tax numbers are coming in very close to budget projections. The ROT is at 94.5% of budget and is up slightly over last year. The State Income Tax is down compared to last year. It is coming in at 81% of budget. The PPRT is also down slightly over last year. The PPRT is not distributed every month. The County will see its final distribution in December. The December distribution in Fiscal Year 2002 was only about \$65,000.00. This year's will be similar or slightly lower. Ms. McNeil informed the Committee that the next report is the General Fund Balance Summary. Ms. McNeil stated that the fund balance is much higher than it was at this time in FY 2002. She noted that she spoke to the Auditor's Office and they believe that this is mainly a timing issue due to when the Auditor's Office cuts checks for certain expenses. As a result, the report is probably slightly skewed. The Statement of Revenue, Expenditures and Fund Balance shows that the General Fund balance is

currently \$5.2 million. The expenses are coming in at 83% of budget and
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revenue is coming in at 86% of budget. In the month of December the expenditures and revenue are expected to change quite a bit due to a final tax distribution and interfund transfers, which will boost the revenue. There are two payrolls plus an accrued payroll, which will affect the expenditure line greatly. It will be January or February before the final numbers will be available.

Motion by Berglund/Moss to accept and place on file the County Treasurer's Statement of Revenue, Expenditure and Fund Balance Report, as of November 30, 2003, and the Treasurer's Investment Report . Motion carried.

Mr. Selzer asked if the Committee could request an update on the outstanding balance that is due from the Airport Authority for the work on Towanda-Barnes Road. Mr. Zeunik stated that the fund in question is Fund 120, County Highway Department Fund. Ms. McNeil stated that she could work with Mr. Zeunik and bring a report to the Finance Committee. Chairman Sorensen stated that this item was mentioned in the Outside Auditor's Management Letter. Chairman Sorensen noted that without taking formal action, it is appropriate to ask the Administrator's Office and or the Treasurer's Office to give an update to the Committee on this matter and if there any other outstanding balances that need attention.

Chairman Sorensen asked if there was anything else from the Treasurer's Office. Mr. Zeunik informed the Committee that he received notice from Moody's Investor's Service that the County's credit rating has been raised from Aa3 to Aa2. Not only has it been raised, but it was raised with the comment of "stable outlook". If you read the entire credit report, there are several instances where McLean County is commended for financial operations consistently well managed, maintenance at a comfortable reserve level, and low debt. Mr. Zeunik noted that this is good news for several reasons. One being, if you need to borrow money in the capital markets, you will receive a much more favorable interest rate. Also, this is not a time when many state and local governments are seeing their credit ratings raised because of the recent financial struggles. This is a credit to the Treasurer's Office in terms of day to day management and investment of funds and the Auditor's Office for managing the accounts payables. On balance it reflects the good financial judgement of the Finance Committee and the County Board, in terms of the good, conservative, prudent approach that this County has historically taken in addressing issues that come before them.

Mr. Selzer stated that this rating really impacts potential savings and that this is a very good thing for our County.

Chairman Sorensen stated that Ms. Peggy Ann Milton, County Clerk is next on the agenda.

Ms. Milton passed out a revised contract to the Committee. She noted that the Minutes of the Finance Committee Meeting
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language is added that "*all mandated software updates are included in the price of the contract*". Ms. Milton informed the Committee that she did not want the County to incur hefty maintenance fees later after the purchase of this equipment.

Ms. Milton stated that this request is to enter into an agreement with Fidler Election Company to purchase optical scan units for use in the 2004 elections. As the Committee has been informed, federal monies funding is being made available to the State as reimbursement for this purchase as a result of Helping America Vote Act 2002 (HAVA 2002). The amount of the reimbursement is \$207,494.00. Ms. Milton noted that in the last page of the Resolution, on Attachment B, the State Board of Elections has noted that the wording must be changed from "...so long as the system meets or is modified to meet the requirements of this section..." to "...so long as the system meets or will meet the requirements of this section...". Chairman Sorensen asked Ms. Milton if the State's Attorney's office has reviewed this document. Ms. Milton replied that Mr. Eric Ruud, First Assistant State's Attorney is the person who drafted this Resolution.

Chairman Sorensen explained to the Committee that these are three separate items. The first is a lease-purchase agreement with Fidler Election Company. The second is a lease-purchase financing agreement with Commerce Bank. The agreement with Commerce Bank enabled the County to finance this item over a period of time, thus not adversely affecting the County's budget. The last item is a Resolution seeking reimbursement from the State for purchase of this equipment. Mr. Selzer asked when the County would receive the reimbursement from the State. Ms. Milton replied that the County must provide a receipt from Fidler, and the Resolution seeking reimbursement before the State will issue a reimbursement check. Mr. Zeunik stated that these monies are reflected as a one-time reimbursement to the County Clerk's Office in the FY 2004 budget. In order to receive the full payment from the State of Illinois, the County has to prove that we have paid 100% of the cost of the equipment, which is the reason for the financing through Commerce Bank. Mr. Zeunik noted that, in effect, Commerce Bank will pay Fidler 100% of the cost and the State will release the reimbursement to the County. Mr. Nuckolls stated that, in essence, after you net the reimbursement, the County's cost is \$114,905.70. Ms. Milton replied that is correct and is reflected on page two of the Fidler Agreement.

Mr. Selzer asked if the County went out for competitive bid on this item. Ms. Milton replied that they did not. Ms. Milton stated that her office sought out proposals from both of the eligible election companies she advised the Committee that the County has had a relationship with Fidler for many years. Mr. Zeunik explained that there are only two vendors in the State of Illinois which are certified by the State Board of Elections to sell this equipment. There were three vendors and two of the three merged, leaving only two qualified vendors. Mr. Zeunik stated that McLean County has had a relationship

with Fidlar for many, many years. Ms. Milton stated that she did look at the other company's equipment and pricing. Chairman Sorensen noted that she had brought both bids to a Finance Committee Meeting several months back. Ms. Milton replied that is correct. Ms. Milton stated that initially Fidlar's bid was higher than the competitor, but when she spoke to Fidlar about the price of the competitor, they offered a \$65,100.00 client discount, which lowered their proposal to the same cost as the competitor.

Mr. Selzer stated that he would want to be sure that we have not violated any rules by not putting this out to competitive bid. Mr. Selzer asked Mr. Zeunik what laws applied to this situation. Mr. Zeunik replied that the County is limited in this instance because of the State of Illinois' requirements that any vendor selling election equipment must be certified by the State Board of Elections. Mr. Selzer stated that he wants to be certain that the County is complying with the law.

Mr. Nuckolls stated that if the Committee does not approve this contract, they will be unable to approve any of these items and that may delay the County Clerk's acquisition of the equipment. Chairman Sorensen stated that he would equate this type of purchase with that of a computer purchase, where the State has approved a product and vendor list for use by local governments. In the County Board's existing policy, it does allow for the County to purchase the items that appear on the State consolidated vendor list, without a competitive bid. Chairman Sorensen asked Ms. Milton if she could provide the Committee the pricing information from the other vendor. Ms. Milton replied that she could provide that information to the Committee. Chairman Sorensen asked how long it would take her to get that information together. Ms. Milton replied that she could get that information very quickly.

Chairman Sorensen stated that he doesn't think that the State's Attorney's Office would have blessed this proposal and Resolution if they were not in compliance with state law. Ms. Milton asked how much a purchase had to be in order to be sent out for competitive bid. Mr. Zeunik replied that the cut off is \$20,000.00 except for professional services. Mr. Zeunik replied that the County Clerk can share the other company's bid information with the Committee or this issue can be reviewed with Mr. Ruud and the Committee can request him to provide a legal opinion on this matter.

Chairman Sorensen stated that he would suggest that from a process prospective that the Committee take action on these items and request that the Administrator's Office visit with the Civil Assistant State's Attorney's Office regarding this matter. If there is an issue the Committee can call a stand up meeting and can reconsider this issue at that time. The Committee agreed.

Motion by Moss/Berglund to recommend approval of
Fidlar AccuVote Optical Scan Voting system proposal.
Motion carried. Member Selzer voted "present".

Motion by Berglund/Kalapp to recommend approval of Lease-Purchase Financing Commitment Letter from Commerce Bank. Motion carried. Member Selzer voted "present".

Motion by Moss/Berglund to recommend approval of a Resolution seeking Reimbursement for Purchase of an Optical Scan Voting system as amended. Motion carried. Member Selzer voted "present".

Mr. Moss asked if for some reason this item would get delayed, would that hinder Ms. Milton's ability to use this equipment in March. She replied that it would make it difficult to obtain the optical scan equipment for the March primary. Ms. Milton stated that she understands the Committee's need to investigate this matter and she is flexible as to the Committee's decision.

Ms. Milton added that she wanted to thank the Information Services Department for their help with the Voter ID Cards. She stated that before Information Services Department changed the system, her staff members had to manually key in all of the information. Ms. Kajuana Jackson in the IS Department has bar coded these cards and has in turn saved her office a lot of work and possible errors. Ms. Milton also added that Mr. Jack Moody, Director, Facilities Management, and the mail room staff investigated if the Clerk's Office could use the bulk mail permit stamp on the purged Voter ID cards. Ms. Milton noted that the mail room discovered that this could be done so the cards did not have to be run through the postage machine, thus saving another step. There were no further questions for Ms. Milton.

Chairman Sorensen noted that Ms. Jennifer Ho, Risk Manager, is next on the agenda. Ms. Ho stated that the first item for the Committee's consideration is an assignment of the County's rights to the Westfield Insurance Company, which is the property insurance carrier for the Law and Justice Center Building. The assignment of rights letter simplifies the process of administering the overall claim. The assignment of rights allows the Westfield Insurance Company to process payments on behalf of the County and to get the County out of any gray coverage areas where other carriers might be implicated, such as Cincinnati or Hartford. The attorney for the PBC, Bob Nierynck and the County's attorney, Gary Nelson, of Heyl Royster, have worked very diligently on this agreement and they recommend that the County Board approve this agreement.

Motion by Selzer/Berglund to recommend approval of Assignment of Rights by the County to Westfield Insurance Company. Motion carried.

Ms. Ho stated that the next item is the third party claims administration contract between the County and Canon-Cochran Management Services, Inc. (CCMSI). CCMSI has been the County's third-party administrator for the past six years. Ms. Ho noted that CCMSI is recommending no change in the level of service that they provide and to have a nominal rate of increase in their fee to account for the cost of inflation. Although this is a three-year contract, the County does reserve the right to seek solicitation to check the market for other compatible third party claims administrators. (?) The long term relationship that the County has had with CCMSI has been a solid one. For the renewal period, CCMSI is also offering on-line filing of claims to expedite the reporting of claims. CCMSI also acts as a resource on specific loss control and other type of claims.

Motion by Nuckolls/Moss to recommend approval of an agreement with CCMSI to provide third party claims administration services for the Risk Management Dept. Motion carried.

Chairman Sorensen stated that Mr. Bob Keller, Director, Health Department is next on the agenda. Mr. Keller informed the Committee that the item he is presenting is a payment back to the County's General Fund for the Health Department's 50% share of the cash payment for the work that was done on the exterior of the 200 West Front Street Building. The other half was financed through an interest free loan with the Public Building Commission (PBC). Mr. Keller commented that the funds being used for this reimbursement are coming from equity balances in various Health Department Special Revenue Funds. Several of these funds are being closed out, particularly the SPICE Fund and the CCU Fund.

Motion by Nuckolls/Kalapp to recommend approval of an Emergency Appropriation Ordinance Amending the Fiscal Year 2003 Combined Annual Appropriation and Budget Ordinance, General Fund 0001, Facilities Management Department 0041 – Health Department Building 0046. Motion carried.

Chairman Sorensen informed the Committee that there is a status report in the agenda packet from Mr. Bob Kahman, Supervisor of Assessments. Mr. Kahman was unable to attend today's meeting. Chairman Sorensen asked if there were any questions or comments regarding his report. There were none.

Chairman Sorensen moved on to the report of the County Administrator.

Mr. John Zeunik informed the Committee that the first item is a Resolution Establishing the Mileage Reimbursement Rate for use of private vehicles. This rate is set on an annual basis by the Internal Revenue Service (IRS). The County Board generally follows the recommendation of the IRS. The IRS has set the mileage reimbursement rate for use of private vehicles at 37.5 cents beginning January 1, 2004. The County Board is not required to follow this rate, it is a recommendation.

Motion by Selzer/Moss to recommend approval of a Resolution Establishing the Mileage Reimbursement Rate for use of private vehicles for County business – January 1, 2004 – December 31, 2004. Motion carried.

Mr. Zeunik informed the Committee that the next two items come before the Finance Committee every December. They are based on the Board's approval of the FY 2004 Budget, which occurs at the November meeting. The first item is to request approval of the position classification and pay ranges for FY 2004. In the FY 2004 Budget, there are no changes, upgrades or reclassifications of any positions. There are no new positions. The position classifications and pay ranges do reflect the Board's action to recommend a 2.5% across the board increase for the non-union employees, effective on January 1, 2004. Mr. Selzer asked if this classification included the Elective Officials. Mr. Zeunik replied that this classification does not include Elected Officials or any employees covered by a collective bargaining unit.

Motion by Selzer/Nuckolls to recommend approval of the positions classifications and pay ranges for FY 2004. Motion carried.

Mr. Zeunik stated that the third item is the General Compensation Plan for non-union employees for FY '2004. This plan includes the philosophy used in the County's merit performance system. This philosophy also includes the Impacted Positions List, which Mr. Selzer has requested that the Committee review. The Impacted Positions List is reviewed annually as a part of the General Compensation Plan. Mr. Zeunik informed the Committee that he has provided, for the Committee's information, a list of the positions that are currently classified as impacted positions. Therefore, under this policy, when individual County offices and departments are looking to recruit and hire employees in these various positions, they can go back and use the impacted positions criteria to adjust the starting salary above the normal starting salary. The factors looked at are experience, education, and discretion that the County Administrator has to add additional steps. For the most part, the positions that are listed as impacted are positions that relate to Information Services, Engineering positions at the County Highway Department, some nursing positions at the Health Department, Nursing Home and Jail Medical Services, the attorney's at the State's Attorney's Office and Public

Defender's Office and the mechanics that perform work on the Sheriff's fleet vehicles and the equipment at the Highway Department. Mr. Selzer asked how long is a position on the Impacted Positions List. Mr. Zeunik stated that it is determined as a part of this review every year. Mr. Selzer stated that, perhaps, there should not be a list at all and give the individual department head the discretion to set the starting salary or there shouldn't be any positions on the list and everyone would have to come to the Committee to hire in at a higher rate. Chairman Sorensen stated that there has been an impacted position policy since 1988. At that time, there were no specific positions listed in the policy. Every department head who wanted to use the impacted policy had to come before the Finance Committee. The Committee saw Mr. Lee, from the Nursing Home most every month in order to hire nurses. Chairman Sorensen stated that he was flexible as to how the Committee would like to handle this issue. Mr. Selzer stated that, perhaps, this is something that the Committee should study this issue before making any decisions.

Motion by Selzer/Berglund to recommend approval of the General Compensation Plan for Non-Union Employees for FY 2004. Motion carried.

Mr. Lindberg informed the Committee that in the FY '2004 Budget, they were able to restore the 8 step merit plan for all non-union employees. In FY '2003 the program was constricted to 6 steps. Also in your packets, you will find Appendix A of the pay plan, which shows the seven factor Position Appraisal Method (PAM). This shows a relationship of all the positions on the pay plan against the seven factor PAM schedule. This demonstrates how the positions are rated by seven different factors and shows the scores that resulted in the decision to place a particular position in a particular pay range. Mr. Lindberg noted that he would be more than happy to go over these factors with any Member of the Committee.

Mr. Zeunik noted that the only other item that he has for the Committee is the information that he provided to the Committee regarding the ASSIST 2003 first-time homebuyer down payment assistance program. Mr. Zeunik informed the Committee that this Committee recommended, a year ago, that the County participate in this program. This program involves a number of Counties throughout Illinois. Through the sale of collateralized single-family mortgage revenue bonds, this program provides opportunities for first-time home buyers to purchase houses in McLean County with attractive interest rates and subsidies if they qualify. Mr. Zeunik noted that the report from Stern Brothers shows who has benefited from the program, the number of purchases and volume of dollars through the program.

Chairman Sorensen asked if there was any other business and communications. Mr. Selzer stated that he wanted to discuss an issue regarding the Recorder's Office. He noted that the Committee has discussed in the past whether an office, such as the Recorder's Office, should be an elected or appointed office. Because of some of the issues that have happened in the past, it has been discussed that the Board has little authority over Elected Offices. Since the Recorder's Office only provides an administrative role, and the Finance Committee is ultimately held accountable for the elected official's actions, should that position be an appointed position rather than an elected position. Mr. Selzer noted that he realizes that this would have to be done via a positive vote of the County Board and then a public referendum. Mr. Selzer asked the Committee if they were supportive in sending this issue to the Executive Committee. Chairman Sorensen stated that according to State Law, there are three Elected Officials that can be abolished by referendum. They are the County Recorder, the County Auditor and the County Coroner. The responsibility still exists, but it is then vested in the County Board to execute the responsibility as they see fit. Chairman Sorensen asked the Committee what their feeling was on this issue.

Ms. Berglund stated that approximately four years ago the Auditor's position was put on the ballot to be abolished and that vote did not pass, but that she does not have any problem putting this question on the ballot. Mr. Moss asked who would be responsible for this appointment. Mr. Zeunik replied that there are two ways it could be done. There are two types of appointments in County Government. The Supervisor of Assessments and the County Highway Engineer are appointments recommended by the County Board Chairman with the consent of the County Board. Those appointments have a fixed term. The County Highway Engineer is appointed for a six-year term, the Supervisor of Assessments is appointed for a four-year term. The other appointed department heads are directly under the County Administrator. Pursuant to the Ordinance that created the County Administrator's Office, the Administrator has the ability to hire and fire those individuals. If the elected position of County Recorder is abolished by the referendum, then The County Board would have to decide how the position and functions of the office would be handled. Mr. Zeunik also noted that there is a population threshold basically below a certain population in Counties in Illinois, the duties of the Recorder are part of the County Clerk's Office. In McLean County, the population is too high so we have a separate Elected Official for that office. Mr. Selzer asked if this Committee would still have oversight of that office or its function. Mr. Zeunik replied that it would.

Mr. Moss stated that he would not be against the Board considering this issue. Mr. Moss asked if this would be passed by the County Board and if the referendum would pass, when would this take affect. Mr. Zeunik replied that it would take affect when Ms. Weber's current term expires, which is November 30, 2004

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Mr. Moss asked if this would be passed by the County Board and if the referendum would pass, when would this take affect. Mr. Zeunik replied that it would take affect when Ms. Weber's term expires, which is November 30th 2004.

Motion by Selzer/Berglund to recommend approval to ask the Administrator's Office to prepare a Resolution placing the question of whether the County Recorder should be appointed and not an elected office to be forwarded to the Executive Committee for consideration. Motion carried unanimously.

Chairman Sorensen stated that he would entertain a motion to enter into Executive Session to discuss collective bargaining issues.

*Mr. Selzer left the meeting.

Motion by Kalapp/Berglund to enter into Executive Session at 5:42 p.m. to discuss Collective Bargaining issues. The following administrative Staff are included in the Executive Session: Chief Deputy Sheriff Derick Love, Mr. Terry Lindberg, Mr. John Zeunik, Ms. Lucretia Wherry and Ms. Christine Northcutt. Motion carried.

Motion by Moss/Nuckolls to return to Open-Session at 6:15 p.m. Motion carried.

Chairman Sorensen presented the bills for the Finance Committee's review and approval as transmitted by the County Auditor. The Finance Committee Fund total is \$801,282.58 and the prepaid total is the same. The Nursing Home Fund total is \$360,818.84 with the prepaid total being the same.

Motion by Berglund/Nuckolls to recommend approval of the Finance Committee Bills as presented to the Committee by the County Auditor. Motion carried.

Chairman Sorensen informed the Committee that if there needs to be a Stand-up Committee meeting prior to the County Board Meeting, the Committee will be notified. There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 6:16 p.m.

Respectfully submitted,

Ms. Christine Northcutt
Recording Secretary