

Sharon K. Williams, District 1
Junior Watkins, District 2
Lynn Scott Pearson, District 3
Chairperson-Andrew A. Rand, District 4
Rachael Parker District 5
G. Allen Mayer, District 6
James C. Dillon, District 7
Phillip Salzer, District 8
Michael Phelan, District 9



Andrew A. Rand - Chairperson
R. Steve Sonnemaker, County Clerk

Vice-Chairperson -Stephen M. Morris, District 10
Mary Ardapple, District 11
Robert Baietto, District 12
James T. Fennell, District 13
Brian Elsasser, District 14
Carol Trumpe, District 15
Brad Harding, District 16
Thomas H. O'Neill, III, District 17
Paul Rosenbohm, District 18

**PEORIA COUNTY BOARD
COMMITTEE OF THE WHOLE
MEETING AGENDA**

Monday, November 9, 2015

4:00PM

Wildlife Prairie State Park - Log Room

2826 N. Taylor Road

Hanna City, IL

www.peoriacounty.org/countyboard

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- I. CALL MEETING TO ORDER**
- II. APPROVAL OF MINUTES**
 - **September 22, 2014**
- III. DISCUSSION:**
 - **Infrastructure and Infrastructure Funding**
- IV. MISCELLANEOUS**
- V. ADJOURNMENT**

DRAFT

COMMITTEE OF THE WHOLE
September 22, 2014
@ 5:30 P.M.

COUNTY BOARD MEMBERS PRESENT:	Thomas O'Neill - Chairperson; Mary Ardapple - Vice-Chairperson Carol Trumpe, Robert Baietto, Jimmy Dillon, Brian Elsasser, Allen Mayer, Stephen Morris, Lynn Pearson, Michael Phelan, Paul Rosenbohm, Brad Harding, Andrew Rand; William Watkins, Jr, James Fennell, Sharon Williams- County Board Members
MEMBERS ABSENT:	Rachael Parker, Phil Salzer
STAFF PRESENT:	Lori Curtis Luther - County Administrator, Scott Sorrel - Mark Rothert - Assistant County Administrators; Karen Raithel - Recycling & Resource Conservation; Eric Dubrowski - Chief Financial Officer; Randy Brunner - County Finance; Matt Wahl - Planning & Zoning; Mark Little - Chief Information Officer; Jenny Fulton- Communications; Marsha Livers, Nancy Horton - Recorder of Deeds; Rena Parker - Courts; Doug Gaa - Security; Michael McCoy - Sheriff; Carol VanWinkle - Auditor; William Atkins - Ass't State's Attorney; Jerry Brady - States Attorney; Kevin Lyons - Judge; Steve Sonnemaker - County Clerk; Elizabeth Crider-Derry - Education
OTHERS PRESENT:	Media

Call to Order

The meeting was called to order by Chairman O'Neill at 5:30 p.m.
(Dillon entered the meeting at 5:33pm)

Budget Presentation

Ms. Luther indicated that focus will be on 2014 and 2015 budgets. She noted that 2014 shortfall of revenue in the General Fund is \$1.37 mil; the surplus is \$1.13 mil; therefore, the gap is approximately \$2 mil with known cost reduction consisting of positions intentionally held vacant. She stated that using the PCAPS Fund balance as a component of the General Fund balance and using the General Fund balance as a last resort to offset that gap; we project to close 2014 at \$400,000 below our Fund Balance Policy which is 23% vs. 24%. Inasmuch as the policy direction from the County Board is to rebuild the Fund Balance, it would potentially take until 2016 to do so. Mr. Luther advised that several elected officials are looking at current budgeted shared savings rolled over from previous years (there was no new appropriation in 2014) for cost containment opportunities that would benefit 2014 close-out.

Ms. Luther mentioned that in developing the 2015 budget, the same framework is being used as in the past 3 years which is according to county board goals and objectives. However, there are some substantial obstacles in meeting those goals that were experienced this year and projected to exist in 2015. They include weak sales tax receipts, slow growth in EAV over the past three years (we project an increase in 2015), and reduced fees/charges revenue; revenues are not keeping pace with expenses.

Mr. Dubrowski presented a historical prospective on revenues and expenses that consisted of detailed graphs and statistics on:

- General Fund Revenue History reflecting the four largest revenue streams that make up 80-85% of the total revenue in the General Fund (sales taxes, charges for services, property tax, income/CPPRT)
- Facts indicating that the County is significantly relying on the sales taxes and charges for service which are study declining revenue sources

- Property taxes and income/CPVRT show no substantial growth from 2005 - 2014
- Change in the Municipal Cost Index changes 2.26% increase year-by-year which reflects the rate of inflation and the cost of doing business

Ms. Luther summarized the remainder of the presentation:

- General Fund Historical Operating Expenses showing growth of personnel of 2-1/2% per year and combined with commodities and contractual total \$340,000 less in 2014 adopted budget compared to 2009. A total of 65-70% of the General Fund is in personnel expenses.
- The 2015 Requested Budget has initial budgeted General Fund revenue of \$43.3 mil and the initial budgeted expenses of \$46.9 mil. Considering the transfers made over the years, comparing the 2015 requested budget to the 2014 adopted is 3.6% increase which equals the \$3.5 mil gap. The Gap does not include fleet request of \$534,000.

Ms. Luther explained steps to address a structural imbalance by reducing costs and evaluating non-tax revenues. She suggested reducing cost by \$2.3 mil; \$1.875 mil of personnel expense, \$500,000 in commodities and \$150,000 in fleet cost. She is also looking into increasing fees and charges by \$1.2 mil as some of the fees and charges have not been updated in several years. She mentioned that the Sheriff is working on acquiring \$250,000 in revenue. Nonetheless, a total of \$1 mil cost should be permanent personnel expenses. Some of the non-tax revenue includes a combination of potential fee adjustments and re-capturing revenue from Animal Control.

Ms. Luther pointed out the FTE chart and noted there are about 850 employees and about 444 are in the General Fund. This number does not include board members or City election commissioners. She said \$50,000 avg./employee was used in calculating a recommended reduction amount. The calculations equaled 24 FTE's.

Ms. Luther advised that the results of a cost study going to committees in the upcoming week will impact 2015 budget. The OMB Rule requires a cost study to determine applicable overhead cost any time federal grants, Medicare, Medicaid and other cost related reimbursements are involved. She gave suggestions for addressing countywide structural issues involving IT, Risk Management, Fleet and Highway. She indicated that several policy issues must be taken into consideration to reduce total personnel cost over time as well as fee components that have not been re-evaluated since 2009.

Ms. Ardapple asked if Administration would be providing a snapshot of a two-year budget that outlines 2016. Ms. Luther said it will not be as detailed as the current year line item budget; but one-time cost reductions assumed for 2015 that have to be paid in 2016 are being captured. In reply to Ms. Ardapple's question of whether elected officials will have their two-year cost savings plan available for board members input during the hearings; Ms. Luther said she cannot answer that question because until this week, they were not certain of the *hard target*. As decisions are made in regards to ways to reduce cost, she said it will be necessary to amend the budget in January or February 2015.

Referring to the Facilities and Capital Improvement Plan, Ms. Ardapple stated that in previous discussions, it has been mentioned that PCAPS funds were set aside for capital improvement. Therefore, she questioned if Administration will provide a sightline of how to continue to invest in the organization and not only focus on cost reduction. Ms. Luther stated that the \$2.2 mil is in cost reduction area, \$1.3 mil is additional fees or new non-tax revenue that will impact the General Fund. Animal Control will be maintained as a special fund but is discretionary and there is flexibility with those dollars. Therefore, to meet the Fund Balance target, funds are being used as accounting reporting in the audit. Mr. Biaetto commented that there is a need for the County Board to better scrutinize and control spending. In looking at historical trend in the General Fund, Ms. Luther said cost has been controlled but we are experiencing difficulty with revenue streams and; therefore, we need to be able to respond to fluctuating revenues.

Mr. Elsasser asked if we received the \$42,000 from the City for Ferguson Group service to Tri-County Regional Planning Commission. Also, he recommends all out-of-state travel be put on hold for one year. Ms. Luther said the City never agreed to pay, and the contract with Ferguson is not proposed in the 2014 budget. In reference to travel, Ms. Luther said internal and external travel are budgeted in the same line item but effort will be made to watch spending in that area. In addition, 2015 County Board and County Administration conference line items are flat. Mr. Elsasser asked the amount spent on the Minority Business Contractor Development Initiative contract. Mr. Rothert said it is a 12-month contract with The Cayemitte Group that expires next May. Budgeted dollars from this year will carry over into next year to cover the cost and; hopefully, a grant can be acquired to prolong the contract. Otherwise, most likely the contract will not be renewed.

In response to Mr. Elsasser's question, Ms. Luther said in 2014, the first year of operating Heddington Oaks, a loss was budgeted. However, expenses are higher than anticipated and so is revenue although not a dollar for dollar net impact. She said the census is strong and we are somewhat on target for 2014 with the projected loss for first year of operation. She explained that the dedicated fund balance for Heddington Oaks is used; therefore, there is no impact on the General Fund based on gain or loss.

Mr. Rand said in calculating fees and charges 2010 - 2014, the result is a negative \$548,000 but without PCAPS surplus that number would be significantly larger. Ms. Luther said over the last several years, the amount has been approximately \$90,000/yr. The Fund Balance was \$300,000 closing out 2013 plus \$100,000 anticipated-- totaling \$400,000 for 2014. Mr. Rand mentioned that the surplus had been spent on general operation prior to it being bookmarked as a PCAPS investment fund. He confirmed that more than \$300,000 was transferred out. Ms. Luther clarified that \$300,000 is the untouched balance moving forward. She said the concept of moving PCAPS back into the General Fund is to have a 24% fund balance so if there is a dire situation, there is cash on hand. She does not recommend using these funds except for animal control purposes.

Mr. Rand asked staff to explain the problems with the Highway Funds. Ms. Luther said these funds are more restricted than the General Fund as far as revenue sources. Expenses increase at a rate higher than the average CPI and they are hard to control. So, there is a cost and a revenue problem due to the limited revenue stream. At the end of 2014, Highway Fund is projected to be a negative \$268,533 and matching tax a positive \$29,000. Looking at 2015 end-of-year, \$950,000 below policy is projected for the Highway Fund.

Clarifying that General Fund will be \$400,000 below the fund balance policy, Mr. Rand voiced his concern about getting the roads plowed and salted this winter. He questioned where the funds would come from. Ms. Luther emphasized that maintaining the roads is priority due to the need for emergency vehicles to travel as well as the public. If required, she recommends dipping into the General Fund Balance but to rebuild it. She mentioned that the Highway Engineer has recommendations that will be looked into.

Mr. Rand asked about the proposal to reduce \$2.3 mil in General Fund cost by targeting \$1.875 mil cuts in personnel cost. Ms. Luther referred to her suggestion to freeze salaries of full time salaried non-bargaining positions in the 2015 budget including \$500,000 in Commodities and Contractual and reducing fleet by \$150,000. There was a brief discussion regarding budgeting at 98% versus 96%. Ms. Luther said 98% would be the third consecutive year budgeting at this percent. She said the original budget request is always at 100% FTE cost and for IMRF AND FICA. Prior years there have been 96% slippage; however, 2014 needs to come in better due to the substantial revenue drop. Mr. Rand voiced his concern that this is a diminishing strategy because folks will start refilling positions. He asked the total annual amount for union salaries and benefits projected for 2016, and Ms. Luther indicated about 4%. A brief conversation followed on user fees in the various

offices and an upcoming fee study. Mr. Rand asked if the 2015 fund balance was move down 1%, how much would that generate? Responding, Ms. Luther said the General Fund's impact is \$400,000. He said the 2-year outline was not provided which he felt would have been beneficial to the budgeting process. He asked what is being done with the excess public facilities sales tax that is not required for the Riverfront Museum bond. Ms. Luther said it is still being charged for capital. Mr. Rand commented on budget issues that possibly could extend into 2016 and his preference for a plan B to be discussed in all committees. It was clarified by Ms. Luther that the amount needed in personnel reduction is for 2015 and it needs to be double in 2016. She mentioned other options available to address the issue and their net impact.

Mr. Baietto said he has asked the Highway Engineer to give a comprehensive overview of the past, present, and future pertaining to County Highway matters that will be shared with all board members. Mr. Elsasser said he would like for a letter to be sent to Springfield requesting that we receive 100% of the county's share of MFT because he has been told some of the dollars are being diverted to other locations in Illinois. Mr. Baietto stated that 100% of the County's share would not fix our problems. Mr. Phelan said the earlier suggestion of using *rainy day funds*, would be difficult for him to support unless other cost-saving methods are in place to address the structural problems. The reason is because we have spent significant dollars on ERI's (Early Retirement Incentive) and VSP's (Voluntary Separation Plan) and the positions were refilled. Although there are other contributing factors to the budget problem, back-filling position is a major one. Because the County Board has limited authority over elected officials' budget, Mr. Phelan expressed the need for both groups to work together to control the vacancy refill issue.

A motion was made by Ms. Ardapple and seconded by Mr. Rand to approve the minutes of February 13, 2014. The motion carried.

The meeting adjourned at 7:50pm.

/vp



Andrew A. Rand
County Board Chairman

County of Peoria County Board

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Date: November 3, 2015

PETITION FOR COMMITTEE OF THE WHOLE

We, the undersigned members of the Peoria County Board, request a Committee of the Whole meeting as follows:

Date: Monday, November 9, 2015
Time: 4:00 pm
Place: Wildlife Prairie State Park
2826 N. Taylor Road
Hanna City, IL

Subject: Infrastructure and Infrastructure Funding

Signed:

Date:

Thomas McNeill

Nov. 3, 2015

John W. ...

November 3, 2015

B. Allen Mayer

11/3/15

[Signature]

11/3/15

Shirley ...

11/3/15

Mary ...

11/3/15

RS ...

11-3-15