WILL COUNTY BOARD

FINANCE COMMITTEE MEETING

MINUTES

February 1, 2011

Will County Office Building

County Board Committee Room

302 North Chicago Street

Joliet, IL 60432

8:30 a.m.

CALL TO ORDER

Mr. Kusta called the meeting to order at 9:36 a.m.

ROLL CALL

Present were Members: Maher, Dralle, Gould, McPhillips, Seiler, Wilhelmi and Kusta.

Absent were Members: None.

Also Present: County Board Chief of Staff Bruce Friefeld, Finance Director Paul Rafac, County Executive Chief of Staff Nick Palmer, Deputy Chief Nate Romeo, Will County Treasurer Steve Weber, Accounting Assistant Brian McDaniel and Diageo Conversion Strategy Director Jeffrey Hurlbut.

Present from State's Attorney's Office: ASA M. Tatroe.

PLEDGE OF ALLEGIANCE

Mr. Maher led the Pledge of Allegiance.

APPROVAL OF MINUTES

A motion was made by Mr. Gould, second by Mr. Wilhelmi, to amend the minutes from the January 4, 2011, meeting to reflect the absence of Mr. Kusta. All in favor.

MOTION CARRIES.

A motion was made by Mr. Maher, second by Mr. Gould, to approve the amended minutes from the January 4, 2011, meeting. All in favor. MOTION CARRIES.

OLD BUSINESS

None.

NEW BUSINESS

Request for Real Estate Property Tax Abatement for Diageo Americas Supply

Mr. Grueling explained Diageo wants to improve the plant by adding a 45,000-square-foot bottling hall; renovating the bottling offices, a satellite lab and a locker room; adding 22,000 square feet to the warehouse; and adding 24,000 square feet to the processing area. The project will create 50 new jobs.

Ms. McPhillips arrived at this juncture.

Mr. Grueling noted the request for a five-year/50 % tax abatement has been approved by the Plainfield School District.

A motion was made by Mr. Maher, second by Mrs. Dralle, to place a resolution on the County Board agenda to abate certain property taxes for Diageo Americas Supply. All in favor.

MOTION CARRIES.

Request for Year End 2010 Budget Clean Up #2

Mr. Rafac stated changes would continue up to the date of the board meeting. He spoke to Ms. McPhillips before today's committee meeting and now will not use the Victim Restitution Fund. Budget authority is being transferred to line items so each one is within expenditures.

Ms. McPhillips explained the Victim Restitution Fund is a "pass through" account created about 20 years ago.

Mr. Rafac stated the budget for the Victim Restitution Fund is $50,000 in revenue and expenses. The funding levels for Probation and Juvenile Detention were cut substantially this year. It was projected there would be short falls of $250,000 to $1 million. In both cases, the actual short falls weren't that large. Probation held the line on expenses and delayed filling some positions. In Juvenile Detention, the department cleaned up the short fall internally. The Circuit Court was also able to cover the short falls in the Public Defender's budget.

Mr. Maher asked for an explanation for the salaries that went over the budgeted amount.

Mr. Rafac replied the issue in the Probation Department was related to the amount of funding provided last year. The differential was $83,000. The department moved forward -- as did most entities in 2010 -- with a 2 ½ % adjustment to salaries. That is the primary reason they are over budget. Probation also offset by delaying hiring and trying to cover the short fall internally. In 2010, most were held to the same salary level as the prior year, but Probation and Detention were cut below those levels.

Mr. Moustis asked if the county made up the short fall in Probation caused by the state funding cuts.

Mr. Rafac replied no.

Mr. Moustis asked if the funding was restored by the state.

Mr. Rafac answered yes.

Mr. Moustis asked if the county revisited the issue.

Mr. Rafac replied no. The state did appropriate additional funds to Probation and Detention, but they did not come back to the board to appropriate those funds. The state has also recently restored more funding to Probation and Detention but the Finance Department has not come back to the County Board to appropriate those funds to this year's budget.

Ms. McPhillips suggested reviewing this issue every six months instead of once a year.

Mr. Rafac indicated the MOUs to do a salary adjustment typically don't happen until late in the year. As people separate during the course of the year -- as was the case in EMA -- the department has to cover the additional cost of paying the severance, the benefit buyout or vacation, so there always will be a small level of friction in the budget. Prior to 2010, those short falls could be covered internally within the departments' budgets. In 2011, it is not clear how those things will be covered. There is not explicit funding for step movement or overtime in 2011, and there still might be some type of unanticipated benefit buyout.

Mr. Wilhelmi stated the department heads should not expect the County Board will automatically add extra money to their budgets.

Mr. Kusta asked for a list of budgets that had been cleaned up internally and a list of departments seeking additional funding from the County Board.

Mr. Rafac stated Probation and the Public Defender's budgets were cleaned up internally within the broader judicial branch. Juvenile Detention cleaned up entirely within itself. The State's Attorney's office was the only exception. There is a pending transfer -- some stipends and two salaries were charged to the Corporate Fund when the Money Laundering and Drug Forfeiture funds did not have sufficient cash to pay those bills. There is a short fall in the State's Attorney's office of $48,822.39. During a discussion in January 2010, leadership decided to cover a short fall of $46,000 through Contingency funds. The remaining short fall of $2,822.39 could be covered by Contingency.

Mr. Moustis mentioned three deputies who had been working as investigators at the State's Attorney's office were reassigned to the Sheriff's Department. The County Board had not budgeted for the salaries of the private investigators hired to replace them.

Mr. Rafac explained the Sheriff received a 9-1-1 surcharge allocation grant of $128,000. Historically these grants were smaller, but they did not come to the Finance Committee for appropriation. In the future, these grants will be brought to the committee for appropriation. After appropriating the full amount of the surcharge, the short falls in the Sheriff's budget were covered. The FICA and IMRF numbers always have some variance at the end of the year, and some of it relates to benefit buyouts. There are special levies for FICA and IMRF, so there is

money in two County Board line items to cover these expenses. Additional correctional officers were hired at the end of 2010 to staff a new area of the jail housing female inmates. Despite this action, the budget still could be cleaned up internally after accounting for the appropriation of the 9-1-1 surcharge.

Mr. Kusta asked how much money was coming out of Contingency to clean up the budgets.

Mr. Rafac answered leadership agreed to use $46,000 from Contingency so the unanticipated funding totaled $2,822.39.

Mr. Kusta asked for information about rounds three and four of the budget clean up.

Mr. Rafac answered there still could be some small changes before the County Board meeting.

Mr. Moutis stated there could be some labor agreement obligations and settlements in 2011 to be addressed later in the year. The Sheriff's deputies are in arbitration dating to 2010, so the budget might need to be adjusted. It would be better to make those adjustments at the end of the year, however.

Mr. Rafac noted it is advantageous to wait until the end of the year to fund adjustments because at that point the County Board knows exactly how much money is needed; it also sends the message that extra funds might not be available.

Mrs. Dralle advised all elected officials and department heads should be in contact this year with Mr. Rafac to avoid any budgetary problems.

Mr. Rafac stated the big issue is the step adjustments. There have been meetings with the State's Attorney's office, the Sheriff's department and the judicial branches and some discussions about the importance of operating this year within the boundaries of the budget. The special funds are all being cleaned up internally. To adjust for the additional salaries at the State's Attorney's office to be shifted from the Corporate Fund to the Money Laundering and Drug Forfeiture Funds, an additional $10,000 will be appropriated to balance the Money Laundering and Drug Forfeiture Funds.

A motion was made by Mr. Wilhelmi, second by Mr. Maher, to place a resolution on the County Board agenda transferring and increasing appropriations in various county budgets to fund year end shortfalls. All in favor. MOTION CARRIES.

Request for Increase of Appropriations in Sheriff's Corp. Budget

Deputy Chief Romeo asked to increase the revenue and expense code in the Sheriff's Corporate Budget because of two Federal grants totaling $247,688.94 from the Illinois Department of Transportation. The money is broken into categories of salary, SLEP, FICA, mileage and travel. The grant covers DUI and traffic enforcement around various holidays.

A motion was made by Ms. Seiler, second by Mrs. Dralle, to place a resolution on the County Board agenda to increase Illinois Department of Transportation grant funds in the Sheriff's budget. All in favor. MOTION CARRIES.

Request for Transfer of Appropriations in Sheriff's Corp. Budget

Deputy Chief Romeo asked to have $6,708 in the Sheriff's existing budget transferred from Code 2540 Machinery and Equipment—small value to Code 4300 Machinery and Equipment to pay for the replacement of a metal detector at the courthouse.

A motion was made by Mr. Wilhelmi, second by Mr. Gould, to place a resolution on the County Board agenda transferring appropriations within the Sheriff's corporate budget. All in favor. MOTION CARRIES.

Request to Make Investment Policy Presentation

Mr. Weber stated the county's investment policy hasn't been changed since November 2007. The updated version includes ethical standards for the Treasurer and staff. There is also a competitive certificate of deposit program requiring if an investment is outside the county and is within 1/8th of 1% it will be brought to the county.

Mr. Wilhelmi advised he wasn't sure if he liked the terms of the competitive certificate of deposit program.

Mr. Moustis asked for a definition of Will County institutions and noted the Treasurer still was obligated to get the best return possible.

Mrs. Dralle asked for the number of banks defined as Will County Institutions.

Mr. Weber stated there were a half-dozen in the Treasurer's portfolio.

Ms. Seiler asked for a description of the criteria used to evaluate the stability of the institutions.

Mr. Weber stated the capital ratios and Texas ratios were being considered. In the past, there wasn't a list of criteria for banks. A performance measurement – a 90-day T-note – will be used to gauge performance and establish a benchmark to help minimize risk. The biggest concern was principle protection, not yield.

Mr. Kusta asked the Treasurer to have the competitive certificate of deposit program removed from the policy.

Mr. Weber agreed.

Request for County Executive to Execute Documents Related to Delinquent Tax Auction

A motion was made by Ms. Seiler, second by Ms. McPhillips, to place a resolution on the County board agenda authorizing the County Executive to execute necessary documents related to the delinquent tax auction. All in favor. MOTION CARRIES.

ANNOUNCEMENTS BY THE CHAIRMAN

Mr. Kusta stated there was a letter on each committee member's desk from Baker Tilly, the firm selected to do the county's outside audit. Any comments or suggestions should be submitted to the company.

ADJOURNMENT

A motion was made by Mrs. Dralle, second by Mr. Maher, to adjourn the meeting at 10:32 a.m. All in favor. MOTION CARRIES.