

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
November 6, 2019**

The Finance Committee of the DeKalb County Board met on Wednesday, November 6, 2019, in the Administration Building's Conference Room East. Chairman Bagby called the meeting to order at 7:00 p.m. Those Members present were Mr. Scott Campbell, Mr. Steve Faivre, Mr. John Frieders, Ms. Dianne Leifheit, Mr. Jerry Osland, Ms. Sandra Polanco, and Chairman Tim Bagby. A quorum was established with all seven Members present.

Others present included Gary Hanson, Pete Stefan, Jim Scheffers, Sheila Santos, and Greg Millburg.

APPROVAL OF THE AGENDA

It was noted that Item #11: Executive Session for Collective Bargaining as Provided for in 5 ILCS 120/2(c)(2) was no longer necessary and could be omitted.

It was moved by Ms. Polanco, seconded by Mr. Osland and it was carried unanimously by voice vote to approve the agenda as amended with no Executive Session.

APPROVAL OF THE MINUTES

It was moved by Mr. Faivre, seconded by Mr. Campbell and it was carried unanimously to approve the minutes of the October 2, 2019 Finance Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

FY 2020 BUDGET PUBLIC HEARING

Chairman Bagby opened the FY 2020 Budget Public Hearing at 7:01 p.m.

Hearing no comments, Chairman Bagby closed the FY 2020 Budget Public Hearing at 7:02 p.m.

FINAL FY 2020 BUDGET RECONCILIATION

Mr. Stefan shared that although there were no successful budget appeals to incorporate into the final FY 2020 budget, he wanted to provide information to the Committee on final budget reconciliations for the FY 2020 budget to account for any items that have developed since the original recommendation was issued on September 4th, to refine certain estimate, classifications, and transfers including in the budget, and to clarify existing language, correct typos, etc. These items include updates to Tax Increment Financing District increment recapture revenue, additional funding provided to the Court Services Department by the Administrative Office of the Illinois Courts for the Pretrial Program, an increase to the fee for participation in the State's Attorney's Appellate Prosecutor Program, and revising the revenues for the law Library Fund among other items.

More specifically, Mr. Stefan detailed that the State's Attorney's Appellate Prosecutor Program fee went from \$24,000 to \$28,000 for Fiscal Year 2020 and that will be picked up as an additional \$4,000 expenditure in the General Fund. The Law Library Fund somehow slipped through with no revenues. Revenues are generated through certain case filings and will generate about \$60,000 in revenues in the All Funds Revenue. Court Services were awarded additional funding for the Pretrial Supervisor position as well as one of the County-funded positions that they had previously received no funding for. Those awarded funds pick up the salary only and the County picks up the benefits but the net effect of all of that is \$97,000 in additional revenues and \$89,000 in additional expenditures, so there will be a net positive to the General Fund of \$8,000. Mr. Stefan also explained that over the past week the County was notified by the City of DeKalb that they had an amendment to their TIF Recapture figures that they had provided. The parcels that were ported from one TIF to another are going to generate an additional \$91,000. Mental Health will get \$10,000 of that and the County's portion is \$81,000. What they are proposing to do with those funds are matching those up with the \$4,000 loss from State's Attorney and \$8,000 net positive from Court Services and take the total \$85,000 and put that into the Tort & Liability Fund. Along with that, the tax rate was initially going to be decreased by 2.3% and it will now be a 1.9% decrease to the tax rate by recapturing the TIF increment. The last change is within the Federal Highway Matching Fund. The State called the County Highway Department and said someone dropped a project and asked if they had one that could be done. Mr. Schwartz would like to move up the project of paving Peace Road from Bethany Road to IL Route 64 and Mercantile Drive from IL Route 23 to Peace Road. The total cost is \$1,250,000 and State/Federal Funds will pick up 80% so the County's local match will be \$250,000 (to come out of the Federal Highway Matching Fund). Mr. Hanson further explained the TIF recapture more to the Committee.

Mr. Faivre moved to forward the FY 2020 Levy and Budget Ordinances to the full County Board recommending their approval. Mr. Campbell seconded the motion and it carried unanimously.

LIABILITY & EXCESS WORKERS COMPENSATION INSURANCE COVERAGE

Mr. Stefan provided a summary of the County's liability/property and workers compensation claims for the past ten years to assist the Committee in determining whether or not to accept any of the proposals submitted in connection with the liability and excess workers compensation insurance coverage RFP that was previously issued and reviewed last month.

The State's Attorney's Office send out a response to the RFP and noted that they were looking a plan that would assist more with outside counsel. Mr. Stefan shared that after speaking with Mr. Mike Nugent of Nugent Consulting, LLC (consultant), noted that that they (SAO) are looking for a product that just does not exist.

Another question that the Committee asked last meeting was whether the County could issue bonds in the instance that a large claim would be filed again them and they received confirmation that yes, they could issue bonds with a limit of a 10-year time limit.

Mr. Stefan also reiterated that what began this process was the question of how much Fund Balance they should have in the Tort & Liability Fund. There are a few firms that the County could hire as an Actuary and provide them with a number that would fit their comfort level. Mr. Stefan shared that while looking it looked as though the costs for an Actuary ranged from \$3-18,000.

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.

The Committee discussed further their opinions on whether or not to purchase insurance. Most commented that after reviewing the claims history it just did not seem warranted to spend the money to do so. Others were interested in seeing what an Actuary would suggest a Tort Fund Balance should be.

Mr. Campbell moved not to accept any of the proposals submitted in connection with the liability and excess workers compensation insurance coverage RFP and not purchase any additional insurance coverage and further moved to hire an Actuary to conduct a study to find out how much Fund Balance *should* be in the Tort & Liability Fund. Ms. Leifheit seconded the motion and it was approved unanimously.

CLAIMS REVIEW

Mr. Stefan highlighted the significant expenditures included in the October Claims List including any items that were unusual from either a dollar amount perspective or due to the nature of the expenditure.

The monthly Claims Lists are available on the County's website via this link:

<https://dekalbcounty.org/departments/finance-office/financial-tax-information/vendor-payments/>

PROCUREMENT POLICY

The Ad Hoc Rules Committee recently reviewed a new Procurement Policy that was prepared by the State's Attorney's Office. The Rule Committee forwarded the draft policy to the Finance Committee for review and input. Prior to the Committee Meeting, the Members were additionally sent the County's current Purchasing and Award of Contracts Policy for further review.

Mr. Scheffers provided a few scenarios regarding County facilities utilities and how they go out for big and how the current County Policy would provide the best pricing as opposed to what the proposed Procurement Policy is suggesting.

The Committee had a discussion on this topic and what the County currently does and why it has the policy it does and what some potential benefits could be of have a more centralized approach.

Mr. Hanson noted that to him, the County Board's control is in the budget. If there are items in there that the Board does not agree with then that is the time to remove them. Once the money is approved the ship has partly sailed already.

Mr. Faivre expressed that he appreciated all of the work that went into drafting the proposed policy but after reading it, this seemed like a policy for a much bigger County and one that had more staff or full-time Board Members.

Mr. Frieders shared that he spoke with Chairman Pietrowski following the Ad Hoc Rules Committee Meeting about speaking with Assistant State's Attorney David Berault about sizing the proposed policy way back. There was some initial pushback but could still be considered if the Finance Committee agreed with the need to scaled way back on the proposed 27-page document.

Chairman Bagby reiterated from Rules Committee that Mr. Berault described this as a first draft policy and that the Board could pick and choose what to keep at their discretion. The Chairman

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.

expressed that he would like to see a compromise between the current 3-page policy and the proposed 27-page policy before a consideration is made on this item.

Mr. Hanson questioned what the Committee thought if the items within the proposed draft Procurement Policy were procedures rather than Board policy. He added that he didn't see how someone goes out and buys something is a Board issue, it is a manager issue. The Board sets the policy that they want a good price, a competitive price, and an open process and staff need to comply with those directives.

The Committee directed staff to pair down the proposed draft Procurement Policy and look to it being more of procedure to follow as opposed to a Board Policy.

DISCUSSION ITEM

Analysis of Operational Efficiencies & Five-Year Capital Spending Plans

Ms. Polanco shared that she recently began with a new employer who has really dedicated themselves to reducing waste of all formats. She added that the County approved a Zero Waste Policy in 2014 and she would like to see this Board look for ways to continue on the path of reducing as much paper and single-use plastics as possible.

Information Management Office Director Sheila Santos and Facility Management Director Jim Scheffers shared ways that their Department and the County keep track of paper use through copiers and printers.

Mr. Hanson explained that there are five-year schedules for capital projects as well as County assets but there are no operational schedules. Ms. Santos additionally provided some details on the schedules for PCs, servers, and technology equipment which come out of the Asset Replacement Fund.

COLLECTIVE BARGAINING AGREEMENT

Mr. Hanson shared that the County currently has a tentative agreement with the Metropolitan Alliance of Police, Local Chapter #318 for the Sheriff's Department however the exact language is not completely final. MAP has not voted on it yet but should very soon. Mr. Hanson requested the Committee to forward the agreement to the full County Board where there will be an Executive Session and the agreement will be presented to everyone at the same time.

Mr. Faivre moved to defer the "Approval of Labor Contract with the Metropolitan Alliance of Police, Local Chapter #318" directly to the County Board for action, including a recommendation to hold an Executive Session at the meeting to allow a full discussion by the entire Board of the specifics of the proposed contract. Mr. Osland seconded the motion and it was approved unanimously.

ADJOURNMENT

It was moved by Mr. Osland, seconded by Ms. Leifheit, and it was carried unanimously to adjourn the meeting at 8:23 p.m.

Respectfully submitted,

Tim Bagby, Chairman

Tasha Sims, Recording Secretary

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.

Liability Claims History
Frequency & Severity of Claims
Fiscal Years 2008 to 2019 Year-to-Date
Claims Incurred Basis
as of 11-01-2019

LIABILITY & PROPERTY DAMAGE CLAIMS																				
Year	<u>\$0 Claims</u>		<u>\$1 to \$1,000</u>		<u>\$1,001 to \$2,000</u>		<u>\$2,001 to \$5,000</u>		<u>\$5,001 to \$25,000</u>		<u>\$25,001 to \$50,000</u>		<u>\$50,001 to \$100,000</u>		<u>\$100,001 to \$250,000</u>		<u>\$250,001+</u>		<u>TOTAL</u>	
	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount
2008	12	\$ -	11	\$ 6,667	1	\$ 1,674	3	\$ 11,673	0	\$ -	0	\$ -	1	\$ 65,738	0	\$ -	0	\$ -	28	\$ 85,751
2009	13	-	5	2,046	2	3,496	2	6,614	1	16,623	1	46,539	0	-	2	418,087	0	-	26	493,404
2010	7	-	4	1,654	7	10,107	3	7,617	1	12,895	2	54,406	1	70,297	0	-	0	-	25	156,976
2011	11	-	3	1,190	1	1,020	2	7,490	2	17,182	2	82,803	0	-	0	-	0	-	21	109,685
2012	13	-	4	3,078	2	2,369	2	6,887	2	26,622	0	-	0	-	2	314,648	0	-	25	353,604
2013	8	-	3	2,093	1	1,822	5	14,942	3	30,461	0	-	0	-	0	-	0	-	20	49,318
2014	11	-	5	1,910	1	1,431	3	9,803	4	34,957	0	-	0	-	0	-	0	-	24	48,102
2015	9	-	3	2,196	4	6,899	3	11,123	4	41,561	0	-	0	-	3	543,790	0	-	26	605,568
2016	9	-	4	1,751	0	-	3	13,274	1	5,860	0	-	3	225,804	0	-	0	-	20	246,689
2017	3	-	2	1,005	5	7,468	0	-	3	57,859	2	72,070	2	156,838	0	-	1	585,313	18	880,553
2018	7	-	2	1,154	3	3,912	4	15,119	3	27,971	2	72,571	0	-	0	-	0	-	21	120,727
2019 YTD	4	-	2	666	1	1,750	1	3,055	2	13,895	0	-	0	-	0	-	0	-	10	19,366
TOTAL	107	\$ -	48	\$ 25,411	28	\$ 41,948	31	\$ 107,597	26	\$ 285,885	9	\$ 328,388	7	\$ 518,677	7	\$ 1,276,525	1	\$ 585,313	264	\$ 3,169,744

Avg. Claim Value (Non-\$0 Claims) \$ 529 \$ 1,498 \$ 3,471 \$ 10,996 \$ 36,488 \$ 74,097 \$ 182,361 \$ 585,313 \$ 20,189

Workers Compensation Claims History
Frequency & Severity of Claims
Fiscal Years 2010 to 2019 Year-to-Date
Claims Incurred Basis
as of 07-25-2019

WORKERS COMPENSATION CLAIMS																				
Year	<u>\$0 Claims</u>		<u>\$1 to \$1,000</u>		<u>\$1,001 to \$2,000</u>		<u>\$2,001 to \$5,000</u>		<u>\$5,001 to \$25,000</u>		<u>\$25,001 to \$50,000</u>		<u>\$50,001 to \$100,000</u>		<u>\$100,001 to \$250,000</u>		<u>\$250,001+</u>		<u>TOTAL</u>	
	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount
2010	3	\$ -	15	\$ 9,517	9	\$ 12,449	9	\$ 27,652	5	\$ 51,163	2	\$ 79,752	2	\$ 194,552	1	\$ 124,874	1	\$ 396,968	47	\$ 896,927
2011	1	-	19	9,371	8	10,268	1	2,534	4	45,099	1	32,651	0	-	0	-	0	-	34	99,922
2012	5	-	33	16,057	9	11,672	4	11,272	8	90,838	0	-	0	-	0	-	0	-	59	129,839
2013	10	-	17	6,108	6	8,794	3	8,859	0	-	0	-	2	151,853	2	339,499	0	-	40	515,113
2014	4	-	18	8,967	7	9,945	5	19,039	3	43,058	0	-	0	-	0	-	0	-	37	81,009
2015	13	-	20	7,884	4	5,408	0	-	6	59,449	3	85,486	0	-	2	230,366	1	260,157	49	648,749
2016	15	-	16	6,725	2	2,652	2	6,485	2	24,026	1	49,978	0	-	0	-	0	-	38	89,867
2017	29	-	25	10,394	3	5,296	5	13,298	4	44,077	0	-	1	96,169	0	-	0	-	67	169,233
2018	34	-	16	6,168	7	9,104	7	20,150	1	6,459	1	25,229	0	-	0	-	0	-	66	67,109
2019 YTD	6	-	4	1,655	8	10,241	13	37,074	4	29,909	0	-	2	169,641	1	115,403	0	-	38	363,924
TOTAL	120	\$ -	183	\$ 82,846	63	\$ 85,828	49	\$ 146,362	37	\$ 394,078	8	\$ 273,095	7	\$ 612,215	6	\$ 810,143	2	\$ 657,125	475	\$ 3,061,693

Avg. Claim Value (Non-\$0 Claims) \$ 453 \$ 1,362 \$ 2,987 \$ 10,651 \$ 34,137 \$ 87,459 \$ 135,024 \$ 328,562 \$ 8,624

DEKALB COUNTY GOVERNMENT

Purchasing and Award of Contracts Policy

Approved: August 21, 2013

Effective: October 1, 2013

Modified: October 15, 2014, June 20, 2018

I. Policy Statement

It is the policy of the County Board to procure services, materials, equipment, and supplies essential to the delivery of governmental services through the use of an open process and truly competitive practices, and to award contracts to qualified vendors who provide the best value for the desired contracts. Within that context, the County recognizes that the price charged is a significant determining factor in the selection of the bidder. However, price needs to be defined in the broad context of longevity, functionality, reliability, responsiveness, service, and trust. These factors can vary with the type of services, materials, equipment, or supplies being sought, as well as with the type of contract to be awarded.

II. Purchasing Guidelines

- A. All procurements of services, materials, equipment, and supplies shall be conducted in accordance with all applicable State Statutes including but not limited to 55 ILCS 5/5-1022 and 720 ILCS 5/33E, as well as all Federal laws and applicable County policies.
- B. The procurement of any services, materials, equipment, and supplies, other than professional services, in excess of the limits established by State Statutes shall be by a competitive bidding process which will not require approval by the County Board if let to the lowest responsible bidder.
- C. Sole source procurement is allowed subject to prior approval by the Finance Director, and provided an attempt is made to identify multiple vendors or providers of services, materials, equipment, and supplies.
- D. The procurement of professional services primarily involves areas of advice and consultation. Trust and confidence with the provider of these contracts takes precedence to price. Long-standing relationships are not discouraged, as issues are often handled over multi-year periods and similar issues re-surface through the years. Professional services contracts shall be awarded based on a Qualifications-Based Selection process. Examples include accounting/auditing services, engineering services, architectural services, etc.
- E. Monies for contracts to be awarded must already be appropriated in the annual budget. New contracts or existing contracts that will require supplemental appropriations at the object level must be approved by the County Board.

- F. The duration of contracts may not be for more than three (3) years unless a longer term is beneficial to the County and is approved by the County Board.
- G. Multi-year contracts should, whenever possible, either have a termination clause for non-funding in future budgets or should be subject to a revenue source that does not need to be renewed (such as the sale of bonds).
- H. Subject to all Federal, State, and Local laws, statutes, and regulations, purchases made through Federal, State, and Local joint purchasing programs and cooperative purchasing programs are allowed provided competitive selection procedures are used by the applicable program. Examples include purchases of bulk rock salt, vehicles, and other commodities and services through the State of Illinois Joint Purchasing Program, and purchases of insurance services such as general liability, workers compensation, property, health, dental, and life through a governmental pool or cooperative.

III. Awarding of Contracts

- A. If the contract is for services, materials, equipment, or supplies related to the fulfillment of responsibilities that an appointed Department Head has been delegated, then that contract should be awarded by the Department Head unless County Board approval is required per another section of this policy. However, appointed Department Heads shall be precluded from awarding any contracts within the last 120 days of their tenure. Examples include health insurance consulting, worker's compensation administration, employee flexible spending account administration, cleaning services, energy management, equipment purchases, and software maintenance.
- B. The County Board shall approve the procurement of any services, materials, equipment, and supplies, other than professional services, in excess of the limits established by State Statutes in cases where a competitive bidding process was not undertaken due to an emergency or other allowable and unforeseen circumstance.
- C. Contracts for direct communication to the County Board or for the new construction or significant alteration of a building or other infrastructure must be approved by the County Board. Examples include contracts for the annual financial audit, architectural services, etc.
- D. Although Elected Officials are not subject to this policy other than as it pertains to Federal and State laws, they are encouraged to follow County policies as well. Accordingly, whenever possible, Elected Officials should strive not to award any contracts within the last 120 days of their term of office. Additionally, Elected Officials should strive not to award any contracts that extend beyond their current term of office with the exception of a 120-day transition period for continuity purposes.

- E. If the contract is for legal advice, then the State's Attorney, in accordance with the statutory authority granted to the State's Attorney, must award the contract. The State's Attorney is encouraged to receive input on the retention of outside legal counsel from the appropriate parties including the County Administrator. Examples include representation for worker's compensation claims, labor negotiations, and bond issuances.
- F. If the contract is for a responsibility of a Department that operates under the direction of a Board that is autonomous from the County Board, then those contracts are subject to the rules of the autonomous Board. However, no contract may obligate the County Board to any financial commitments beyond what the County Board has approved in the Annual Budget or Annual Property Tax Levy without the formal prior approval of the County Board. Examples include Public Health, Mental Health, Nursing Home, and Veteran's Assistance.
- G. If the County is the recipient of a grant or funds from the State or Federal government, the County, prior to awarding any related contract, shall require of any contractor or subcontractor a certification that it is not suspended or debarred from receiving State or Federal funds.

IV. Administering the Policy

- A. The Finance Director shall issue administrative procedures to be followed by departments to ensure this policy is adhered to and shall update such administrative procedures on a periodic basis as the need arises.
- B. An annual listing of contracts awarded by Departments should be submitted to the County Board, via the Finance Committee, with the Department's annual budget request. The Finance Department shall be the central repository for this contract inventory and the Finance Director shall compile and submit the inventory, including expiration dates, at least annually. Accordingly, upon the effective date of this policy, Department Heads shall submit a copy of each existing contract to the Finance Department, as well as a copy of each contract renewal or newly awarded contract thereafter.
- C. Bid summaries will be reported quarterly to the Finance Committee summarizing all contracts awarded during the prior quarter including justifications for all contracts not awarded to the low bidder, all contracts awarded as a sole source contract, and all contracts exceeding the budget amount at the object level.
- D. Department Heads may request a waiver of any section of this policy or the associated administrative procedures by action of the County Board.