

Minutes of the Finance Committee Special Meeting

The Finance Committee of the McLean County Board met on Monday, September 11, 2017 at 4:30 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman David Selzer, Members Chuck Erickson, Catherine Metsker, Jim Soeldner, Scott Murphy and Laurie Wollrab

Members Absent: Member Erik Rankin

Other Members Present: Chairman John McIntyre; Members Susan Schafer and George Wendt

Staff Present: Mr. William Wasson, County Administrator; Mr. Eric Schmitt, Administrative Services Director; Mr. Donald Knapp Assistant Civil State's Attorney; Ms. Amy Brooke, Recording Secretary;

Department Heads/Elected

Officials Present: Kathy Michael, County Clerk; Jennifer Ho, Risk Manager; Marshall Thomson, Animal Control

Others Present: Judy Buchanan, Board of Health; Sonja Reece, Board of Health; Robert Kolhase, Board of Health; Kim Anderson, Health Department, Tom Anderson, Health Department, Cathy Dreyer, Health Department; Cindy Gerber, Board of Health; Cathy Waltz, Court Services; Lisa Slater, Health Department; Hannah Eisner, Board of Health; Katherine McHugh, Health Department

Chairman Selzer called the meeting to order at 4:30 PM.

Chairman Selzer stated that there were no minutes to approve,

Chairman Selzer confirmed no members of the public

Chairman Selzer asked for a moment of silence in memory of the September 11th attacks.

Chairman Selzer asked Mr. Wasson to present the items for information:

Mr. Wasson stated that per the Committee's instruction Staff included in their packet several items for the Committee's consideration and evaluation regarding the budget challenges. Mr. Wasson stated that the first set of documents included information regarding the voluntary retirement incentives offered by the County of Peoria, options being considered by other government entities and examples of incentive programs for individuals eligible for retirement. Mr. Wasson went over the next item, which was a memo that outlined meeting budget challenges by foregoing merit and across the board increases for 2018 as well as reductions in force. He also mentioned three contracts up for negotiation with bargaining units that the hoped would see similar savings. Mr. Wasson also presented information outlining the financial

impacts of offering a voluntary retirement/separation incentive program including those eligible for retirement and the incentives to be offered.

Chairman Selzer asked about target numbers. Mr. Soeldner asked if we could reduce the expense side of the budget and if the 1.5 million could be higher. Mr. Wasson stated that the budget passed for the State of Illinois will reduce PPRT income, reduce sales tax revenue because of a 2% administrative fee on sales tax and reduce LGDF. He stated that we are looking at over a 1.5 million dollar gap in the budget. Mr. Wasson stated that based on that number one must consider a reduction in force and elimination of merit and across the board to try to balance the budget. Mr. Wasson stated that it is possible that the revenue gap could be more as we get more information on the State budget. He stated they have worked with Departments extensively to find savings in departments, but the budget is largely personnel based. Mr. Wasson stated that we are looking at a reduction in force of 20 to 25 positions. Ms. Wollrab asked how we would know the reductions are going to occur in areas that we need them if the program is voluntary. He acknowledged that the retirements might not come from the areas that will have least impact to services to the citizens, so part of the process would be to move personnel to appropriate areas where we still have need.

Ms. Metsker asked how the tax rate would be affected. Mr. Wasson stated they hope to bring a tax rate that is as close as possible to last year's rate. He reminded the Committee that there are tax rates that are at their maximum including the general fund. Ms. Metsker asked about anticipated EAV increase. Mr. Wasson stated 1%. Ms. Metsker asked if dental and vision were included in the healthcare cost. Mr. Wasson stated that the County does not incur cost on dental and vision plans as each active employee pays the full cost. Ms. Metsker asked if anyone taking voluntary retirement would be able to retain those. Mr. Wasson stated that all retirees can retain at full cost, which is the same as what they pay now.

Mr. Erickson asked about the current unencumbered general fund balance. Mr. Wasson stated that at the end of 2016 was \$20,127,000. Mr. Wasson stated that amount will go down because of the State budget. Mr. Selzer asked if the unencumbered amount includes CDAP money. Mr. Wasson confirmed it does. Mr. Selzer asked if we make a transfer to Nursing Home from those funds. Mr. Wasson confirmed we make transfers. Mr. Selzer reminded Committee that some of those funds have a dedicated use and asked how much is truly unencumbered. Mr. Wasson pulled information, provided amounts in different funds, and reported that 8.2 million are dedicated, making just short of \$12,000,000 truly unencumbered.

Mr. Erickson asked if recommendation was to fill this gap with CDAP funds. Mr. Wasson stated that was not their recommendation. Mr. Erickson asked if they had recommended amounts to fill in the blanks in Resolution. Mr. Selzer referred to spreadsheet and went over numbers. Mr. Erickson asked if some of these positions will be replaced at an entry-level salary. Mr. Wasson stated that yes; some of the positions will be refilled with a cost savings in salary and benefits. Mr. Selzer stated that in the budget next week, we will see FTE head counts, but the question here is what incentive you want to put in place to help employees accept the voluntary side of the reduction. Mr. Erickson asked if the Chairman had a recommendation. Mr. Selzer stated voluntary is better than forced and those who take retirement might get a raise with IMRF next

year where they would not get one here. He stated that he favors the \$500 and 1 year of health insurance.

Ms. Metsker asked if a restriction existed with IMRF, which would prohibit continued employment outside of the County and asked if the County could rehire employee. Mr. Wasson stated that IMRF does not restrict anyone from taking a job outside of IMRF or reciprocal programs. He stated that if you retire from IMRF, you would be prohibited from working more than 600 hours with an IMRF employer while collecting an IMRF pension. Mr. Wasson stated that other state reciprocal programs would be the same. Ms. Metsker asked about the numbers of hours someone has to work to qualify for health benefits. Mr. Wasson stated 30 hours a week. Ms. Wollrab asked about individuals listed and who might be Medicare eligible now or in the next year. Mr. Wasson stated there are several. Ms. Wollrab asked if we have given any thought of reducing positions due to attrition. Mr. Wasson stated that they have and the amended Budget Policy, if passed, would require that all positions vacated, would have to have Committee approval before they could be refilled, which was how the policy read from 2010 through 2015. Ms. Wollrab asked if those positions would be above and beyond the positions, we are looking at reducing now. Mr. Wasson stated that numbers depend on positions and cost levels. He stated that they have also taken into consideration the transfer of employees to positions that are necessary that would move employees to a lower class but be at the top of that scale to help keep them at the salary they currently have.

Mr. Murphy asked if we could offer higher dollar and no medical if they are Medicare eligible or a lower dollar and more healthcare. Mr. Knapp stated they could choose the option and dollar amounts they wanted which was why the Resolution presented had blanks. Mr. Knapp indicated that when looking at numbers if you do a cash payout and 2 years healthcare it could be financially burdensome to the County. Mr. Selzer asked if we could put a maximum sum to pay out of so that if someone wanted only pay out and other only wanted 2 years insurance. Mr. Knapp stated that as long as everyone offered the same options, that would likely be legally acceptable.

Mr. Wendt asked for a comparison of the revenue for 2017 versus 2018. Mr. Wasson stated that the general fund revenue will be reduced approximately 800,000 to 900,000 dollars. Mr. Wasson stated that a 1% increase in EAV means an increase in revenue of 70,000. Mr. Wendt asked for confirmation that revenue is on decrease. Mr. Wasson confirmed and stated reduction is due to slow growth in local revenue and reductions in state revenue.

Mr. Murphy stated he would offer up first suggestion of \$500/year with no health insurance, 250/year with one year of insurance or no pay out and 2 years of insurance and cap at 25 years of service. Mr. Selzer stated that we have to keep in mind we want this to be an incentive and that from what he could tell seven people are Medicare eligible and four who would be after one year. Mr. Erickson seconded recommendation. Mr. Murphy stated that if we do not cap at 25 it may help with decision and indicated he would change his recommendation to take off the cap.

Chairman Selzer stated that now might be a good time to start taking the action items and have discussion on each item. Chairman Selzer presented Item 4A2a the request to approve an amendment to the Resolution Establishing the Budget Policy for Fiscal Year 2018. Mr. Knapp noted this is the exact language that was in place from 2010 to 2015. Ms. Metsker asked what the change was in 2016. Mr. Wasson stated that at that time the policy was changed so the County Administrator could authorize refilling positions.

Motion by Murphy/Erickson to recommend approval of an amendment to the Resolution Establishing the Budget Policy for Fiscal Year 2018
Motion Carried.

Chairman Selzer presented for action a request to approve a Resolution Amending Article VI Chapter 108: Personnel Policies and Procedures of the McLean County Code, which includes the reduction in force paragraph. Mr. Soeldner asked for rational of demotion language. Mr. Wasson stated that our policy today states that if they take a demotion or a position in a lower class, then they come in at the same step in lower class as they are in the current position. He stated that could mean a significant decrease in compensation for those employees. Mr. Wasson stated that goal here is to realize savings with elimination, keep people in the positions we need them in or move them to positions we need but not reduce employee's salary for taking the lower class position. Mr. Soeldner asked if he would be able to take the payout if taking lower position. Mr. Wasson clarified that once the option for voluntary retirement closes they are no longer eligible for it should they find that their position is one that is going to be eliminated. Mr. Wasson pointed out there may be vacancies in the remainder of the year and people could move to those positions and avoid a reduction in force. Ms. Wollrab stated that in the Peoria plan there were meetings with HR and asked about timing of those. Mr. Knapp indicated they would have 45 days to accept or reject and then a 7 days' revocation window, which would put us about mid-November. Mr. Wasson stated that he suspected it will be a challenge to have IMRF representatives available for meetings on site, as there are a number of employers contemplating similar actions. Ms. Wollrab stated that is important for eligible individuals to be able to get estimates as it is to the County's benefit for them to understand where they stand and they might not take it if they do not understand where they stand financially.

Motion by Erickson/Murphy to recommend approval of a Resolution Amending Article VI Chapter 108: Personnel Policies and Procedures of the McLean County Code.
Motion Carried

Chairman Selzer presented for action a request to approve a Resolution Amending Section 108-43: Pay Plan composition and definitions of the McLean County Code.

Motion by Soeldner/Metsker to recommend approval of a Resolution Amending Section 108-43: Pay Plan Composition and Definitions of the McLean County Code.
Motion Carried.

Chairman Selzer presented for action a request to approve a Resolution amending Section 108-84: Reduction in work force of the McLean County Code.

Motion by Erickson/Murphy to recommend approval of a Resolution amending Section 108-84: Reduction in work force of the McLean County Code.

Motion Carried.

Chairman Selzer presented for action a request to approve a Resolution authorizing County Administration to offer a Voluntary Retirement Incentive to eligible employees as defined by the County Board. Mr. Selzer repeated the incentive suggestion from earlier in the meeting of taking a \$500/year with no health insurance, or a \$250/year incentive with 1-year health insurance, or 2 years of health insurance with no incentive. Mr. Murphy suggested a cap at 25 years of service. Mr. Schmitt indicated that if you do no cap you are looking at roughly the same amount for each option. Ms. Wollrab said she would like to see wording added that would give employees a 60-day window to meet with IMRF. Mr. Knapp indicated that you can make that change but would not have numbers for final budget. He went over reasons they stated 45-day window and not more. Mr. Wasson stated that whether it is 45 days or 60 days the information may not be available for final budget, so a reduction in force will be contemplated to meet the numbers. Ms. Metsker asked if there is a way to expedite this by providing print outs from IMRF to employees. Mr. Knapp stated that IMRF would likely not give it to us, but we could request they send to the employees. Mr. Selzer stated that there are 61 people and not sure that all of them are taking it, and asked them to consider the extra work that request would be for IMRF to provide all 61 if most not taking it. He stated that with other IMRF employers contemplating similar actions, IMRF is going to be busy, but we could certainly send request to IMRF.

Ms. Schafer stated that she understood giving more time, but some people might take right away, where as others would postpone decision until close to the 60 days and we need to get information as soon as possible. Mr. Wasson stated that they have been working with departments on budget and possibilities of reductions in force and most departments have deemed positions least impactful to public services. He stated that the reductions are what we can do to remain sustainable and the voluntary retirements will additionally help over the next several years. Ms. Wollrab asked about vacation pay out. Mr. Wasson stated that we are required by law to pay that time out in the employees last check. Ms. Wollrab asked if they had taken that into account with payout amounts. He stated that they had and indicated that any of these options will be about $\frac{3}{4}$ million dollars, which would come out of the unencumbered fund balance. Ms. Metsker asked if this would be restricted to those on the list. Mr. Wasson stated that a note would go out and those who felt they should have been on the list could contact our office. Mr. Wendt asked if they know, the limit were this no longer is a cost savings. Mr. Wasson stated that was a consideration for the limit of years of service selected.

Motion by Murphy/Erickson to recommend approval of a Resolution authorizing county Administration to offer a voluntary Retirement incentive to eligible employees as defined by the County Board specifically a cash

incentive of \$500/year of service with no health insurance; or \$250/year of service with 1 year of health insurance or \$0 incentive with 2 years of health insurance and the incentive capped at 25 years of service.

Motion by Wollrab/Soeldner to Amend to include a 60-day window to make a decision.

Motion Carried.

Chairman Selzer asked if Committee wanted to leave the cap.

Motion by Metsker/Soeldner to remove the cap.

Motion Carried.

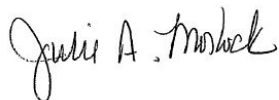
Chairman Selzer stated for the record that the amended motion would be:

Motion by Murphy/Erickson to recommend approval of a Resolution authorizing County Administration to offer a Voluntary Retirement Incentive to employees, who are 55 years old and have 18 years of services as of December 31, 2017 which would include a cash incentive of \$500/year of service with no health insurance; or \$250/year of service with 1 year of health insurance or \$0 incentive with 2 years of health insurance, no cap on years of service and employees would be allowed 60 days to accept or reject.

Motion Carried.

Chairman Selzer asked the Committee if there was any other business to come before the Committee; hearing none, he adjourned the meeting at 6:00 p.m.

Respectfully Submitted,



Julie A. Morlock
Recording Secretary