

**FINANCE COMMITTEE
MINUTES
FEBRUARY 2, 2005**

The Finance Committee of the DeKalb County Board, met on Wednesday, February 2, 2005, @ 7:00p.m. in the DeKalb County Administration Building's Conference Room East. Chairman Frank Van Buer called the meeting to order. Members present were Sue Leifheit, Steve Faivre, Dennis Sands, Ruth Anne Tobias and Jeff Whelan. Mr. Metzger was absent. Others present were Ray Bockman, Gary Hanson, Greg Millburg, Christine Johnson, Joan Berkes-Hanson, Ken Campbell and Steve Slack.

APPROVAL OF THE MINUTES

The minutes being approved this evening are from the old Administrative Services Committee, dated November 3, 2004.

Moved by Ms. Tobias, seconded by Ms. Leifheit, and it was carried unanimously to approve the minutes from November 2004.

APPROVAL OF THE AGENDA

Chairman Van Buer said that at the end of the meeting, Mr. Sands would like to address the committee about new business.

Moved by Mr. Faivre, seconded by Mr. Whelan, and it was carried to approved the agenda as presented.

PRESENTATION ON NIU-NET

Ms. Joan Berkes-Hanson said that Mr. Herb Kuryliw and Mr. John Lewis are here this evening to talk about NIU-Net. NIU-Net is a project that is roughly a 175-mile fiber based communications network throughout northern Illinois. Their presentation this evening is two-fold; the first to talk about the technical side being discussed in non-technical terms is the chief network architect of the project, Mr. Herb Kuryliw and following his presentation will be Mr. John Lewis who is the Associate Vice President of University Outreach and the Senior Research Associate at the Regional Development Institute. He will be talking to us this evening about the economic development impact potential of a project of this sort.

Mr. Herb Kuryliw began the presentation by stating that fiber optics has a very long life-span to it and they are still developing technologies on it. A broadband vs. fiber optics example would be that if you wanted to watch a full-length movie it would take 6.4 hours to download it on broadband vs. 30 seconds to download it through fiber optics. Another example would be when they start to look at connecting hospitals to fiber optics, MRI imaging would take 4 hours over broadband vs. 7 seconds via fiber optics, which is very time saving for doctors. They have facilities in Naperville, Rockford, Hoffman Estates, Fermilab and Argonne. If they have to keep sending people out there for information then they have to pay them or give them 3 hours to get there,

whereas they wouldn't have that problem if they had a database over a high speed fiber optic network, they could do it right at the university.

The network is going to encompass a large area from Rochelle to Chicago. They are looking at partners to place in this ring. Those partners that they are looking at currently are Chicago, Lemont, Hoffman Estates, Naperville, DeKalb, Batavia, Geneva, Batavia, West Chicago, Rochelle, Rockford and Belvidere. In DeKalb NIU-Net entered into a local partnership with TBC.net where they will be splitting the costs 50/50 to have the network run to the south up to the Tollway. They also will tie in the DeKalb School District there too.

The first phase will run to Fermilab and through this partnership they will be able to split the costs with the City of Batavia. In Naperville they are currently working on that through a partnership with TBC.net who needs to get to a facility there to pick up an inexpensive bandwidth that will benefit them and provide their customers with better service. They are also working with the City of Naperville on a conduit that runs underneath the tollway for NIU to use.

Through the partnership that they have with Fermilab, the fiber will now get them into Chicago to the Starlight, which is the largest center where fiber optics come in from all over the world, which Northwestern built. This is a research network that is worldwide and NIU is now part of that and will be able to connect to Euro-Net.

The IMBCA now includes cities, schools and counties in their bylaws. IMBCA stands for Illinois Municipal Broadband Communications Association. This is a non-for-profit association for Illinois municipalities and others interested in sharing information and resources about broadband services. IMBCA can stimulate economic development, create educational advantages, enhance medical services, gain competitive advantage, maintain and grow the population base and enhance security and disaster communications.

Mr. Herb Kuryliw explained that the Illinois Century Network, which is an educational network that connects our schools, museums and libraries. Northern Illinois University is a regional connection site for this network. Currently NIU gets their commodity Internet from Illinois Century Network.

He continued by stating, now NIU becomes the center that includes NIU-net; a high-band research network; the IMBCA where we can carry commercial and educational traffic; and where NIU is a resource provider for the Illinois Century Network, as well. This way these three networks now converge on DeKalb County and we can start offering a lot of services to communities as well.

Why are we building a research network with a commercial network? Research and Development is where they start developing applications for a network. They have to be ready now for this type of technology to enter the commercial sector.

Mr. John Lewis then began his presentation on the importance of the infrastructure that Mr. Herb Kuryliw just spoke about to the successful Economic Development in any region in the United States. In the last 10 to 15 years the economy has changed where commerce is now being conducted on the Internet, by email and by fax. Production is based on increasing returns scale versus the old way of reducing returns to scale. Finally, this is the digital age where the old age was mechanized industrial.

He further stated that the quality of life, in his estimation, is very important in any successful economic region. He explained that in years prior college graduates looked for a good job and where you found that job is where you moved to. Currently a lot of college graduates today are saying, "I want to move to" and then they find a job there. Quality of Life is becoming the primary key element of where people move to. If you don't have a high quality of life, you are not going to be able to attract the skilled workers. What is that quality of life? One way to look at it would be if you want to attract, engineers, scientists, educators, people who are thinkers and create new wealth you would need a quality of life that has a lot of diversity, which is important to the creative class. (This information is from the book, *Rise of the Creative Class*.) Therefore, to attract these types of people you would need a 24-hour type lifestyle because a lot of these creative class types will work at night and sleep during the day.

Mr. Lewis continued by stating that regional governance should be taken seriously. We need to look at some sort of regional cooperation in this new economy. His philosophy of success in the new economy is a new goal to get prosperous, not bigger; a new means to get better not cheaper; to know your region's economic function in the global economy; and to create a skilled workforce. The indicators to measure the success in this new economy would be knowledge jobs, globalization, economic dynamism, innovation capacity and connectivity or the digital economy.

With regards to connectivity that is the most important in economic development, would be with service transportation. By looking at DeKalb County, we are close to I-88, I-39 and I90/94 and we have railroads coming through, this region is really well served for service transportation. From an air transportation view, we still are well served with O'Hare, only 50 minutes away and Rockford Airport. The one thing missing is telecommunications. We are connected now by Verizon, Illinois Century Network, etc., we have broad

banded to some homes, but the one thing that we don't have is the upper-end of broadband or fiber, which is the wave of the future.

Why is this important? So that a company would be able to communicate their business worldwide at 1/12th of the time. You are really increasing the productivity of the workers if you can reduce that time by 12 times.

The role of the government locally would be for railroads, interstate highway systems, sewers, water and streets. Mr. Lewis said that by giving a private company right of way along I-39 to lay the fiber so that they can wholesale it back to everyone, is one example.

Mr. Sands said that he is a big proponent of technology, but what comes next after fiber? How long will it last? Will we have to change to satellites next? Major universities are contracting for fiber optics for 20 years on their leases, said Mr. Kuryliw. Mr. Sands said, but things have changed over the last 5 or 10 years, how can we predict what it will be 5 or 10 years from now, fiber maybe out-of-date? Mr. Kuryliw said that fiber has been used as an infrastructure for over 20 years already and he feels that we have not reached the peak yet on fiber. He continued by stating that fiber is the "backbone" of the structure and the most promising way to go. Mr. Lewis gave an example of the interstate highway system that has been around for the last 50 years and that it is still here. He see fiber optics that way too, as a backbone of the structure.

The committee thanked Mr. Kuryliw and Mr. Lewis for their very informative presentation.

UPDATE ON HEALTH INSURANCE

Mr. Gary Hanson, Deputy County Administrator, said that during the budget process we had projected a 12% increase, but in January during renewal time showed the actual increase was 25%. The bad news for us is that it cost us an additional amount of \$100,000 we didn't budget for in the General Fund. In 2006 and when you put some sort of increase in, like 15%, it shows another \$220,000 that we will need to place in the General Fund for insurance. So before we even start the 2006 budget, the general fund itself will need \$320,000 additional dollars to maintain where we are at.

Mr. Bockman said that there are negotiations going on now with a collective bargaining unit (AFSCME – both units) and that the MAP collective bargaining unit will open shortly. The most difficult item in these talks is health insurance. These employees are seeking protection from the rapidly

increasing costs. While everyone understands that costs for health insurance are increasing faster than inflation everywhere, they are understandably worried about the financial impact here, stated Mr. Bockman.

Ms. Leifheit asked what the insurance buyout amount is for this year? Mr. Bockman said \$1500.00.

DISCUSSION ON FY2006 BUDGET PROCESS

Chairman Van Buer said that he felt that after the process that we went through last year that we all had some hard choices to make because we felt that we were at the end of the budgeting process, was that we may want to look at a different process. As we look at the insurance issue that was just discussed it could really hit us in the face towards the end of the year as we move into the next budget year. Could we start looking at some sort of budget program review across all departments? Maybe we could start looking at prioritizing the functions across the county, so that we have some sense of the function that we would like to have, but it may not be as important as some other function in another part of the county.

Mr. Faivre asked if there are items in the budget that start sooner rather than later? He said by identifying the problems like health insurance, and then we could talk about how we are going to cover the \$320,000. Mr. Hanson said, as an example, one way to change would be to change the policy from 25% employee contribution/75% employer contribution to 10% employee contribution/90% employer contribution as an example.

Ms. Leifheit said that another example would be the Intergovernmental Agreement with Kane County for the Juvenile Facility where the money is projected to run out at the end of this year. We will need to reopen the agreement and hopefully negotiate another new agreement with Kane County.

Ms. Leifheit said that she would like to have a refresher course taught as to what do the different funds cover. Mr. Hanson said that he could hold a Finance 101 Seminar if the board would want it. Mr. Bockman said that a very helpful thing to read is our Financial Policy that is located in the budget book and online. Chairman Van Buer said that it's valuable to start thinking about this now.

AMENDMENT TO THE FLEXIBLE SPENDING PLAN

Mr. Hanson passed out a copy of the change in the current flexible spending plan. He said that there is a wording change where they changed the

definition of dependents, which is found on page two of his handout. This change under the Working Families Tax Relief Act of 2004 did mandate that the definition of dependent be changed in the plan to that it had more to do with residency and less to do with financial contributions.

Moved by Mr. Faivre, seconded by Mr. Sands, and it was carried unanimously to accept this change and to forward the recommendation to the full board for approval.

NEW BUSINESS

Mr. Sands said that there has been a lot of press lately regarding the new twenty million dollar police station proposed for the City of DeKalb. He was proposing that after speaking with Judge DiMarzio and Mayor Sparrow of the City of DeKalb, that possibly the county would consider partnering with the city to construct a joint police station and jail. He felt that it would be cost effective and that there would be a centralized dispatch.

Judge DiMarzio told him that he should also plan for two courtrooms in this plan, also. Mr. Sands said that with a combined police station and jail there would be savings in with the dispatch, personnel and transportation costs. The committee asked if he had spoken to Mr. Feithen yet on the idea and he said not yet but that he hopes to soon.

After a brief discussion the committee agreed to research the idea further.

ADJOURNMENT

Moved by Mr. Whelan, seconded by Ms. Tobias, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

Frank Van Buer, Chairman

Mary C. Supple, Secretary
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