

**FINANCE COMMITTEE
MINUTES
MARCH 4, 2009**

The Finance Committee of the DeKalb County Board, met on Wednesday, March 4, 2009 @7:30p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Members present were Ken Andersen, John Hulseberg, Scott Newport, Paul Stoddard, Michael Stuckert, Ruth Anne Tobias and Mark Todd. Others present were Ray Bockman, Gary Hanson, Christine Johnson, Jim Scheffers, Dan Schramm, Greg Millburg and Lisa Sanderson.

APPROVAL OF THE MINUTES

Moved by Mr. Stoddard, seconded by Ms. Tobias and it was carried unanimously to approve the minutes from January 7, 2009.

Moved by Mr. Todd, seconded by Mr. Hulseberg, and it was carried unanimously to approve the minutes from February 18, 2009.

APPROVAL OF THE AGENDA

Mr. Bockman, DeKalb County Administrator, said that he would like to pull item #8 from the agenda and that item #6 will be information only.

Moved by Mr. Andersen, seconded by Mr. Hulseberg and it was carried unanimously to approve the amended agenda.

INTERNET ADVERTISING ON THE COUNTY WEBSITE

Mr. Bockman said that staff has been discussing this issue for some months and that other counties have been doing advertising on their website for some time now and are successful at it. The question tonight is whether or not this committee is interested in doing this. You would allow advertising on the County's website, exercise some control over it, and then receive some compensation for it. Mr. Bockman then introduced Mr. Dan Schramm from Municipal Media Solutions (Copy of his presentation is on file).

Mr. Schramm said that budgets are tight in this economy so your county is looking at ways to generate revenue without sacrificing critical services or raise taxes. With the advent of the Internet as a communications medium it has allowed your County to present information out to the taxpayer for readily accessible use. As more and more people get away from the traditional medium and the aging population of baby boomers is looking to eventually find things online more, they have found that more people are switching from the print medium to the Internet.

When they worked with Cook County, they picked the Assessor's page because it is their largest webpage. Mr. Schramm's company projected for the Cook County Assessor's page alone, for the first year, that they might earn between \$500,000 to \$1 million a year in revenues. They use local advertisers and national advertisers. The Cook County Assessor actually earned \$550,000 in revenue at the end of their first year.

What they have projected for advertisers in DeKalb County for our first year of usage is based on usage statistics where on a slow month 150,000 people are using the site and on a high month around 200,000 people and it will continue to grow. Mr. Schramm projected for the first six-months of the advertising project that DeKalb County's usage would be between 22,000 to 32,000 people using the site. Then after that moving to a moderate usage, DeKalb County could generate between \$60,000 to \$100,000 in revenues over the course of the next two years. His company sells to national advertisers and local advertisers, collect money, and come back to DeKalb County to ask the County if the ad is okay with us.

Mr. Schramm further explained that this is cost effective for local companies who advertise on our website too since it keeps the services in our county. They would also work with the Economic Development Corporation and the local Chambers of Commerce. He said that his company supports local businesses and saves money for the taxpayers, like coupons from local advertisers. For every dollar that Mr. Schramm's company collects from the advertisers for DeKalb County, the County would get 65% of the money collected and 35% would go to Mr. Schramm's company. If they do work with an Economic Development Corporation or a Chamber, they give some seed money back to them too.

They work with editorial guidelines and that the County can edit some of the ads. Cook County restricts, as an example, all appraisers and lawyers from their site if they have matters before their board. He explained that all ads need to be approved by the County first, but let's say if one of the ads has a moral issue, for example and a possible suit will come out of it, his company assumes the liability and indemnifies the County.

Mr. Schramm said that the County would allocate where we would want ads to appear on our site.

They have worked with Cook County, DuPage County, McHenry County and the Secretary of State. They have also worked with various towns and municipalities.

The committee asked Mr. Schramm if different counties have an advertising rate that is higher.

Mr. Schramm, who used Allstate Insurance as an example for an advertiser, would say that they would like to buy a certain amount of advertising. National advertisers would pay spend more if the page use is high in a certain county. Local advertisers' rates are usually similar to, per 1,000 rate. So they charge local advertisers \$2.00 for a 1,000 page usage. So if you go in and say you want to buy 20,000 pages,

typically, it would be 20,000 divided by 1,000 (rate) and then times \$2, that is the rate that they charge a company for advertising.

Mr. Schramm said that the County would need to adopt a Internet Advertising Ordinance usually and state in that ordinance what you want to include in it, like clarification of what kind of non-for-profit organizations you will allow to advertise on the website.

Ms. Tobias asked Mr. Schramm if the County can stop the advertising at any time?

Mr. Schramm said that the County would need to give his Company a 30-day notice to stop or suspend the advertising for awhile. You can also pull the ad off of your website due to a moral issue.

Ms. Tobias then asked how often would we need to change our guidelines?

Mr. Schramm said that his Company would follow whatever your Ordinance states.

Mr. Andersen said that he likes what he has heard so far. He moved to send the materials to staff to evaluate it more and to check on the legal parts of it.

Ms. Tobias said that we do not need a motion on this.

Mr. Stoddard said that he would also like the elected officials to look at the proposal too.

Mr. Bockman recommended that he and staff would look at guidelines and bring the issue back to the committee in April. They would need to look at the legal issues of pulling an ad or suspending it.

Mr. Schramm recommended putting a disclaimer on the website stating that the “County does not endorse any of these advertisers.....”

The committee also said that they would need to look at the money that is generated from advertisers and the website, where would they designate the monies to go.

The committee thanked Mr. Schramm for his presentation.

COUNTY TREASURER’S AUTHORIZED DEPOSITORIES

Ms. Christine Johnson, DeKalb County Treasurer, presented the committee with an annual resolution showing a list of banks that the county uses as depositories. She said that this is a housekeeping item (Copy on file).

Moved by Mr. Stoddard, seconded by Mr. Hulseberg, and it was carried unanimously to forward this resolution to the full board for approval.

FEE FOR SPECIAL SERVICE AREAS

Mr. Bockman passed out materials to the committee regarding a draft intergovernmental agreement with various cities and towns throughout the county. He stated that Illinois laws provide for the creation of special service areas (SSA's) by municipalities and counties. A special service area provides for a specific public service being provided to a designated geographical area and subsequently paid for by only the property owners in that area.

He said that there are 25 SSA Districts in DeKalb County. When an SSA is formed there are two general methods employed to assess the property owners in the future. One is the ad valorem method. This uses the value of each property to apportion the assessments as the traditional property tax system does. The second method, the "non-ad valorem" method uses some other rational method of apportionment. The classic example would be an SSA for sidewalks that utilizes the total front footage of each parcel to apportion costs. The more sidewalk you get the more sidewalk you pay for.

It is the second method of apportionment that causes problems for counties – the non-ad valorem method. We are required by law to administer a uniform property tax system for not only our own benefit but for the benefit of all taxing bodies in the county. This is a large and complex task. Our system does not, and currently can't accommodate the non-ad valorem SSA's collections. Our staff have been hand entering data and using software designed for drainage districts to make it work.

While our County could pay to have the system upgraded to accommodate the SSAs we do not believe it is fair to all county taxpayers to fund this costs, Mr. Bockman said. Will County had the same problem and they went to court over it. Will County adopted a resolution establishing a policy that they would no longer entertain requests from other governmental entities to act as their agent in this regard.

Both Will and Kane Counties subsequently developed intergovernmental agreements with their municipalities for the administration of non-ad valorem SSAs. The agreement attached to the handout this evening is patterned on those earlier agreements.

Mr. Bockman further stated that staff is still fine-tuning this paperwork and will bring it back to this committee in April for further discussion.

IMRF RETIREMENT FUNDING IN 2010

Mr. Gary Hanson explained the resources to the committee that are used for IMRF, which is the state pension system. IMRF receives money from the Employee who

pays a certain percentage through their salary, another resource is through the Employer's rate (we get a new rate every year) and the third resource is the Investment Income.

Mr. Hanson said that the Investment Income was negative by -25% for the year 2008, which amounted to a \$6.1 billion loss. The employer rate will change in 2010. What that means for the County is that the dollar increase will be at \$1,350,000.00 for 2010. If we were to levy this it is 7% of our property tax levy. Last week the IMRF board met and decided to have it phased-in and they will allow a rate increase of not less than 10% a year. That means that if we choose to do this, it makes our cost for 2010 equal to \$360,000 or 2% of the property tax levy.

How much can our property tax grow next year? Said Mr. Hanson. With our tax cap there are a couple of factors. One is the cost of living, which ours is 1/10th of 1% and the other is new construction. Before we even get to the budget we might already have the money spent, he said.

He also said that if the market continues to do worse it will compound.

APRIL MEETING TIME AND LOCATION

The committee decided to not meet in April due to the Special Planning & Zoning Committee Meeting that night on the Wind Farm issue. The SSA issue and the Internet Advertising issue will be discussed in May.

Respectfully submitted,

Michael Haines, Chairman

MH:mcs