

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Wednesday, January 2, 2002 at 5:00 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Arnold, Rodman, Berglund Kinzinger and Renner

Members Absent: None

Staff Present: Mr. John M. Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wood, County Administrator's Office

Elected Officials/

Department Heads: Ms. Ruth Weber, County Recorder; Mr. Don Lee, Director, McLean County Nursing Home; Ms. Peggy Ann Milton, County Clerk; Ms. Maria Loughrige-Pascua, Chief Deputy County Clerk; Mr. James Boylan, County Treasurer; Ms. Rebecca McNeil, Assistant County Treasurer

Others Present: Mr. Bruce Cowans, Vice President, MAXIMUS, Inc.

Chairman Sorensen called the meeting to order at 5:00 p.m.

Chairman Sorensen presented the Minutes of the Finance Committee meeting of December 4, 2001, for approval. Hearing no corrections to the Minutes of December 4, 2001, Chairman Sorensen received and placed the Minutes on file as submitted.

Ms. Peggy Ann Milton, County Clerk, and Mr. Bruce Cowans, Vice President, MAXIMUS, Inc., presented a request to accept and place on file the Report on Cost of County Clerk Fee Services, which was prepared for the County Clerk's Office and the County Board by MAXIMUS, Inc.

Motion by Renner/Kinzinger to accept and place on file the Report on the Cost of County Clerk Fee Services, which was prepared by MAXIMUS, Inc. Motion carried.

Ms. Milton presented a request for approval of an Ordinance Amending Fee Amounts for certain services provided by the County Clerk's Office. Mr. Kinzinger asked why the process of canceling a tax sale and issuing a Certificate of Redemption Fee is proposed to increase from \$3.00 to \$70.00. Mr. Cowans explained that until 1989, these fees were set by State Statute. State law did not take into account the size of the County, whether automation was available, or the number of certificates issued by the County each year. Many of the

fees charged by the County Clerk's Office have not been adjusted since the 1920's. In 1989,

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a new law was enacted that allows the County Board to increase specific fees in the County Clerk's Office after a Cost Study has been completed by an independent firm with experience in cost accounting studies. The Board may increase the fees to reflect the actual cost to the County of providing the service. The State law also requires that the fee study look at the indirect cost rate. For example, the County Clerk's Office receives and benefits from services provided by the Treasurer's Office, the Information Services Department, Facilities Management Department, and the County Administrator's Office. The Report on the Cost of County Clerk Fee Services proposes a new fee schedule that includes both the direct and indirect cost of providing the specific service. Therefore, the recommended increase in the fee for the cancellation of a tax sale and the issuance of a certificate of redemption reflects the actual cost of providing this service in the County Clerk's Office. Ms. Milton advised the Committee that the proposed increase is consistent with the Certificate of Redemption Fee charged in other counties. Ms. Milton stated that completing the Certificate of Redemption process is a very complicated, labor intensive process for the Clerk's Office. Mr. Cowans commented that, based on his knowledge and experience, the Certificate of Redemption fee in rural counties starts at \$35.00 and in urban counties, the fee charged may be as high as \$100.00.

Mr. Rodman stated that he appreciated the work done on this study by MAXIMUS.

Mr. Rodman asked what criteria were used to develop the proposed fee increases recommended in the Ordinance. Ms. Milton replied that for copies of records, except for death certificates, the Clerk's Office is proposing a fee of \$7.00. The public can use a credit card and order for the same record over the phone from the State of Illinois for a fee of \$15.00. Death certificates are also available for \$15.00. Ms. Milton advised the Committee that the County Clerk's Office would like to continue to provide this service locally to McLean County residents and to do so at a reasonable cost.

Ms. Milton informed the Committee that the proposed fee increase for death certificates is \$5.00. The difference in the proposed fee for a death certificate and the proposed fee for other records is due to the fact that \$2.00 is now being added to the death certificate fee in order to automate the State's records of death certificates. Ms. Milton noted that the County Clerk's Office also assesses a Document Storage fee that is used to improve and automate the storage of vital records in the Clerk's Office.

Mr. Rodman asked why the proposed fee increase for a marriage license is \$20.00 when the actual cost is \$24.00. Ms. Milton explained that \$24.00 was an odd number to charge for a marriage certificate. Ms. Milton noted that the County Clerk's Office requires that the fee for a marriage certificate be paid in cash. Mr. Rodman asked if there was a reason that the fee for attendance at a tax sale, issuance of a certificate and seal per tract or town lot could

not be rounded up to \$15.00, instead of \$14.00. Mr. Cowans replied that it is his understanding of the State law that the Board cannot round up an increase in a fee charged

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by a County office. The purpose of the Cost Study is to determine the actual cost of providing the specific service.

Mr. Kinzinger asked how many marriage licenses were processed each year in the County Clerk's Office. Chairman Sorensen replied that 1,100 marriage licenses were processed each year. Mr. Kinzinger noted that the difference between charging \$20.00 for a marriage license versus charging \$24.00 for a marriage license is \$4,400.00. Ms. Milton advised the Committee that she is comfortable increasing the marriage license fee to \$24.00.

Mr. Cowans reminded the Committee that the cost of providing the service as listed in the Fee Study includes indirect cost or overhead, such as building costs, utilities, legal support, accounting support and administrative report. If the indirect costs are not included, then all taxpayers are, in effect, paying for the service, not just the user. Mr. Rodman stated that based on how the fee for service is determined, he would recommend that the fee be set at an amount that is closer to the actual costs.

Ms. Milton informed the Committee that for copies of death records, the fee was just raised to \$9.00. Ms. Milton stated that this is one reason why she is not recommending an increase in this fee. Mr. Rodman asked how much the second copy of a death certificate costs. Ms. Milton replied that the cost is \$4.00. Mr. Rodman stated that the fee charged the user should be closer to the actual costs. Mr. Rodman suggested charging \$12.00 for the first copy of records, except death, and charging \$10.00 for the death certificate. The fee would then be \$14.00 and would still be available locally at a slightly lower rate than that charged by the State. Ms. Milton replied that she is open to this suggestion. Mr. Kinzinger replied that he is in agreement with Mr. Rodman's suggestion.

Mr. Arnold complimented Mr. Cowans and MAXIMUS for their work in preparing the cost study for the County Clerk's Office. Mr. Arnold advised the Committee that he would not support an increase in the fees charged by the County Clerk's Office. Mr. Arnold stated that a fee increase is simply another form of a tax increase. Mr. Arnold expressed his opposition to any form of a tax increase, since it is very unlikely that other County taxes and/or fees will be reduced as a result of this fee increase.

Mr. Cowans replied that Mr. Arnold has very appropriately raised the public policy question that every Board must address when considering an increase in fees. Even though Illinois law provides a mechanism for County Board's to use to adjust fees in order to recover the actual costs of providing a specific service, the ultimate decision on whether to increase the fees and by how much is left up to the County Board. Mr. Cowans noted that there is no "right answer" that addresses this public policy question. Some will argue that if the user of

the service pays the full cost of providing the service, then the County's property tax levy will be reduced. Some others will argue that these basic services should be provided by

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County government and that all citizens should help to defray the expense of providing the services.

Mr. Rodman asked Mr. Zeunik if the County Board can review the financial impact of increasing the fees in the County Clerk's Office and then adjust the General Fund property tax levy prior to the second property tax installment due date. Mr. Zeunik responded that, under Illinois law, the Board can abate (reduce) the General Fund property tax levy any time prior to the County Clerk extending and computing the final certified tax rate. For example, if the Board reviewed the impact of this fee increase on the County's General Fund budget in May, then the Board could consider whether to abate the General Fund's property tax levy.

Mr. Rodman advised the Committee that he would recommend that the Finance Committee review the impact of any proposed fee increase in the County Clerk's Office prior to the County Clerk extending and computing the final certified property tax rate. Mr. Kinzinger stated that he agrees with Mr. Rodman's suggestion. Mr. Kinzinger asked if Mr. Rodman's suggestion should be incorporated in a formal motion as part of the Committee's recommendation. Chairman Sorensen suggested that if the Committee members are in agreement with Mr. Rodman's suggestion, then this action could be taken without the need for a separate motion.

Chairman Sorensen asked if there were any further questions or discussion concerning the MAXIMUS Cost of County Clerk Fee Study. Hearing none, Chairman Sorensen advised the Committee that a motion was in order.

Motion by Rodman/ Renner to recommend approval of an
Ordinance Amending and Setting Fees to be charged by the County
Clerk, as amended. Motion carried 4-1, with Member Arnold voting "NO."

Chairman Sorensen noted that the Assessment Status Report for the Supervisor of Assessment's Office is contained in the Agenda packet. Chairman Sorensen asked if there were any questions regarding the report. Hearing none, Chairman Sorensen invited the County Recorder to present the Fiscal Year 2001 Annual Report for the office.

Ms. Ruth Weber, County Recorder, presented the Annual Report for Fiscal Year 2001 for the County Recorder's Office. Ms. Weber advised the Committee that the Recorder's Office recorded 45,313 documents in 2001, which is an increase of 32% over the prior year. The number of documents recorder in 2001 was also greater than the total number recorded in 1998 (44,445 documents in 1998 versus 45,313 documents in 2001). Ms. Weber

informed the Committee that the Recorder's Office collected \$1,962,659.60 in various fees during 2001, which represents an increase of 38% over the prior year. Ms. Weber noted that

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the increased activity in the Office is expected to continue in 2002 as a result of low mortgage interest rates.

Mr. Rodman asked Ms. Weber if the segregation of duties in the Office was still working out to her satisfaction. Ms. Weber replied that the segregation of duties is working in the office.

Mr. Arnold pointed out that, given the large amount of fee revenue that is collected by the Recorder's Office, segregation of duties is critical to the overall management and fiscal responsibility of the office.

Mr. James Boylan, County Treasurer, and Ms. Rebecca McNeil, Assistant County Treasurer, presented the County Treasurer's Statement of Revenues, Expenditures and Fund Balance Report as of December 31, 2001, the County Treasurer's Investment Report as of December 31, 2001 and the Employee Benefit Fund Report as of December 31, 2001.

Chairman Sorensen asked Mr. Boylan and Ms. McNeil if there were any significant changes in the Reports. Ms. McNeil briefly reviewed the revenues received through December 31, 2001. Ms. McNeil noted that additional revenue would be booked for the month of December. Because the Finance Committee meeting falls on January 2nd this month, there is Interest Income that will be booked before January 15th for the month of December.

Mr. Arnold asked why the Treasurer doesn't invest all of the County's Money Market Funds with State Farm Bank, since State Farm is paying almost 50 basis points more than any other financial institution.

Mr. Boylan replied that the County maintains relationships with financial institutions throughout the County. Many of these financial institutions are willing to accept property tax payments and then remit the funds to the County. This service is a benefit to the Treasurer's Office. Mr. Boylan also noted that because the County requires financial institutions to pledge collateral to secure the County's invested funds, the financial institutions pay the County less interest. If the County invests 100% of the County's money market funds with one financial institution, then that financial institution will be required to provide more collateral and, as a result, will pay less interest to the County.

Chairman Sorensen asked if the Committee members had any additional questions for the Treasurer's Office. Hearing none, Chairman Sorensen asked for a motion to receive and place on file the County Treasurer's Reports.

Motion by Arnold/Berglund to receive and place on file the
County Treasurer's Statement of Revenues, Expenditures and
Fund Balance Report as of December 31, 2001, the Investment Report

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as of December 31, 2001, and the Employee Benefit Fund Report
as of December 31, 2001. Motion carried.

Mr. Don Lee, Nursing Home Administrator, presented the monthly report for the Nursing Home. Mr. Lee advised the Committee that the monthly report shows a deficit because of the annual TOPS payment. Each year, the employees at the Nursing Home have an opportunity under the TOPS program to sell back any unused TOPS hours for a cash payment. The TOPS payment resulted in a deficit for the month. Mr. Lee informed the Committee that he still expects the Nursing Home to finish Fiscal Year 2001 in the "black."

Mr. Rodman asked what is the TOPS program. Mr. Lee explained that, since the Nursing Home operates 24 hours per day, 7 days per week, employees do not accrue traditional benefit hours (for example, vacation, sick, personal, and holiday). Rather, the employees accrue benefit hours in a TOPS account. These TOPS hours are then used by the employees when they take time off. Employees are required to use a minimum number of TOPS hours every year. Employees are also required to maintain a specific minimum number of TOPS hours in their account. At the end of the year, the difference between the minimum number of TOPS hours that are required to be maintained in the TOPS account and the actual number of TOPS hours in the account is the number that an employee can sell back.

Mr. John Zeunik, County Administrator, presented a request for approval of a Resolution Establishing the Mileage Reimbursement Rate for Use of Private Vehicles for County Business. Mr. Zeunik distributed a copy of the Internal Revenue Service Bulletin No. 2001-48 that sets 36.5 cents as the optional rate for deducting or accounting for expenses for business use of an automobile. Mr. Zeunik advised the Committee that an annual Resolution Establishing the Mileage Reimbursement Rate is presented to the Finance Committee for approval. This procedure provides the Finance Committee and the Board with an opportunity to review and formally approve the proposed rate for the fiscal year.

Motion by Rodman/Berglund to recommend approval of a Resolution
Establishing the Mileage Reimbursement Rate for Use of Private Vehicles
for County Business. Motion carried.

Chairman Sorensen stated that the Committee needs to go into Executive Session to discuss Collective Bargaining issues. Chairman Sorensen advised that the County Administrator, Assistant County Administrator, and Ms. Lucretia Wood need to remain for the Executive Session.

Motion by Arnold/Berglund to go into Executive Session to discuss Collective Bargaining issues. The following staff are asked to remain in the Executive Session: County Administrator John Zeunik, Assistant

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County Administrator Terry Lindberg, and Ms. Lucretia Wood.
Motion carried.

The Finance Committee entered into Executive Session to discuss Collective Bargaining issues at 6:25 p.m.

Motion by Kinzinger/Renner to return to the Open Session of the Finance Committee meeting. Motion carried.

The Finance Committee returned to the regular meeting at 7:09 p.m.

Chairman Sorensen presented the bills and transfers, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

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Motion by Berglund/Kinzinger to recommend approval of the bills and transfers as presented by the County Auditor.
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 7:18 p.m.

Respectfully submitted,

Lucretia A. Wood
Recording Secretary

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