

DeKalb County Government
Sycamore, Illinois

**Finance & Administration Committee Minutes
October 4, 2023**

The Finance & Administration Committee of the DeKalb County Board met in Sycamore, Illinois on Wednesday, October 4, 2023. Chair Scott Campbell called the meeting to order at 6:30pm. Those Members present were Tim Bagby, Jerry Osland, Christopher Porterfield, and Ellingsworth Webb. A quorum was established with five members present and two absent. John Frieders arrived at 6:35pm and Rukisha Crawford arrived at 6:40pm.

APPROVAL OF THE AGENDA

Osland moved to approve the agenda. Porterfield seconded the motion and it was carried by voice vote, with all votes cast in the affirmative.

APPROVAL OF THE MINUTES

It was moved by Bagby, seconded by Porterfield and it was carried by voice vote to approve the Minutes of the September 9, 2023, Finance & Administration Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

RESOLUTIONS

Resolution R2023-099—A Resolution Authorizing the County Board Chair to Execute a Deed of Conveyance for Parcel Number 13-35-201-009, Located in Shabbona, Illinois, to Gary Lintereur, in the Amount of \$5,100.00.

Resolution authorizing The County Board Chair to execute a deed of conveyance. The County of DeKalb, as Trustee for the Taxing Districts therein, has undertaken a program to collect delinquent taxes and to perfect titles to real property in cases in which the taxes on such real property have not been paid, pursuant to 35ILCS 200/21-90. This proposed resolution is to authorize the Chairman of the Board to execute such deeds of conveyance of the County's interest or authorize the cancellation of the appropriate Certificate(s) of Purchase, as the case may be for the following Resolution to be paid to the Treasurer of DeKalb County Illinois, to be disbursed according to law.

Porterfield suggested that it would be helpful if the Committee were to be provided with a common address for the subject properties. Liam Sullivan shared an overview of the parcels using the interactive tax map that is available on the County's Website.

It was moved by Porterfield, seconded by Osland and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-100—A Resolution Authorizing the County Board Chair to Execute a Deed of Conveyance for Parcel Number 11-03-176-001, Located in DeKalb, Illinois, to Alicia Angelica Panganiban and Daniel Panganiban, in the Amount of \$927.00.

Resolution authorizing The County Board Chair to execute a deed of conveyance. The County of DeKalb, as Trustee for the Taxing Districts therein, has undertaken a program to collect delinquent taxes and to perfect titles to real property in cases in which the taxes on such real property have not been paid, pursuant to 35ILCS 200/21-90. This proposed resolution is to authorize the Chairman of the Board to execute such deeds of conveyance of the County's interest or authorize the cancellation of the appropriate Certificate(s) of Purchase, as the case may be for the following Resolution to be paid to the Treasurer of DeKalb County Illinois, to be disbursed according to law.

It was moved by Bagby, seconded by Webb and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

Resolution R2023-101—A Resolution Forwarding the Payment of County Claims for October 2023, and Off-Cycle Claims Paid During the Previous Month, Including All Claims for Travel, Meals, and Lodging, to the County Board for Approval.

It was moved by Porterfield, seconded by Crawford and was approved by voice vote, with all votes cast in the affirmative, to forward the Resolution to the full County Board recommending their approval.

OLD BUSINESS

Chair Campbell asked the Committee to revisit the FY2024 Preliminary Budget & Recommendation due to the recent deferral of a decision on a Certificate of Need for the sale of the DeKalb County Rehabilitation & Nursing Center (DCRNC) by the IHFSRB.

Campbell explained that it appears that if the DCRNC were to be maintained under County ownership, the County will need to come up with a financial plan that would subsidize the DCRNC without relying on internal borrowing. He explained that multiple parties, including himself, have come up with financial/business models that would work get the DCRNC at a financial break even point and that all of those models require multiple years. Campbell explained that he estimates that as a conservative best case, the DCRNC will need a subsidy of approximately \$2 million in FY2024, and that is if the models are implemented fully.

Campbell explained that in the worst case, the census will remain the same, expenditures will continue trending upwards, and the facility will require a subsidy of \$3 million in FY2024. He explained that it is his opinion that the County needs to plan for at least a \$2 million bleed for FY2024 and proposed changes to the FY 2024 Proposed Budget to free up \$2 million to cushion the reserve funds so that the DCRNC can be subsidized. He explained that there are American Rescue Plan Act funds that could be used to subsidize the DCRNC but if the County were to decide to sell the facility at a later date, those funds would be required to be put in escrow to pay off the bonds that were used to pay for the expansion, as well as other exit costs.

Frieders stated that he believes that if County Board were to subsidize the Nursing Home, it would not accurately portray the budgetary deficit that the facility is projected to experience. Campbell explained that he feels that budgeting for a subsidy would make the financial shortcomings of the facility more transparent.

Brian Gregory explained that he has spoken with Jordan Healthcare about the Business Plan that they are preparing for the DCRNC. He explained that the plan will be finalized by the end of the week and will be a two-year plan that starts on January 1, 2024. Gregory stated that he anticipates a softening of the losses over the span that the plan covers and that the projected losses for FY2023 amount to approximately \$2.6 million. He stated that he believes \$2.6 million should be the starting figure if the County Board were to budget for a subsidy for the DCRNC. He stated that a lot of progress has been made to reduce the annual losses from \$4 million to \$2.6 million but this is largely due to a decrease in census. He explained that expenses could increase as the census increases and that the plan is based on increasing census and in-house staffing.

Campbell stated that when expenditures are reduced, typically, the first 80% of cuts are rather painless but the last 20% of cuts are painful. He stated that after considering Mr. Frieder's comments, he agrees with them because if the County Board were to subsidize the DCRNC, it may be assumed that the facility is able to sustain itself. He agrees that it may mask the budgetary deficit but it is import to safeguard the finances of the County.

Frieders stated that he is concerned about the facility relying on a subsidy to support operations beyond FY2024. Campbell stated that the messaging will need to be clear, direct, and well communicated that the subsidy is not meant as a long-term solution and while the message is difficult, it is important to plan for this subsidy because the facility will need the money whether it is budgeted or not.

Brian Gregory shared a recapitulation of the ARPA funds that the County has received. The County anticipates \$20,375,013 of ARPA funds to be available in total. To date, the County Board has allocated \$4,160,670 of those funds. By the end of FY2024, it is projected that the County will have provided the DCRNC with a total of \$9,860,000 in internal support loans, which will be repaid using ARPA funds. If the Board were to use \$2.6 million in ARPA funds to subsidize the DCRNC in FY2024, the total remaining, unallocated ARPA funds would amount to \$1,441,293.

Campbell stated that until the County sees some results from Jordan Healthcare's Plan, the County needs to anticipate an addition subsidy of \$2 million being needed in FY2025 and it would be unwise to spend the ARPA funds when they may be needed in the future. Gregory clarified that these are one-time funds.

Campbell stated that he has a plan for changes to the budget that would free approximately \$1 million. They are as follows:

- Hold the line on taxes – the proposed FY2024 budget assumes an average property value increase of 6.5%. If the County holds the line, the tax rate would be reduced by 6.5% rather than the proposed 7.5% reduction.
- Reduce the proposed increase to non-personnel related expenditures.
- Defer Human Resources Director Position to FY2025.
- Defer Specialized Attorney Position in the State's Attorney's Office.

Campbell expressed that he feels these changes can be done without major disruptions to County Operations in FY2024 and budgeting for the deficit is the financially responsible thing to do.

Frieders stated that it is wrong to withdraw the proposed reduction of the property tax levy and the Board should find another way to fund the gap that does not require taxpayers to directly subsidize the care of the nursing home residents. Campbell echoed that by saying that this option would require approximately

100,000 people to pay for the care of 100 people. Frieders continued by saying that he struggles with the idea of subsidizing the nursing home because it has been ongoing for a number of years.

Campbell stated that he agrees and understands that the County does not know the full extent of what has already been given to the nursing home to support the operations, and this would force a lot of people to pay for a few people's care, but the facility will still be operating at a deficit and need a subsidy one way or another.

Frieders said that the County should not use this as an opportunity to show the public that the DCRNC is not profitable and that another solution needs to be found. Campbell stated that kicking the can down the road is not an option. Frieders stated that the County Board needs to hear Jordan Healthcare's business plan before making a decision.

Campbell said that he agrees that the Board needs to see the plan but a plan is only a plan. He also stated that showing a loss is important but the County needs to understand all of the options, including selling the facility and closing it if the facility continues to bleed funds. Frieders stated that he thinks the facility should be sold but does not believe there is a market for it at this time.

Osland stated that a referendum needs to be discussed as well as what options the County has if the referendum fails.

Webb stated that the facility is in a position where it is drowning and the Board needs to decide if they should be thrown a life jacket. Osland asked how much the metaphorical life jacket costs. Webb stated that the Committee has already heard the numbers and the Board needs to decide if it wants to subsidize the facility or loan the facility money because it is not going to stop losing funds.

He also stated that another question should be how long the County Board is willing to subsidize the facility and that a referendum would not take place until November of 2024. If the referendum passes, the funds would not be collectible until 2025. He went on to say that the County Board's goal was to provide the residents of the DCRNC with a place to live and if the Board does not find a way to subsidize the home, the Board will have to consider closing the DCRNC. He stated that the Board needs to discuss cuts to programs that will help more than 100 people.

Webb also said that the ARPA funds need to be invested in a program that will help the County in the future and that it is not responsible to use it to fund the nursing home. He also stated that it needs to be communicated to the public that this plan is a Hail Mary pass to save the facility and that if it doesn't work, the end result is the facility will close.

Osland stated the argument can be made that this plan is like putting a Band-Aid on a dead man and that subsidizing the facility is a waste of taxpayer money. He asked if it was possible to put the facility back up for sale again. Webb explained that the County will likely not get as high of a price for the facility. Gregory stated that this is a conversation that the County Board as a whole will need to have and the conversation should stay on the topic of finances.

Bagby stated that even if it is put up for sale again, the County Board will still need to have a plan for multiple years' worth of budgets in order to preserve the integrity of the General Fund's fund balance.

Campbell stated that if the County Board wishes to communicate the ongoing financial struggles of the facility to the public, the County Board needs to do so with a plan to fund the losses so that it can not be construed as the facility being self sufficient again. He stated that the best way to convey this message is to

hold the line on the tax levy. Frieders stated that he disagrees. Campbell said that the average tax payer does not look at the County's budget and will just assume that the issue has been taken care of. He said that the best way to communicate that message is through individual's tax bills.

Gregory explained that the General Fund Levy was increased by a lower percentage than the County's other levies and that in future years, it will be more challenging to continue that practice because it takes away the Board's flexibility.

Porterfield stated that the financial difficulties associated with the County continuing to operate the DCRNC behooves the Board to not only properly explain the situation but also plan for a way to cover the facility's losses.

Frieders stated that the issue of the facility losing money hasn't changed so the levy should not be raised from the proposed amount. Campbell explained that there has been a massive change because the FY2024 Budget was built on the assumption that the DCRNC would be sold and now the County Board needs to find a way to fund it.

Osland stated that the number has to have a firm estimate of the losses. Campbell agreed that the estimate and the plan from Jordan Healthcare need to be realistic. He stated that the County needs to plan for the losses and that he agrees with Frieders that he wants to find a way to not have this expense but it is unavoidable at this time. Osland said that the expense was previously out of the game but is now back in the game.

Crawford said that the Board should have never considered the DCRNC out of the game until the sale was finalized. Webb said that at some point, everyone on the Board was in favor of keeping the nursing home but keeping it and paying for it are two different things. He stated that the County is at a point that if the County burned through the ARPA Funds to fund the DCRNC, there is no way for the County to come out whole if the facility were to be sold in the future. Osland stated that it is unfortunate that more people are not aware of the financial issues of the DCRNC.

Webb stated that most home people understand that the County will need to find a way to pay for the nursing home if it is going to continue to operate it, which means funding for other programs will need to be cut in order to pay for it. He said that even if Jordan Healthcare's plan comes to fruition, it the facility will continue losing money for a couple years. Osland stated that Andrew Cutler from Jordan Healthcare told the Health & Human Services Committee that it is in the best interest of the DCRNC to be operated by the County but also that it will need to come with a subsidy from the County.

Bagby said that all of the new positions in the FY2024 Budget should be on the table when discussing cuts to the Budget, as well as the increases to department budgets and not giving a cost-of-living increase for the wages of non-union personnel in order to maintain the levy.

Gregory explained that part of the Jordan's plan includes giving increases in pay to the employees of the DCRNC in order to attract and retain staff. He said that the Board will have to face half of the County to say that the Board is not giving raises and is taking away positions in order to solve this problem. Gregory went on to state that he represents all employees and understands the big picture but the Board needs to keep other parts of the County in mind when discussing ways to solve this issue. He stated that a large amount of the staff of the DCRNC is represented by AFSMCE, which also represents two other union groups in the County. He said that if the DCRNC group gets a large wage increase, the other groups will want the same increases. He stated that this will lead to a huge compression issue and will have impacts all

throughout the County's organizational structure. He stated that staff will try to point out some of these impacts without taking a side, so that the Board is aware of some of the potential impacts.

Campbell asked what the timeline is for amending the FY2024 Budget. Gregory stated that the most important thing is the publication of the proposed levy and there are potential legalities associated with publishing a lower proposed levy than what the Board approves. Campbell went on to ask that Gregory look into ways that the levy can be increased from what was approved in the proposed FY2024 Budget. Gregory stated that the publication can potentially be delayed. Campbell stated that he would like it to be delayed so until after this Board cycle is completed so that the County Board may discuss this as a whole.

NEW BUSINESS

There were no new business items.

ADJOURNMENT

Osland moved to adjourn the meeting. Crawford seconded the motion and it was carried by voice vote.

Submitted Respectfully by Liam Sullivan