

Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.

DeKalb County Government
Sycamore, Illinois

**Finance Committee Minutes
September 6, 2017**

The Finance Committee of the DeKalb County Board met on Wednesday, September 6, 2017, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stoddard called the meeting to order. Those Members present were Mr. Cribben, Mr. Jones, Ms. Leifheit, Mr. Luebke, Ms. Polanco, Mr. Reid, and Chairman Stoddard. A quorum was established with all seven Members present.

Others that were present included Gary Hanson, Pete Stefan, Christine Johnson, Derek Hiland, Greg Millburg, Sheriff Roger Scott, Chief Deputy Andy Sullivan, Jim Scheffers, Nathan Schwartz, and Joan Hanson, Maureen Little, John Frieders, Mark Pietrowski, and Scott Zak.

APPROVAL OF THE MINUTES

It was moved by Mr. Jones, seconded by Ms. Leifheit, and it was carried unanimously to approve the minutes of the August 2, 2017 Finance Committee Meeting.

APPROVAL OF THE AGENDA

It was moved by Mr. Luebke, seconded by Ms. Polanco and it was carried unanimously by voice vote to approve the agenda as presented.

PUBLIC COMMENTS

There were no public comments.

DELINQUENT PROPERTY SALE RESOLUTIONS

DeKalb County Treasurer Christine Johnson joined the Committee and shared that the Treasurer's Office is requesting approval for the sale of six parcels with delinquent taxes in order to return the properties to the County's tax rolls. Ms. Johnson reviewed the locations of the parcels on maps to give the Committee a better understanding of where these parcels are located. Ms. Johnson also added that the properties that the City of DeKalb bid on were homes that have been substantially destroyed due to hoarding and being extremely unmaintained. The following parcels are those that were reviewed and were requested to be forwarded to the full Board recommending approval:

| | <u>Township</u> | <u>Parcel #</u> | <u>Bidder</u> | <u>Paid by Purchaser</u> |
|----|-----------------|-----------------|-----------------|--------------------------|
| 1. | DeKalb | 08-22-404-003 | City of DeKalb | \$665.00 |
| 2. | DeKalb | 08-23-256-011 | City of DeKalb | \$665.00 |
| 3. | DeKalb | 08-23-258-011 | City of DeKalb | \$665.00 |
| 4. | Kingston | 02-25-251-021 | Courtney Dugar | \$766.00 |
| 5. | DeKalb | 08-02-324-003 | Keith Almady | \$6,600.00 |
| 6. | Paw Paw | 16-22-200-007 | Stephen R. Lake | \$700.00 |

It was moved by Mr. Jones, seconded by Mr. Reid and it was approved unanimously to forward the six resolutions to the full County Board recommending their approval.

INTERGOVERNMENTAL AGREEMENT FOR SHERIFF'S RADIO COMMUNICATION SYSTEM

Mr. Hanson shared that the proposed intergovernmental agreement is between the County and the DeKalb County Emergency Telephone System Board (ETSB/E-911 Board) for the new Digital Radio Communication System in the Sheriff's Department. The IGA is to accept the E-911 Board's contribution of up to \$600,000 plus any radio communication equipment owned and maintained by that Board, in exchange for the County Board and County Sheriff agreeing to allow all first responder agencies in DeKalb County to utilize the radio communication backbone infrastructure without costs or fees, save that each entity must purchase their own agency equipment to be able to operate from the County's infrastructure.

It was moved by Ms. Leifheit, seconded by Mr. Luebke and it was approved unanimously by voice vote to forward the IGA resolution to the full County Board recommending its approval.

HEALTH INSURANCE RENEWAL, PLAN DESIGN, & OPEN ENROLLMENT PROCESS

Mr. Stefan shared that changes to the health insurance renewal process are being requested in order to streamline the entire process from approving plan design changes, to rate setting, to open enrollment, to payroll processing, to third party administrator notifications. The changes rely on implementing premium increases based on historical averages with a one-year lag since rate increases from the insurance carrier are provided too late in the process to provide for proper and timely management of the renewal process. Accordingly, the proposed 2018 rate increase is based on a 4-year average from 2014-2017 and will not factor into the actual rates until the 2019 Plan Year. Mr. Stefan additionally reviewed the proposed timeline, risks, rewards, and specific plan design changes being requested for the 2018 Plan Year (as outlined in the attachment).

The new annual timeline would reflect that the rates and plan design changes for subsequent plan year would be set by the Finance Committee in September, Annual Open Enrollment period would run from October 1st to October 31st, enrollments and changes would be processed November 1st to November 21st, and new premium payroll deductions would be effective with the first payroll in December.

Mr. Luebke moved to approve the newly revised Health Insurance Renewal and Rate Setting Process effective with the 2018 Plan Year. Mr. Jones seconded the motion and it was carried unanimously.

IMO DIRECTOR HIRING PROCESS

Mr. Hanson shared that as per the updated County Board Rules, he met with the Finance Chair and the Chairman or Vice Chairman of the County Board who is of opposite party which was Vice Chairman Jones and they discussed upcoming plans for the IMO Director Position. Mr. Hanson reviewed that this comes after Ms. Joan Hanson announced that she is retiring after 30+ years of service in October. As a result of their meeting, Mr. Hanson explained he put together and posted the job advertisement for internal applications only and those applications are due on September 14th. Once all of the applications were received they would be gone through and 3-4 applications would go through the interview process. He noted that he would like to set up a time that would work well for the Finance Committee to conduct interviews. The Committee

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determined that Thursday, September 28th at 5:00 p.m. would work well for everyone. Mr. Hanson noted that ideally he would like to have a candidate by the October 4th Finance Committee but if there are no adequate internal candidates, he will post the position externally and will go through another round of interviews.

ADMINISTRATIVE RECOMMENDATION OF THE FY 2018 BUDGET

In accordance with the direction provided by the Finance Committee earlier this year, the Administrative Recommendation of the FY 2018 Budget was presented by Finance Director Pete Stefan and County Administrator Gary Hanson.

Mr. Stefan began with Exhibit #1 of the Recommendation which illustrated the General Fund Budget Reconciliation. The Exhibit noted that in the beginning of the budget there was a shortfall of \$1.5 million. After changes incorporated into the Budget Recommendation and additional recommended shared changes, the remaining amount still needed to balance the FY 2018 Budget is \$740,000.

Continuing on with the Recommendation, Mr. Stefan shared that the 2018 Budget presents revenues and expenditures from 78 cost centers across 47 different and independent funds. Revenues have been estimated realistically, but on the conservative side. Expenditures have been estimated realistically, but on the aggressive side to provide somewhat of a cushion for unexpected events.

The cost-of-living adjustment (COLA) under the Property Tax Cap Law is set at 2.1% for the 2017 levy year for 2018 collections. This amount (\$451,000 total for all levies) is based on the consumer price index for all urban consumers as published by the U.S. Department of Labor. This increase is incorporated into the property tax levies (found on Attachment A). An additional 1.6% (\$344,000 total for all levies) is included to account for the increase from new construction.

The assessed value for the County is expected to increase to \$1,973,000,000 or 6.1% for the 2017 levy year which funds the FY 2018 budget. This is the third consecutive year that the assessed value has increased following five consecutive years of declining assessed value and indicates that the local real estate market continues on its path to recovery from the recession. New construction EAV is rebounding as well and is expected to account for 1.7% of the growth in the County's assessed value at approximately \$30 million. That would be the highest level of new construction since 2011. The value of the average home is expected to increase about 6% in 2017. Looking back three years, the value of a \$200,000 home in 2014 will be increasing to almost \$233,000 in 2017. The group additionally reviewed many salary, benefits, staffing level, and operating issues recommendations.

Mr. Stefan reiterated that as the budget stands, the General Fund is "out of balance" by \$740,000. This is largely the result of the loss of airline fuel sales tax revenue with the departure of American Airlines out of Sycamore. The budget started \$1,500,000 out of balance, but by making adjustments (see Exhibit #1) that benefited all General Fund Departments, the shortfall was reduced to \$740,000. The Finance Committee has requested that when the final budget is passed as a recommendation on November 1, 2017, the General Fund should be in balance. To that end, Exhibit #2 is attached to this budget showing the categories where this shortfall could be made up. This Exhibit #2 models the "Disaster Budget" developed a few years ago by

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grouping related services into broad categories and then seeking prorated reductions (or revenue enhancements) from those categories rather than calculating a prorated amount per Department. The request at this point is to ask the Departments in each category to work together to achieve the necessary reduction (or revenue enhancement) by September 27th. If targets are not reached by that date, the County Administrator and Finance Director will identify items in each category to bring the General Fund Budget into balance. Departments would then have seven days to file an appeal against those recommendations already made in Exhibit #1 or those yet to be made for Exhibit #2.

Mr. Stefan lastly reviewed that there were several budget requests by Departments that were denied in order for the Finance Committee fund balance utilization goal to be met. That goal was to use no reserves and that the operating revenues needed to meet or exceed operating expenses. If the County Board wants to fund any of the denied funding requests, two options exist: (a) re-prioritize recommended funding levels and drop a funded request replacing it with a denied request, and/or (b) utilize fund balance reserved thereby delaying for at least one more year accomplishing the goal of a balanced budget.

County Board Members, Department Heads, and Outside Agencies once again are offered an “appeal process” to object to the Budget as originally submitted by Administration. These appeals need to be directed to the Finance Office by September 27, 2017. This is in addition to the appeals that may be filed in relation to the budget cuts resulting from the items shown on Exhibits #1 or #2. All appeals submitted by the deadline will be heard by the appropriate County Board Standing Committee and, if successful at that level, will be considered by the Finance Committee at their November 1, 2017 meeting.

The full FY 2018 Budget Recommendation can be viewed by clicking the link below:
http://dekalbcounty.org/Financial/Budget_Inter/ABFY18/narrative.pdf

Mr. Jones expressed his concern with whether they are cutting enough because he doesn't want to see them have to continue to cut so much from year to year. The Committee also briefly discussed the increasing jail population and the appropriation from the County Farm Fund for a cold storage building (#45).

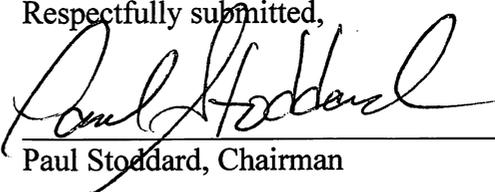
Mr. Luebke moved, Ms. Polanco seconded and it was approved unanimously to send a resolution to the full County Board to formally place the FY 2018 Budget on file for public inspection.

ADJOURNMENT

It was moved by Mr. Reid, seconded by Mr. Luebke, and it was carried unanimously to adjourn the meeting.



Tasha Sims, Recording Secretary

Respectfully submitted,


Paul Stoddard, Chairman

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Intergovernmental Agreement

Contribution by the DeKalb County Emergency Telephone System Board For the DeKalb County Sheriff's Office Radio Project

This Intergovernmental Agreement ("Agreement") for Contribution by the DeKalb County Emergency Telephone System Board ("911 Board") for the DeKalb County ("County") Radio Project ("Project") is entered into as of January 1, 2018.

Summary: The County is proposing this Radio Project, to include the complete replacement of a two-way radio system throughout DeKalb County, which currently services police and fire agencies dispatched from the County Sheriff's Communications Center. The current system no longer provides adequate reception/transmission in all parts of the County, the current technology is outdated, and the infrastructure for the existing radio system is a conglomeration of fixes and patches that does not lend itself to supporting modern radio technology. The current system is primarily a VHF system, and the County wishes to obtain a P25-compliant digital radio system that is more reliable and lends itself more readily to interoperability among the various agencies throughout the county. The Project includes the infrastructure purchase and installation of new communications towers and antennas throughout the County; as well as dispatch radio consoles, mobile radios, and portable radios for the Sheriff's Office. The estimated total cost of this Project is approximately \$4 million.

It has been proposed to the 911 Board by the County that the 911 Board provide \$600,000 towards this project. The County will then absorb all future operating costs of this proposed Radio Project backbone. The Project backbone is essentially the infrastructure items such as radio towers, antennas, radio frequencies, and County dispatch consoles.

Under the terms of this Agreement, the Parties agree to undertake certain additional obligations and responsibilities, in exchange for the performance of the mutual covenants contained herein, the adequacy and receipt of which are hereby acknowledged.

1) Contribution by the 911 Board: The 911 Board contribution will not exceed \$600,000. In addition, any equipment owned and maintained by the 911 Board on the existing County radio network will become the property of the County, which may elect to continue to use the equipment or repurpose as necessary for other uses. The 911 Board will have no further responsibility to maintain equipment on the existing or future County radio network.

2) Return on Investment to the 911 Board: The 911 Board currently pays for a portion of several aspects of County radio maintenance for the dispatch of 911 calls, to include the following items:

| <u>ETSB Budget Item #:</u> | <u>Description:</u> |
|----------------------------|----------------------------|
| #307 | Insurance |
| #316 | Tower Rental |
| #317 | Fire System Maintenance |
| #318 | DATA Fiber Optic Provision |
| #3603 | Equipment Refresh Costs |

These items total approximately \$83,200 per year. Under the terms of this Agreement, once the Project is completed, the 911 Board will no longer be responsible for the payment of the radio maintenance line items listed above, or any other expenses in regards to the County radio system. In essence, the 911 board will realize a return on its \$600,000 investment in about seven years from the approximate \$83,200 savings each year.

3) 911 Board Grant Reimbursement: If possible, the 911 Board will submit the total sum of the County Radio Project, or the maximum allowable amount, to available state or federal grant reimbursements as a consolidation expense for agency interoperability. Should grant reimbursements be received, the 911 Board will get reimbursed first, up to its \$600,000 contribution. Any amount received over \$600,000 will be reimbursed to the County.

4) Project Inclusion: The 911 Board acknowledges the County's offer to extend the Project backbone to all agencies within the County at no cost. If public safety agencies elect to join the County system, those agencies would be individually responsible for the purchase and/or modification of their own console, mobile and portable radios as needed in order to become operable on the County system. In consideration of the 911 Board providing funding for a portion of the Project, the County agrees that it shall, at all times thereafter, permit any DeKalb County public service agency to join the Project and/or utilize the Project backbone at no cost other than the cost of acquisition of local equipment as shall be required to utilize the system backbone. Any ongoing maintenance or repair costs of the Project backbone will also be the expense of the County, not the 911 Board nor any of the participating agencies. The County is not responsible to pay for radio system equipment, upgrades or maintenance that is not necessary for the successful operations of the County radio system.

5) Existing Equipment: In the past, the 911 Board has paid for at least a portion of VHF radio equipment at various sites in the county, primarily for the dispatch of rural fire calls. As part of the Agreement, the County agrees to either maintain or replace any necessary VHF radio equipment to maintain service to public safety departments that may continue to rely on VHF radio service until such point in time the County elects to rely solely on the proposed P25 digital radio system.

6) 911 Board Payments: The 911 Board agrees to make three equal payments to the County following the formal acceptance of the Project by the County Board and the selection of an approved vendor. The first payment will be made in January 2018. The second payment will be made at the halfway point of the project, expected to be in Spring 2018. The third payment will be made at the conclusion of the project, expected to be in Fall 2018.

7) 911 Board Payment Exceptions: If the State of Illinois withholds funding during the course of the Project to the 911 Board by failing to make payments, making substantially late payments, sweeping State 911 funds, or otherwise substantially limiting the funds of the 911 Board, the County agrees to extend the timeline of the 911 Board payments. The 911 Board must keep sufficient funds in reserve to continue to operate essential 911 functions, should State funding not be provided to the 911 Board.

8) Third Party Beneficiaries: This Agreement shall not be interpreted to provide any benefits or entitlements to any third parties. More specifically, the contribution by the 911 Board and the allocation of responsibilities herein shall not limit the liability of any third party, nor shall it preclude or limit the recovery of damages against any such third party.

9) Third Party Contributors: To the extent that this Agreement requires either of the Parties to fund any expense or provide any feature, the Parties shall be free to solicit or employ contributions or services from third parties, and this Agreement shall not limit the ability of the Parties to so act.

10) Third Party Access: Neither of the Parties to this Agreement shall permit any non-DeKalb County governmental agency, or any private organization, entity or person to utilize the systems, networks, hardware, software or data contemplated herein, except: a) with the express written consent of the other Party; b) with a written acknowledgment from the third party that they shall comply with this Agreement and all applicable policies, procedures and regulations of the Parties; and, c) in a fashion that complies with all applicable laws and regulations, particularly with respect to access to public safety related data. Nothing in this section is understood to prevent the County from leasing space on any County-owned tower to other third party vendors to operate their own independent systems, so long as they do not interfere with the communications on the County network.

11) Designees: Each of the Representatives identified herein shall be deemed to refer to the specific individuals identified and their respective designees. The Parties shall take such actions necessary to ensure that the Representative or their designee is readily available.

12) Authorizations: The representatives of the Parties are authorized and directed to undertake all actions contemplated herein, provided however that this Agreement shall not serve to modify or amend any spending authority or purchasing policy established by either of the Parties.

13) Indemnification, Defense and Insurance: Each of the Parties agrees that it shall indemnify and hold harmless the other of the Parties for any claims, liabilities or damages for which it is solely responsible, and also for its pro-rata share of any liability for which it is jointly responsible. With regard to any claim arising out of or relating to the performance of this Agreement, the Parties agree and acknowledge that they shall undertake a cooperative defense, but each party shall bear its own defense costs. Each of the Parties shall maintain such insurance as it shall deem appropriate to secure itself against any liabilities which may arise out of the performance of this Agreement.

14) Jurisdiction and Venue: The Parties agree that with respect to any state law claim arising between the Parties, jurisdiction and venue shall be exclusively fixed in the Twenty-Third Judicial Circuit Court of DeKalb County, Illinois. With regard to any federal law claim arising between the Parties, jurisdiction and venue shall be exclusively fixed in the Northern District Federal Court of Illinois, Western Division.

15) Term: This Agreement shall have an initial term of twenty (20) years, through December 31, 2037. This Agreement may be terminated by either party for convenience upon the provision of not less than thirty (30) days' notice, so long as it occurs before the Project begins. This Agreement may be terminated by either party for cause, either: a) without notice, upon the occurrence of a violation of this Agreement which jeopardizes public safety and/or the integrity of either of the Parties' respective public safety systems, equipment or hardware (in their sole and absolute discretion); or, b) upon the provision of thirty (30) days written notice of breach and opportunity to cure.

16) Compliance with Laws: Each of the Parties shall fully comply with any applicable laws, regulations, statutes or ordinances which govern the operation of any of their respective systems or the data contemplated to be shared herein.

17) Copying or Duplication of Data: Except where otherwise required by law, neither of the Parties shall copy or duplicate data shared by or received from the other party, except within the regulations established by the Representatives of the Parties.

18) Entire Agreement / Modification: This Agreement shall constitute the entirety of the Agreement between the Parties as to the subject matter hereof, and shall supersede any prior agreements. This Agreement shall only be modified in writing, approved by both of the Parties. Notwithstanding the foregoing, this Agreement shall be carried out pursuant to the sub-agreements, rules and regulations adopted by the Representatives of the Parties, to the extent authorized above.

19) Party Representatives:

911 Board Representative: Jason Leverton, 911 Board Chairman (or successor)

DeKalb County Representative: Roger Scott, DeKalb County Sheriff (or successor)

Terms of this agreement approved by the DeKalb County 911 Emergency Telephone System Board on _____, and approved by the DeKalb County Board on _____.

Signatories on Following Page.

Signatories:

Date: _____

Date: _____

Jason Leverton
ETSB Chairman
911 Board Representative

Roger Scott
DeKalb County Sheriff
County Representative

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Health Insurance Renewal and Rate Setting Process

Effective with the 2018 Plan Year

September 6, 2017

Changes to the health insurance renewal process are being requested in order to streamline the entire process from approving plan design changes, to rate setting, to open enrollment, to payroll processing, to third party administrator notifications.

The changes rely on implementing premium increases based on historical averages with a one-year lag since rate increases from the insurance carrier are provided too late in the process to provide for proper and timely management of the renewal process. Accordingly, the proposed 2018 rate increase is based on a 4-year average from 2014-2017 and will not factor into the actual rates until the 2019 Plan Year.

Following is the timeline, risks, rewards, and specific plan design changes being requested for the 2018 Plan Year.

Annual Timeline

1. Rates and Plan Design Changes for Subsequent Plan Year Set by Finance Committee in September
2. Annual Open Enrollment Period Runs From October 1st to October 31st
3. Enrollments & Changes Processed November 1st to November 21st
4. New Premium Payroll Deductions Effective with the First Payroll in December

Risks

- a. Reserves will not be adequate to fund cash flow needs if large rate increases are warranted.
- b. Approving health insurance renewal rates before the impact on the overall budget is known.

Goals/Rewards

- A. Provides more budget certainty in regards to health insurance premiums.
- B. Mitigates volatility in year-to-year rate increases/decreases.
- C. Prevents employees from having "catch-up" payments along with their normal premium deductions which creates a hardship for many employees.
- D. Less administrative time spent on tracking and processing "catch-up" payments.
- E. Prevent overtime costs incurred when processing numerous enrollments in such a short time frame.
- F. Allows employees enough time to compare their other health insurance options and not make a rush decision that they are locked into for an entire year.
- G. Allows Finance Office staff involved in the payroll process time to enjoy the holidays (theoretically!).

Specific Changes Requested for 2018 Plan Year

- i. Approve revised renewal timeline allowing for rates to be established in September each year.
- ii. Approve a multi-year average rate setting methodology.
- iii. Employee Only deductible for the High Deductible Health Plan (HDHP) needs to increase from \$2,600 to \$2,700 to maintain the HDHP Plan as an HSA-compatible plan.
- iv. Family deductible for the HDHP is recommended to increase from \$5,200 to \$5,400 to maintain the historical ratio of 1:2 for Employee Only vs. Family deductibles.