

**DRAFT**  
**Finance Committee**  
**Minutes**  
**November 4, 2009**

The Finance Committee of the DeKalb County Board met on Wednesday, November 4, 2009 @ 7:00p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Those 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, Greg Millburg, Sheriff Roger Scott, Joan Berkes Hanson, James Scheffers, Elena Grimm, Eileen Dubin, Kevin Hickey and Dennis Miller.

**APPROVAL OF THE MINUTES**

Mr. Andersen stated that there was one small change on page 1 of the minutes under the Financing Plan for the Courthouse and Jail Expansions, 2<sup>nd</sup> line, for the word, "Heckler." He said that it should be Hoecker.

**Moved by Mr. Andersen, seconded by Mr. Stoddard, and it was carried unanimously to approve the amended minutes from October 7, 2009.**

**APPROVAL OF THE AGENDA**

Moved by Mr. Todd, seconded by Mr. Hulseberg, and it was carried unanimously to approve the agenda as presented.

**PUBLIC HEARING – FY2010 BUDGET**

No one was present to speak on the FY2010 Budget.

Chairman Haines then closed the public hearing on the FY2010 Budget.

**FINAL BUDGET RECONCILIATION**

Mr. Gary Hanson, Deputy County Administrator for DeKalb County, passed out a summary of the different appeals and what the committee decisions were on each of them.

The first page covers the appeals that came directly to the Finance Committee. Mr. Hanson said that the first item (#2) is to eliminate the \$1.7 million General Fund deficit. Because the county board has now approved the courthouse expansion project and the financing for it, hopefully the bonds will be used and we won't use the special building fund that we have built up over the last two or three years, Mr. Hanson explained. Once we sell the bonds, we would close out that fund and move it back to the General Fund.

In addition, the increase in health insurance premiums is less than what we have projected. That would take care of that part of the deficit.

Item #27 has to do with the transfer of money from the Opportunity Fund to the Land Acquisition Fund (\$1million). This is modifying the budget recommendations by a little over \$250,000 and is what we have been doing for the past couple of years. There are no immediate plans to buy any more property, Mr. Hanson said.

The third item has to do with the Capital Special Project Funds. Suggesting that we amend the budget by reducing the energy from \$25,000 to \$20,000; maintaining funding for the Cemetery restoration project money and then reduce the bike path funding on Dresser Road by half.

Item #29 is to completely eliminate the solar energy projects and wait until the future to do them, as well as holding off on the Health Facility parking lot until a future year.

The second page shows the recommendations to deny the budget recommendations and concur with approvals that have been approved at the standing committee level.

The last page shows the withdrawn or modified appeals that happened at the standing committee level.

With these modifications, Mr. Hanson said, we will be sending a balanced budget to the County Board to vote on for their November 18, 2009 meeting.

Mr. Stoddard said that the way that we get to item #2 is by taking away money from the Building Fund balance. That is the money that we were basically saving for the jail and courthouse projects, right?

Mr. Hanson said yes.

Mr. Stoddard then said, we are not borrowing money to transfer this money?

Mr. Hanson said no, the courthouse project would be funded entirely from the bonds.

Mr. Newport said that if we didn't transfer those funds from the building funds, those funds would be available for the construction of the addition, which would mean we would need to issue fewer bonds. If we issue fewer bonds, the debt service would be less, which would mean that we would have more available funds for operational costs, right?

Mr. Hanson said no. The debt service would be less, but it doesn't give any more money to operate on.

Mr. Stoddard said that if we are paying less money for the debt and principal, where's that extra money going to?

Mr. Hanson, said since we are using sales tax money that would have gone into the Opportunity Fund, you could use that money to be redirected to somewhere else.

Mr. Stoddard said so the deficit was never about borrowing money it was just dipping into fund balances that we already had.

Ms. Dubin said that we all know that the economy has not come back yet and we are bringing in less money. Are we in good solid financial state due to the Opportunity Fund and other things to make up that difference?

Mr. Hanson said that when we introduced the budget we felt that we could do this in 2010 and 2011. But if the downturn continued in 2012, we would have to consider some other cuts. We are very solid financially, we have good fund balances in the General Fund, to withstand this for the next couple of years.

Chairman Haines said that if Item #2 addresses the deficit, so that we have a balanced budget, and then we initiate the rest of the cuts, other than #27, it essentially means that \$1 million would be reduced to \$250,000. So \$750,000 remains in the Opportunity Fund, but the rest of the cuts, about \$577,000, where do they go?

Mr. Hanson said that none of those are from the General Funds, so that money stays in the Special Project Funds.

Mr. Stoddard asked why are we cutting \$10,000 off the budget for the bike path, what will that do?

Mr. Hanson said that the bike path is a joint project of several entities so hopefully someone else will kick in some money or some fundraising in the community will happen.

While you are thinking about things, Mr. Hanson said, the increase in the health insurance premiums will be only 8%, which is good news.

Mr. Hanson said that another thing that has happened is new construction, it looks like it will be up a little more than we thought. The City of DeKalb will be closing out the TIF District for the nursing home site, before the end of this year, so that will come in as new construction. It will be more like a 1 ½ % increase instead of just under a 1% increase, this will be a positive move.

Mr. Newport asked Mr. Hanson if he knew what the dollar amount would be?

Mr. Hanson said about \$40,000 to \$50,000, so it wasn't huge.

Mr. Andersen asked Mr. Hanson about the narrative that he handed out to the committee in September, under item #2, can you go through those numbers for me and tell me how this changes those numbers now?

Mr. Hanson said that the revenues will be up. The sentence talking about the General Fund budget increase ..... almost \$1.7 million..... – this sentence will be deleted. The 1% wording will be removed, too.

Mr. Todd said with the anticipated 8% increase in the health insurance premiums, what would that put us at then in terms of expected total dollar expenditure in the 2010 budget year?

Mr. Hanson said that he already had a 10% increase, he projected \$5.2 million. So it might drop to \$5 million a year.

Chairman Haines said that he wanted to remind the committee that our auditor said that we had a very healthy fund balance.

Mr. Stoddard asked why is the county going with the existing lobbyist firm instead of looking for another firm?

Mr. Bockman said there is no reason other than they are the firm that we have been working with.

**After a brief discussion, it was moved by Ms. Tobias, seconded by Mr. Andersen, to forward the entire budget to the full board for approval.**

**Mr. Stoddard amended the motion to request that the committee could vote on these items as a group but if anyone wants to make an amendment to any individual item - they could.**

Mr. Stoddard moved to have item #2 stricken from the budget, seconded by Mr. Newport.

Ms. Tobias asked, if the County borrows the money from the courthouse project and has money left, could we use it for the jail project?

Mr. Bockman said that he will find that answer out for the committee from the County's bond counsel.

**Chairman Haines said that we have a motion to strike item #2 from the budget packet with a second. This would include the whole budget package with the elimination of item #2. The motion failed with a voice vote with four yes votes and four no votes.**

**Mr. Hulseberg motioned to amend the budget package to reduce item #27 to "0", seconded by Mr. Todd.**

Mr. Hulseberg said that he felt that it was unnecessary to fund a Land Acquisition Plan for 100 years out. We have time to wait until economic conditions are a little bit better. Mr. Hulseberg said that it was his understanding after speaking with Mr. Hanson that if for some reason next year a property becomes available, the money will still be there in the Opportunity fund and we could transfer it if need be.

Chairman Haines asked how much money do we have in the Land Acquisition Fund now?

Mr. Hanson said that there is no money in there now, we have to put \$40,000 in it to finish out the latest acquisition, so basically "0".

**Chairman Haines said, so we have a motion on the table now to amend the budget package to reduce item #27 altogether and leave \$1 million in the Opportunity Fund.**

**Motion carried unanimously to accept the amendment and to forward to the full board for their approval.**

Mr. Stoddard said that he moves to keep the funding for the bike path, item #28, at \$20,000, and therefore, put \$10,000 back into the bike path funding, seconded by Ms. Tobias. Motion failed with 4 yes votes and 4 no votes.

Mr. Stoddard asked about item #29 on the solar panels, how long will it take for this to pay for themselves?

Mr. Scheffers said that they were looking at a 10 to 12 year payback.

**Chairman Haines said that there is a motion on the table to send these modifications to the appeals to the full board, being part of the entire budget package. Chairman Haines said to remember that we have eliminated item #27. Motion fails with 4 yes votes and 4 no votes.**

Mr. Hanson said something has to move forward.

Mr. Bockman said that the administrative budget recommendation will remain unamended at this point. It's the budget that is on file.

Mr. Andersen said that since we just got this information this evening, he needed more time to think about it. One of the things that still bother him is that we've increased this overall budget by 1.8% and in this economy he has a hard time doing this. He had hoped that we would have a budget that had no increases.

Mr. Hanson said that we have a budget that maintains services and does not increase property taxes - it is nothing to be embarrassed about to embrace this budget when you can accomplish that.

Chairman Haines said what you are proposing, if I hear you correctly is that we have an auditor who told us that we have an exceptionally large reserve fund, that we can call a savings account, and you would rather cut County services for our taxpayers than reduce our extra large savings account? You want to go on record to say that you want to cut County services when we have a fat savings account?

Mr. Andersen said yes, because we need that money left over for a rainy day, and when you use the word services it's not all services, there is a lot of money here of what I would not call services, like salary increases and health benefits.

Mr. Bockman cautioned the committee not to forget the infrastructure in the County. You will not be doing the taxpayers any favors if you forget about it. Putting projects off for a year is really no big deal. Getting in the habit of thinking that you are doing someone a favor by walking away from your infrastructure responsibilities and watching the citizen's assets going into disrepair and decline, is not smart and not good business.

**Moved by Ms. Tobias, seconded by Mr. Stoddard, to forward the budget with the elimination of item #27 forwarded to the full board for approval. Motion fails with 4 yes votes and 4 no votes.**

Chairman Haines said well, we have nothing now to forward to the full board for the November 18, 2009 County Board Meeting. He said that the full board will vote on the original administrative recommendation and bypass the recommendations from the Finance Committee.

#### **SALARIES FOR ELECTED OFFICIALS**

Chairman Haines said that the history behind these salaries is that the board has always set the salaries for the elected officials.

Mr. Hanson said that you are setting the salaries in the boxes for the elected officials (attached schedule).

**Moved by Ms. Tobias, seconded by Mr. Stoddard and it was carried to forward this recommendation to the full board for approval. There were 7 yes votes and 1 no vote (Mr. Stuckert).**

Chairman Haines asked if there were any more questions before he adjourned the meeting?

Mr. Hanson asked if there was any way to compromise on the budget since in the 25 years that he has worked at the County, there had never been a time where the Finance Committee did not send a budget forward to the full county board for approval. No matter how hard it has been, is there no amendment that you can offer? He said that this is the responsibility of the Finance Committee to get the budget out. If you don't like what is on the table you need to make amendments to get the job done.

**Mr. Newport moved to accept these provisions excluding item #2 and item #27 with the directive of the staff to look at other ways to make cuts that does not impact services between now and the November County Board meeting. Seconded by Mr. Andersen.**

Chairman Haines said that we would be putting forward a deficit budget by \$1.64 million by directing the staff to look at other ways to make cuts without impacting services.

Mr. Bockman said that you will be using the fund balance to balance the budget which is what the original administrative proposal suggested.

**Motion failed with 4 yes votes and 4 no votes.**

Mr. Hanson suggested to the committee a compromise where he could designate a reserve of \$1.64 million for the Building Fund within the General Fund. It is an accounting step that you can do on the balance sheet.

Mr. Todd said that he felt this was a reasonable compromise and he feels it helps the committee to move forward.

**Moved by Mr. Todd, seconded by Mr. Stoddard, and it was carried to move item #2 as a restrictive designation (\$1.64 million) within the General Fund for a building fund, and also includes the elimination of item #27, and to take these modifications to the budget and move it forward to the full board for approval. Motion carried unanimously.**

#### **ADJOURNMENT**

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

Respectfully submitted,

Michael Haines, Chairman