

WILL COUNTY BOARD
COMMITTEE OF THE WHOLE MINUTES

November 10, 2011

**(Immediately following the Forest Preserve District of Will County Meeting,
but not prior to 9:45 a.m.)**

302 North Chicago Street
County Board Room
Joliet, IL 60432

CALL TO ORDER

Mr. Moustis called the meeting to order at 11:25 a.m.

ROLL CALL

Present were Members: Bilotta, Adamic, Deutsche, Howard, Singer, Weigel, Dralle, Hart, McPhillips, Kusta, Maher, Traynere, Argoudelis, Goodson, Smith, Gould, May, Rozak, Konicki, Zigrossi, Brooks, Stewart, Winfrey, Babich, Wilhelmi and Moustis.

Absent were Members: None.

Also Present: B. Friefeld and M. Johannsen.

Present from State's Attorney's Office: M. Tatroe and M. Manning.

PLEDGE OF ALLEGIANCE

Mr. Gould led the Pledge of Allegiance.

APPROVAL OF MINUTES

No minutes were presented for approval.

OLD BUSINESS

NEW BUSINESS

Referendum for Proposed County Aggregation of Electrical Load Program

Mr. Moustis indicated many of the board members have asked that we take this issue up. We will have a quick presentation of the program.

Mrs. Tatroe stated a draft ordinance was distributed that would allow the question of should the county establish an electrical aggregation program, whether residents would be allowed to opt out. The alternative is that you would develop a plan and residents would have to opt in. About a year ago legislation was passed that allows

municipalities and counties to aggregate electrical load, which then allowed them to bid out and enter into contracts with benefit of residential and small commercial retail customers to obtain electricity on their behalf at a lower cost. The first step is to put the referendum question on the ballot to determine whether they prefer an opt-out program. Once that happens you would develop a plan for how you would go about developing the aggregation program. Then another ordinance would be passed establishing the plan itself.

Mr. Moustis noted the Will County Governmental League is pursuing this; they have already selected a potential vendor. Leadership has talked to the Governmental League; we would probably combine with municipalities. We would basically have one group out of Will County to leverage our bargaining power.

Mr. Bilotta arrived at this juncture.

Mr. Hugh O'Hara gave a PowerPoint presentation on the electrical aggregation program. Currently, there are 20 municipalities that have signed a letter of intent. The goal is to save money. If approved by referendum, residents can opt out before anything changes. It is a fairly simple process once you get through the referendum.

Mr. Thanas stated Joliet is planning on participating with the Will County Governmental League program. We did an analysis to make sure it would be beneficial for us; this should be a considerable savings to achieve for our residents. Joliet has 25% of the customer base; we are very positive and will be participating.

Mr. Moustis clarified this would be for the entire unincorporated area of Will County.

Mr. Bilotta stated the wording is specific by state statute; the only way to get real savings is in volume - by pulling everyone together. If the referendum passes, everyone would be in unless they choose to opt out. We have to educate the public; he feels it could be a tremendous savings.

Mr. Moustis indicated we will address this at the executive committee. The initial step is the referendum; if we get a positive result we will move forward. At this point we are approving asking to place it on the ballot. He thinks it is a benefit to residents and small business people. He likes the fact that \$27 million could be put back into local economy.

A motion was made by Mr. Weigel, second by Mr. Adamic, to place a resolution on the County Board Agenda to place the referendum question for the proposed county aggregation of electrical load program. On a roll call vote, Bilotta, Adamic, Deutsche, Howard, Singer, Weigel, Dralle, Hart, McPhillips, Kusta, Maher, Traynere, Argoudelis, Goodson, Smith, Gould, May, Rozak, Konicki, Zigrossi, Brooks, Stewart, Babich, Wilhelmi and Moustis voting yes with Winfrey abstaining. MOTION CARRIES.

Discussion Re: Draft of the Proposed 2012 Budget

Mr. Moustis stated this is all part of the process and hopefully we can complete this and adopt the budget next week. A lot of work and thought have gone into this; we have had some changes last week.

Mr. Rafac indicated he worked with Mrs. Johannsen last week to produce the second draft. There were several enhancements that happened in revenue and we were able to make positive changes on the revenue side – on the expense side fits into 3 broad categories. We consolidated the 9 new employees in ICT, maintenance and the federal lobbyist into county board contingency. We funded that at a 2/3 rate. The other consolidation occurred in increased accountability, which shifted funding in some corporate executive budget lines into County Executive's budget. There were also some reductions in some of those numbers; they were funded at 86%. The second major category on the expense side are transfers; we did reduce FICA and IMRF by \$487,000 so if we run short towards the end of the year we will have resolutions to transfer and cover any shortfalls. We did fund OPEB at \$2 million, which is the same level of funding for the 2011 budget; that will be 2 consecutive years of \$2 million funding. The third category falls into cuts; the bulk of those cuts, all in salary lines, happened in County Executive's budget and in the finance budget. The second category of cuts was utilities - the finance budget was reduced by \$480,000; Sunny Hill by \$60,000; gasoline is only \$7,000 above the contractual bid; there is an extremely high probability we will come back to the board for gas and water. That could be \$250,000 that would have to come out of contingency. The remaining cuts were scattered throughout county departments; they totaled about \$1.2 million; a lot of that was in travel, meals and lodging; they are consistent with the current year or prior year spending levels. On the capital side we were not about to shift anything additional other than the \$441,000 for gas to energy estimated revenue, which is not a proven revenue stream. Those are the major changes in the budget; in special funds we think we are in a much better position than where we have been in the past.

Mr. Moustis stated we will break this down into 2 presentations; the revenue side and the expense side. We will take comments on the revenue side.

Mr. Howard questioned what factor you are using on the revenue; are you being 25% conservative?

Mr. Moustis indicated we tend to focus on the real estate tax portion or the levy portion of the revenue of the budget, which only counts for about 1/3 of the revenue stream. There are different revenue streams. Some revenue streams are pretty certain; the real estate tax portion – we collect 99% of that. We know that is a real number. There may be some other revenue streams that become a bit of a guessing game; we know we will get it but we do not know when – we stay conservative on that side.

Mr. Rafac stated he cannot say it is conservative to a certain percentage; for the last several years we have used a conservative estimate for our revenue streams. We try to keep in mind with what prior year revenues are. The most variable revenue stream we have is the sales tax; in that area, using adjustments from the prior year have been a good estimate. We have a proven track record. The major change that happened on the revenue side in this budget is in the corporate fund; we reduced the levy by 1.35, which brought us in line with last year. We were able to make some big enhancements to the revenue side and also a big cut in one area. The enhancement was on the replacement tax revenue; for the last couple of years we were not receiving the replacement tax revenue we had historically – the estimates were way down. A little over a year ago the state started an amnesty program; so what was to be a \$3 million distribution – it turns out will be a \$4 million distribution. The other things that changed are probation and detention; probation was funded at a higher rate and detention at a lower rate. The biggest ticket item is the landfill host fees; we were not seeing the revenue stream that Waste Management was telling us; we received \$1 million for Laraway and that spend down is now complete. We also continue to look at the Circuit Clerk's fees and adjusted that down by another \$400,000; we will continue to watch that number. The net change on the revenue side is \$600,000 downward.

Mr. Wilhelmi noted Mr. Rafac and Mrs. Johannsen have done a tremendous job and we appreciate your efforts. We continue to talk about the real estate tax being 1/3 of the budget when in reality it is 50%. He still would like to see us increase real estate taxes slightly to account for not putting money in the capital line item. We approved a \$300,000 increase in taxes at the last meeting. A 1% increase in real estate taxes that

would help fund future capital needs is not out of the question and he thinks it is appropriate.

Mr. Adamic indicated Mr. Rafac and Mrs. Johannsen worked long and hard on this. He puts his faith in what you have done; his goal is a smooth transition. Last week we passed a rate that supports this budget. He would like a little bit of flexibility; with the rate we passed it does not contain new property. He would like the board to consider that and asked to put \$1.1 million into capital. He is not saying we have to spend it but it would be there for the "ifs." By putting the additional \$1.1 million it would help us look at some of the plans for our capital improvement plans; we will need a place for the new judges. By doing this the average tax payer will still see a reduction of \$10.58.

Mr. Kusta stated we had a lengthy discussion at the finance committee and everyone stated where they thought the levy number should fall. What came out is what is before you. The number supports the budget and he feel it is a good budget – that it is properly balanced and addresses all of the county needs. He believes most of the hard decisions were made last year. He feels comfortable maintaining what is before us is that we do have a little bit of cash; we have a policy where we have 24% to 26% of cash. We may be above that number there may be some flexibility in that dollar that we could use. He believes that we have \$1.1 million in cash that we could jump to if we need to as well as the contingency that is created for that purpose. He would like to see this board approve things the way they are. It is a responsible budget; we did not have to lay anyone off. We are not out of this yet; he asks everyone to maintain their conservative approach through 2012.

Mr. Moustis noted a number of years ago we passed a policy to maintain 22% to 25% cash reserve at all times; that is part of getting from one tax cycle to another. There are some additional dollars more than our normal cash flow cycle. Where do you think we are?

Mr. Rafac answered the policy is 22% to 26% with a 25% target level; the 25% target level would be \$43 million. Last year we ended close to \$50.8 million so we have a \$7.8 million level above that 25%. It is not something we would want to spend all at once. Because of the severance plan this year we may drop below the \$50.8 million but we do have a cushion.

Mrs. May asked regarding the new construction; does the majority of that comes from new business?

Mr. Moustis answered it is not necessarily new construction; there may have been more commercial development than before. There is a lag period so what you see come on the books is from a year ago. The assessed valuation is not broken down by residential or commercial. With new construction for one year it falls outside of the tax cap - that is the issue. After that it is part of the base – that is probably the best way to separate it.

Mr. Rafac commented this would be the only year we have not taken advantage of new construction.

Mrs. May questioned the \$7.8 million is what we would consider carry over.

Mr. Rafac replied that dollar amount is our cumulative carry over for as long as the county has been in business; that \$7.8 million is a cushion that we have built up for the long run. It would be conservative to talk about \$5 million.

Mr. Moustis indicated actually the carry over is \$50 million. The county board policy is 25% cash reserve and that is to keep our cash flow constant. The \$5 million is the excess above and beyond the 25%. We are slightly over funded in the cash account by policy; that money does become potentially available in the budget.

Mrs. May asked to find a place for the new judges; what lines does that money come out of?

Mr. Moustis answered those are capital projects. For judges' space you could have 2 sources. Currently we have pretty substantial cash reserves in the RTA sales tax account which is to be used for public safety and infrastructure. So potentially some money could come from there for new space for judges, some from other capital line items and some from cash reserves if we choose. Because it is a project that is less than \$7 million he would prefer to use cash reserves.

Mr. Rafac commented he agrees with everything Mr. Moustis said.

Mr. Adamic noted the contingency fund is essentially spoken for; there is not much in contingency. He still thinks we should put additional \$1.1 million in there.

Ms. McPhillips agreed with Mr. Moustis about not increasing; she does not think we can ask taxpayers for more money when we have \$5 to \$7 million in cash reserves. We did put \$2 million into OPEB; we do have a \$3 million capital fund as it is right now. We are in pretty good shape the way it is.

Mr. Bilotta stated government has never given money back so it is a task to say in case we need it or when we need it; that is not responsible. We have what we need to get through; we do have a master plan that will need some major capital improvements

over the next 20 to 30 years. We see things getting a little better; we have increased some revenue projections, which is a great thing. This will help us offset some of the increases of costs in health care that we have had. Income for people's homes came down 4%; we cannot go up – it is just not the right thing to do here. I cannot justify to taxpayers to increase the rate.

Mrs. Traynere left at this juncture.

A motion was made by Mr. Adamic, second by Ms. Winfrey, to put \$1.1 million into capital improvement item and to amend the rate to .5480 to include new construction. On a roll call vote, Adamic, Deutsche, Howard, Weigel, Zigrossi, Brooks, Stewart, Winfrey, Babich and Wilhelmi voting yes with Bilotta, Singer, Dralle, Hart, McPhillips, Kusta, Maher, Argoudelis, Goodson, Smith, Gould, May, Rozak, and Moustis voting no. MOTION FAILS.

Mr. Moustis stated now we will discuss the expense side.

Mr. Weigel questioned the expense for Stormwater Management that was eliminated; they had asked for \$90,000.

Mr. Rafac replied the \$90,000 was put into the County Executive's budget; there is still funding for Stormwater Management but it will require County Executive's approval.

Mr. Moustis noted this gives us more checks and balance.

Mrs. May questioned what was cut from the travel, meals and lodging.

Mr. Rafac replied the net cut in expenses was \$600,000.

Mrs. May commented we can still cut; if you can cut \$1.2 million and they still have money to go. She is not sold on consultants; she believes we can cut some more.

Mr. Moustis agreed with Mrs. May. We did cut some out of the County Executive's departments. The money was moved from department budgets for travel and subscriptions to the County Executive's budget to have more oversight; this will be addressed throughout the year. We did not address consultants; it is possible we will cut consultants.

Mrs. May addressed the phone issue.

Mr. Moustis stated we are looking at the policy on phones. We do know we will continue to address things in the budget. We know there are areas where we have not played a big enough role to help manage the budget throughout the year; we should have more influence throughout the year.

Mrs. May noted she still believes we should have money for capital improvements; we need to take more time in what direction we want to lead the county in.

Mr. Moustis commented he would support a quarterly or monthly committee of the whole to discuss the budget.

Mr. Howard addressed the comment that no jobs were cut. Were there positions that were not filled?

Mr. Moustis answered we do not approve a personnel budget; years ago we approved every single position. We fund a lump sum for salaries; we know it supports a certain number of employees. This budget represents no real increase in salaries; there is funding for some additional IT people that we need. We do not want to start talking about individual employees - we fund salaries. We have seen elected officials do whatever they want to manage those salaries; that is something we may have to address in the future.

Mr. Howard questioned if there were any changes in insurance co-pays.

Mr. Moustis replied that comes through bargaining. We as a board have not forced layoffs; the board's policy is to not fund positions that are currently open; that does not mean we will not come back and fund them. We used to fund those that were not filled and then the money would be divided for unintended reasons such as raises and benefits. It became our policy to not always fund those unfilled positions but we are willing to fund them later.

Mr. Howard asked about the furlough program.

Mr. Rafac answered for the first year of the furlough program there was \$186,000 savings. The number has been much lower since that first year.

Mr. Howard expressed concern that we will cut services somewhere; he does think there are other areas in the budget to cut.

Mr. Moustis stated the board has always tried to treat employees fairly with respect.

Mr. Maher indicated one of the things that Mr. Kusta has done at the finance committee is to make sure departments do not come at the last minute on shortages and want us to pay for that. This becomes a budget that is pretty solid. He agrees with Mrs. May; there are always places we can make some cuts. We have to keep in mind it is a process that has taken us 3 to 4 years - getting down to bare bones.

Mr. Wilhelmi indicated the capital projects that he was looking to try to fund in the capital line item are not current year; it is really to get something as an annual cost allocated towards future huge projects that we have to take on. Looking at when the jail was done, it would have helped if we could have put more away sooner; we started kind of late in the process.

Mr. Moustis commented he does think we have to address the Sheriff's facility sooner rather than later.

Mr. Kusta stated he thinks we are definitely in the right direction and hopes it passes next Thursday. Many thanks to Mrs. Johannsen for your effort and making us all so prepared. Mr. Rafac – we appreciate your efforts as well.

Mr. Moustis thanked Mr. Rafac, Mrs. Johannsen and Mrs. Hennessey for their collaborative and cooperative work; it is very much appreciated. He thanked the finance committee for all your work. He hopes we have a smooth process at county board.

ADJOURNMENT

A motion was made by Mrs. Rozak, second by Mr. Gould, to adjourn the meeting at 1:05 p.m. All in favor.

MOTION CARRIES.