Ogle County Finance & Insurance Committee Meeting
Tentative Minutes
****Special Meeting****
Wednesday August 26, 2009 5:30 p.m.

1. Call to Order at 5:32 by Chairman Lyle Hopkins. Members present: Diehl, Kenney, Rice, White, Gronewold, Saunders. Also present: Fred Horner, Jason Bauer, Bob DeArvil, Jim Barnes, Larry Boes, Lynne Kilker, Kim Gouker, Ron Colson, John Coffman, Ben Roe, Marty Typer, Sheriff Beitel, Doreen O'Brien, Meggon McKinley

2. Public comment –
    a. An employee of the Probation Department expressed concern about the budget challenges facing the county and employees. Noting she came from Winnebago County in 1994 to raise a family in a safe environment, she is concerned that budget cuts, particularly in Probation and Focus House, could result in compromises in safety. She noted that she does not want to see Ogle County become like Winnebago County where she has experienced impersonal and rude service. She noted the Ogle County employees are doing their best and would hate to see public service sacrificed and probation cases unsupervised.
    b. An employee of the 911 Communications Center noted she has been an employee for 25 years and has traveled to many other counties where service is nothing like we provide in Ogle County. She noted that the 911 Center handles 1600 – 1700 calls per month, and if people are laid off, these call could potentially go unanswered, risking law suits like Winnebago and Boone County have experienced. She advised the committee to evaluate the possibility of using public safety funds before making staffing cuts.
    c. A local fireman voiced concern on behalf of fire and EMS personnel since he has experience working with the dispatchers and police. He noted concern hearing of potential cuts in Ogle County because he doesn't believe they have enough staffing to properly patrol the roads as it is. He notes that fire and EMS personnel rely on them to get information quickly and accurately, and wonders how people will be replaced if overtime is cut. He challenged everyone to look at other places for cuts since dispatchers and police are so critical.

3. Ogle County 2009 & 2010 Budget – Review & Possible Action
    a. Meggon McKinley provided a budget recap focusing on past General Fund budget trends, current options requested by the Finance Committee, and a summary of progress to setting a balanced budget. She reported that the directional survey provided by the board indicated the top preferences for reductions focused on hiring freezes, salary/wage freezes, wage concessions, OT elimination and unpaid or reduced pay holidays. Layoffs were noted only as a last resort option. Regarding current options for balancing the budget, the following ideas were quantified:
        i. Wage freezes = $0 growth
        ii. 3% wage concessions (pay cut) from unions with steps = approx $200,000 in reductions
        iii. 1 unpaid day per year by all employees = approx $30,000 in reductions
        iv. 5 unpaid days per year by all employees = approx $150,000 in reductions

v. Eliminating OT = approx $275,000 in reductions (although OT is very difficult to completely eliminate)
vi. Early retirement for 30 eligible IMRF and 3 SLEP employees = approx $1,806,444 salary savings, but would have to fund $2,400,000 retirement contribution, likely paying over 12 years via increased levy. To be a savings, departments would need to ensure positions were not filled, or filled at a much lower salary, which would be very difficult to achieve.
vii. Layoffs to bring the budget to 2006 levels would require a $1,300,000 salary reduction, or 40-50 FTE. The unemployment cost of this solution would be about $694,200 (50 employees x $13,884 unemployment max).
viii. Other revenue sources were also discussed on a short term basis - $655,000 solid waste fund balances to cover building & maintenance costs (non-salary items, including $55,000 Focus House utilities).

b. McKinley then presented a summary of possible options to achieve a balanced budget based on department head reduction efforts to date, preferences noted through the board's directional survey, and the Finance Committee's consideration of the solid waste fund:
   i. $265,000 in 2009 net department operational reductions
   ii. $380,000 in 2010 net department operational reductions (assumes $0 wage increase for all)
   iii. $200,000 2010 union wage concessions
   iv. $150,000 2010 unpaid furlough time (all employees, 5 days total each)
   v. $655,000 short term buildings & grounds expense funding from solid waste fund
   vi. This brings a total reduction of $1,650,000 which lands in the middle of the Finance Committee's request for a 10-15% reduction against 2009 expense budget

c. Discussion followed:
   i. Chairman Hopkins asked what the committee thinks about using the solid waste fund excess balance. Saunders clarified that in November 1999, a resolution was passed requiring the county to keep $2million in that fund in case of emergency closure of the land fill. Since that time, we've gained interest and Steve Rypkema has put the Solid Waste department's unspent money back in the fund. The balances are about $3.5million now. The resolution notes the $2million is to be used for environmental things that threaten the public health and welfare, or threatens water, as determined by the Ogle county board. Saunders noted that if the unions agree to wage concessions, and if we take buildings & grounds minus salaries, we could avoid endangering the health and welfare of the citizens by avoiding layoffs, which will require working together. Saunders noted she has talked to past board members that were on the Solid Waste committee (Jerry Daws, Betty Gocken, Shirley Clayton, specifically) and they indicate this is a situation where the funds could be used. Saunders also noted she spoke with Steve Rypkema, who has done a very good job of managing the solid waste funding. His opinion is this would be more of a "band aid" fix, at best. Saunders noted we could use it for one or two years, until we can get other sources of funding. She noted that other county board members have come up with other ideas, but they aren't immediate- some ideas will take

negotiations with other communities, and even if we considered tax levies, it wouldn't hit until 2011. Saunders noted she'd like to see what Ed Rice and Meggon McKinley can negotiate with the unions because if we can get the union concessions, and we can put the $655,000 in, we can meet the 2009 and 2010 budget problem.

ii. Ed Rice noted that he polled the Finance Committee members about this option, and met informally with FOP representatives to communicate what we'd like to ask from that particular union. He indicated we will have to notify them in a letter that we want to negotiate. He noted we have to also have work with other unions and see if we can get the concessions to meet the numbers. Furloughs were then discussed and Rice noted they are difficult to implement. He challenged the Committee and the Department Heads to search out options for making furlough days, or the budgetary equivalent, work. Rice noted he supports Saunders' recommendation for 2010 only, and that the resolution would need wording that ensure the board reviews and addresses it each year, particularly so new board members that come on can learn about why we're doing it and what is needed each year.

iii. Skip Kenney noted while he is not familiar with every department, he does not believe we are overstaffed and agreed furlough days could be difficult – suggested maybe day rotations for employees. He also noted he would support use of the funds if the unions agreed to concessions, but that he would not want to see the money become part of a permanent operating fund. He agrees this is an emergency situation where we have to provide services to the community by keeping the team in place. He reminded everyone the situation is no one's fault, and that we are likely in better shape than other counties, even though things are likely to get worse before they get better.

iv. Paul White noted that since 1994 when the first resolution was set, we've likely lost 30% of our buying power, which means what would have taken $2million to clean up then will likely take $3million to clean up now. His concern about the federal government printing and borrowing money is that in 2012, we're likely to see another 30% loss of purchasing power. And by playing catch up with 2009 revenues, we need to first ensure bare bones cuts are made to get the budget in line. White also asked if using the fees for this purpose would put the fees on the table for future union and Exelon negotiations. He wonders if the tax payers would protest because it could become a source of revenue for the general fund, and we'd be shooting ourselves in the foot down the road. White asked if any union reps could talk with him about this perspective so he could understand their thoughts on this matter.

v. Rich Gronewold noted he can't support this without union concessions. The presentation charts show that revenue and expenses always match line for line, and that it's unreal how we jump $2m every year in revenues and the expenses jump too. He noted a desire to see other possible reductions first, that wouldn't cause loss of service to the tax payers. He noted he could possibly support this, but not without union concessions. Saunders agreed that without concessions, it doesn't work- they have to be hand in hand. She also reminded people that laying off employees in Ogle County doesn't make our economy any better because it reduces income tax, sales tax and other things further.

vi. Ed Rice noted if we can move forward together with this solution, it will give us more time to identify true saving opportunities for the coming years that we may have overlooked in the past. Saunders suggested an energy audit, noting how utility bills have ballooned, and how we used to have max heat and cooling levels in our buildings, which we might need to revisit. She noted that other people must have good ideas, like turning off the computer at night, and considering options of being able to better collect fees that are due. She noted that having Meggon McKinley working with the Department Heads in the next year will be a help since we've been without an administrator for so long.

vii. Gronewold then noted that it bothers him that we, as a County Board, have let down on our technology, networking, communications. It seems in committee meetings, we okay all these things and the amount we pay technology providers is very high! He noted that all of us need to do a better job to expect more out of these people. McKinley noted she is working to address any centralized services streamlining opportunities, such as technology services, purchasing power, etc. McKinley was asked if she believes all of these options on the table would get us to the numbers we need to hit to balance the budget, and she said yes.

viii. John Coffman noted that he needs at least $1million in reserves at any time to make cash flow requirements, and after that, he would have to borrow funds. He reminded the committee that cash flow has been up and down over the years due to timing of payments, uncertainty of state reimbursements, like this year's States Attorney reimbursements. These things impact our ability to make cash flow needs, and McKinley reminded the group that just because a fund has a balance sitting there doesn't mean it's not spoken for. She also noted that while the $655,000 solid waste funding solution would be a significant contribution, it would not be all the contribution the Board would need to make with the current operational reductions on the table. There would need to be some additional General Fund contingency transfers, depending on the timing of revenues and expenses. Coffman noted in 2009, he would be able to cover $350,000 of excess funding needs and would possibly have $650,000 for the next year, but would have to run further analysis to identify at what point the County would have to borrow funds from itself.

ix. White then noted that if he were a union employee being asked to make wage concessions, he'd consider it, but the first thing he'd ask is if the department I'm working in has made the maximum reductions possible. White then also suggested that we consider looking at a loan of the Solid Waste funds, instead of just a transfer. He noted we've done this with the Oregon Park district when there was an issue of the tax levy. This solution could provide better separation of funds use.

x. Skip Kenney motioned that Chairman Rice and Meggon McKinley make official contact with the unions to negotiate the appropriate concessions to meet the desired expense reductions, and if that is accomplished then the Board would commit to making the $655,000 available from the Solid Waste fund, not to exceed the 2010 budget year. Ed Rice 2nd. Discussion followed regarding the timing of such union discussions, with the prevailing thought being it would need to be after the 9/15 Board vote on whether or not they are willing to apply the Solid Waste fund monies to the budget. Rice noted this motion doesn't

commit us unless we are successful with the wage negotiations. Coffman notes there would be no problem structuring the arrangement as a loan. Boes clarified we have $15million in bond obligations on the Judicial Center, Orchard Hills land fill projected for 13.5 more years, and fluctuating land fill fees based on ups and downs of the economy. He notes concern of opening Pandora's Box. Saunders notes this would not be taking new host fees, rather the past interest and unspent funds in the balance above the $2million balance requirement. She also noted this is not Long Range Planning money. It's the money that hasn't been moved into the Long Range Planning fund. Role call vote: White, no. Rice, yes. Diehl, yes. Saunders, yes. Kenney, yes. Gronewold, no. Hopkins, yes. (5 yes, 2 no) Motion carries.

d. Circuit Clerk Budget - McKinley asked the Finance Committee for a decision on how to handle the $28,000 salary overage in the Circuit Clerk's budget. Rice notes that he is not comfortable supporting additional funding when we're asking every department for reductions, and all have stepped up to the plate to meet the funding reduction requests some how. Rice motions to deny the $28,000 funding shortfall of the Circuit Clerk's salary budget for 2009. Diehl 2nd. Discussion followed with White asking what the repercussions are if they don't have the money- will they have to lay off people. Rice notes he doesn't know, but he would expect bare bones reductions in other places to find money for salaries as other departments are doing. Kenney notes he can't support funding an additional $28,000 to make up for the salary shortfall. Marty Typer noted the Finance Committee was informed of the details before the budget was set. He feels the committee knew the path that was set, and has all the information to make the decision. Bauer asks Typer why he can't spend from the Document Storage or Child Support funds. Typer indicated there are higher expenses hitting those accounts this year and that CASA funding comes from there as well. Rice noted five departments made CASA funding last year. Role call vote to deny the $28,000 wage funding: White, yes. Rice, yes. Diehl, yes. Saunders, yes. Kenney, yes. Gronewold, yes. Hopkins, yes. (7 yes, 0 no.) Motion carries.

e. McKinley then asked the committee which revenue target they want to set to help guide the next round of department budget submissions. The question is whether the targets should be based on the current projections or the revised worst case projections. White notes we don't want to ask for things we don't need. Rice notes each department has to assess whether the reduction options being requested can be done or not, e.g., trying to take furlough days or eliminating overtime in Corrections or other 24x7 departments. For instance, police on the scene getting off their shift can't just leave. He stressed that furlough or unpaid has to be worked out at the dept level. McKinley noted that these reduction ideas are tools to help the Board set the budgets while allowing the departments to manage to it how they see fit once the number is set. Kenny notes these remain options and Rice reminds the committee that this is a process; part of what must be talked about. Rice recommends setting the revenue reduction target for both 2009 and 2010 at $1,800,0000 (current projections – not worst case projections.) White asks Coffman what he is seeing on revenues now, and if he things they are at the bottom, or continuing to slide. Coffman indicates sales tax is not improving at all. Rice notes the Super Walmart in Rochelle is set to break ground in September and this project should be on the books next summer, brining in more sales tax revenue.

Hopkins asks if it will take revenues away from other stores, and Rice noted it would likely be outside of Ogle County. Coffman notes he was told the DeKalb wind mill projects will be getting cement from Monroe Center, generating positive sales tax. White asks if they are getting any tax abatements, but the committee doesn't think DeKalb has any available. Kilker asks if there would be a tax abatement on Walmart. Rice notes we haven't been asked, and would be reluctant to do so. Hopkins notes the railroad should be coming off the tax abatement shortly too. White notes there is no crystal ball for revenues; Coffman has run the numbers and White indicates he has too, noting he does come up with a $1million shortfall for 2010. He believes the current projections are about right stating he thinks things will be tough, but not that tough. He notes seeing a faint light of recovery in the economy and in the manufacturing end of things, such that he'd be comfortable with the $1,800,000 current projected revenue shortfalls between 2009 and 2010. He stated belief we'll be somewhere between $1.8 and $2.0 million down in revenues across 2009 and 2010 (compared to the revenue projections set for the 2009 General Fund.) Rice motions to adopt the $1,800,000 revenue shortfall projections for 2009 and 2010 with $12,343,000 being the target expense number for the 2010 General Fund budget. Saunders 2nd. Motion carries.

4. Meeting Adjourned at 7:03.

Respectfully submitted,
Meggon McKinley, Ogle County Administrator

Lyle Hopkins – Chairman