

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE MINUTES

Thursday, January 6, 2005

**Meeting Rm. 1, Brookens Administrative Center
1776 E. Washington St., Urbana**

7:00 p.m.

MEMBERS PRESENT: McGinty, Bensyl, Doenitz, O'Connor, Tapley, Wysocki

MEMBERS ABSENT: Avery, Betz, Gross

OTHERS PRESENT: Deb Busey (County Administrator), Denny Inman (County Administrator), Curt Deedrich (Supervisor of Assessments), Joel Fletcher (State's Attorney's Office), Michael Frerichs (Auditor), Steve Moser (County Board Member), Elizabeth Murphy (RPC), Dan Walsh (Sheriff), Dan Welch (Treasurer), Sandra Ahten, Mike Monson (Press)

Call to Order

Chair McGinty called the meeting to order at 7:00 p.m.

Approval of Agenda/Addendum

MOTION by Wysocki to approve the agenda and addendums for the meeting; seconded by Tapley. Motion carried.

Approval of Minutes

MOTION by Wysocki to approve the Regular Session minutes of December 15, 2004; seconded by Tapley. Motion carried.

MOTION by Wysocki to approve the Closed Session minutes of October 20, 2004; seconded by Tapley. Motion carried.

Public Participation

There was one person for public participation.

Sandra Ahten, a member of Group C's Citizens for Peace and Justice, spoke about concerns of the costs of the inmate phone calls for the families of inmates.

Budget Amendments/Transfers

MOTION by Wysocki to recommend to the County Board approval of Budget Transfer #05-00008 from General Corporate – General County, General Corporate – Circuit Clerk, General Corporate – Circuit Clerk Support Enforcement, General Corporate – Circuit Court, General Corporate – Jury Commission, and General Corporate – Public Defender and Budget Transfer #05-00009 from General Corporate – General County, General Corporate – State's Attorney, and General Corporate – State's Attorney Support Enforcement. Motion seconded by Tapley. Motion carried

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #04-00085 from Highway Federal Aid Matching Fund – Highway; seconded by Doenitz. Tapley asked for an explanation of this amendment. Frerichs explained that this amendment is for costs on Olympian Drive for work done in FY04, so he wanted this payment listed in the proper fiscal year. This will correct an overdraw on the purchases not following purchasing policy report. It does not affect the FY05 budget. Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00012 from County Motor Fuel – Highway, Budget Amendment #05-00013 from General Corporate – Public Properties, Budget Amendment #05-00014 from General Corporate – Sheriff, and Budget Amendment #05-00015 from RPC – University of Illinois Traffic Study. Motion seconded by Tapley. O'Connor asked for an explanation of Budget Amendment #05-00015. Murphy explained that this budget amendment is to accommodate a new contract that was just received from the University of Illinois to do a traffic analysis of the first street corridor between Curtis Road and Windsor in light of the University Park new developments: the conference center hotel, the ice arena, and the I-57 interchange. O'Connor will vote against Budget Amendment #05-00015, so Wysocki accepted a friendly amendment to separate Budget Amendment #05-00015 from the other amendments in her motion and Tapley concurred. Motion as amended carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00015 from RPC – University of Illinois Traffic Study; seconded by Tapley. Motion carried with one no vote.

County Administrator

General Corporate Fund Revenue/Expenditure Report

Busey distributed the final General Corporate Fund Revenue/Expenditure Report for FY04. These numbers were finalized late this afternoon. General Corporate Fund ended the year in a revenue positive position of \$556,582. Total revenues came in at 102% of the original budget. The 1-cent sales tax was 12.5% more than it was in FY03. The quarter cent sales tax came in at 3.56% more than FY03. The non-business licenses and permits line, which is substantially attributable to Recorder's fees, is up 20% from FY03. Penalties on taxes line was up over 6% this year. The County ended FY04 in a good position.

MOTION by Wysocki to receive and place on file the County Administrator's General Corporate Fund Revenue/Expenditure Report; seconded by Tapley. Motion carried.

General Corporate Fund Budget Change Report

There was no budget change report this month concerning FY04 or FY05.

Contract for GIS Services

Busey turned the discussion on this issue over to Curt Deedrich, Supervisor of Assessments. McGinty summarized that the situation the committee was considering prior to tonight has changed in that dollar amount needed for an immediate use has been eliminated due to the flexibility of the project's timetable. Deedrich's concern was that the compliance plan indicated a deadline of May of 2005, but a verbal assurance was received today from Steve Jones of the Department of Revenue that it would be acceptable to pass over the deadline. Through a cooperative effort with Busey, Wysocki, and several others, Deedrich was able to work closely with RPC and construct an agreement to give the Supervisor of Assessments' Office materials they need to be prepared in time. Fletcher said he might ask the committee to reconsider if written confirmation of the verbal agreement is not received within a week. Moser stated he checked with legal at the Bloomington, Illinois Farm Bureau and he was told all 102 counties in the state had been granted a waiver for another year because 70 counties requested it. He was told this was a blanket exemption for the whole state. Moser asked if Deedrich had

determined which four townships would be used as a sample this year. Deedrich stated the township selection has been left open-ended with Mr. Toalson and he is open to suggestion. Toalson chose the number of four townships because Deedrich requested a sufficient amount to test the software that will be used to perform the calculations. Deedrich wants the software tested this year so any glitches are worked out prior to calculating the real numbers. Moser would like Dwight Rob, from the University of Illinois, to explain to the County Board exactly how the calculations are made on farmland assessments. Deedrich was agreeable to this. Moser would like to see at least one township in north end, Harwood, Kerr, or East Bend, where there are B soils to see what the increase will be. It is Moser's understanding that when this is implemented, B and C soils will be kicked up and the good soil will not see much of an increase. In Deedrich's opinion, this is a fair statement because in general the southern third of Illinois will see an increase in the value more so than the upper two-thirds. They are finding the environment, hybrids, and varieties are such that they are yielding even on the poorer soils better than they were twenty to thirty years ago. Concerning the 2006 extension, Deedrich was aware an extension was granted until 2006, but the state has not relinquished the commitment to staying on the original submitted time schedule. Deedrich felt the May 2005 deadline continued to apply because of this.

MOTION by Wysocki to approve the memo of understanding for the Contract for GIS Services; seconded by Tapley. Fletcher clarified that the GIS Policy Board has not waived the conflict of interest and there has been no legal review of it. Busey stated the GIS Policy Board will review it tomorrow morning and if the waiver is granted, the Finance Committee's approval allows it to be reviewed before the County Board meets on January 20th, when the County Board would vote on it. Fletcher stated Matt Hartrich will be completing the legal review of this document. Motion carried.

Treasurer
Monthly Report

MOTION by Tapley to receive and place on file the Treasurer's monthly report; seconded by O'Connor. Wysocki asked if the County is realizing any additional interest on investments due to a slight rise in interest rates. Welch stated some increase has occurred, as some rates are up to 2%. Motion carried.

Auditor
Purchases Not Following Purchasing Policy

Provided for information.

Monthly Report

Frerichs stated his monthly report is not available due to a glitch that happens every year when information services closes out the books. He anticipates a monthly report will be available by the County Board meeting.

Chair's Report
Issuance of bonds to pay ERI liability with IMRF – Discussion

It has come to McGinty's attention there is a possibility of paying ERI liability with the issuance of bonds. Busey and Tapley have prepared information on this issue for the committee. McGinty hopes to have a study session on this topic in February. Busey presented a simplified handout explaining how this approach is being done by many municipalities, units of local and state government where there is an obligation or a liability such as Champaign County's ERI IMRF liability in the amount of \$2,371,861. This amount is amortized with IMRF at about 7.5% per year. The idea is to take advantage of the lower interest rates in the current bond market by issuing bonds to pay off the liability and then repay the bonds at a lower rate than we would if we were repaying it to IMRF. Tapley suggested this concept, so he and Busey have been researching it. The potential savings, amortized

over ten years, are almost \$46,000 a year. Amortized over eight years, the potential savings are almost \$45,000 a year. The committee has been told that the self-funded insurance and the tort immunity funds are in difficult financial situations at this time. If the County was able to levy \$45,000 less in the IMRF levy, we could place that in another levy, rebuilding and correcting the problem in the in the funds. Tapley explained the bonds would be issued to pay off the ERI IMRF liability. The savings would come from the issuing securities similar to commercial paper, which is extremely short-term lending by corporations. *The County would essentially be issuing the paper for one week and every week would reissue the paper at the then current one-week interest rates. Essentially, you are converting a fixed rate obligation at 7.5% to an interest rate that is currently at 3.5%.* Busey used 4.5% to make the calculations on the handout to give leeway if interest rates go up. The net effect is arbitraging the difference in interest rates. When the County issued bonds for the Courthouse and other projects, there was an arbitrage calculation. When bonds are issued for a project like the Courthouse, the County can do it on a tax-free basis, but because rate is so preferable the federal government forbids the County from investing any of that money at a higher rate and arbitraging. Because these bonds would be issued for the specific purpose of arbitrage, the County cannot issue tax-free bonds. Instead, the County must issue taxable bonds. Currently, taxable bonds could not be issued for a rate low enough for a fixed rate to make sense; therefore the weekly bond rate is preferable. The bonds function as a one-week loan that is rolled over and over again until it is paid off. There would be some interest rate risk. The only way something like this would not be cost effective for the County is if interest rates skyrocket in a very short term. McGinty would like to have the bond counsel for the County and an expert on the use of bonds educate the committee at the next meeting. Tapley stated that at current rates, this plan would save the County \$4,000-5,000 a month if rates stay where they are. McGinty encouraged committee members to review tonight's material to get a better grasp of the information for a discussion next month.

Welch understood there as been legislation introduced that would exempt IMRF from the restrictions of PTELL. He asked if the County would be support of this legislation. Frerichs noted that IMRF thinks it is very unlikely this legislation will pass. Wysocki stated it might be worthwhile for legislative liaisons speak with local legislators about the IMRF exempt legislation. She also recommended advertising the bond issue presentation next month to other County Board members so they can attend the meeting.

Other Business

Inmate Phone System Contract – Discussion

Inman addressed the issue with a packet on the past history of the contract. Local calls make up about 72.5% of total inmate calls. The Evercom representatives were not able to attend tonight's meeting due to weather conditions. It is estimated between 70-80% of the counties in Illinois have a similar or the same inmate phone system with Evercom as Champaign County. In 2003, Champaign County received approximately \$154,000 as commission on this contract. In 2004 to date, Champaign County received approximately \$155,000. To put these figures in perspective with inmate costs, the majority of the money received through the Evercom contract goes directly to offset the costs of the inmate health and mental health contacts. Even with this money, the Jail is still operating at a deficit. When someone receives a call from an inmate, there is a message at the beginning of the call that identifies the inmate calling, where the call is coming from, and the rates in effect with the call. The state of Illinois caps the rates and Evercom rates are below cap level. Inman listed Evercom's rates compared with SBC Consolidated and AT&T.

Sheriff Walsh provided statistics showing that the inmate phone contract generates about \$14,000 a month and the County spends \$31,000 per month on inmate health care and mental health. In addition to the \$31,000, the County also spends \$8,000-\$10,000 on outside medical care, medical supplies, and prescriptions for the inmates each month. Sheriff Walsh stated that if the Evercom contract is not continued, his office will need a system to replace it that can block and track inmates' phone calls.

Wysocki asked for an explanation of the term intralota. Inman stated intralota is the region of rates just beyond local calls, but not yet a long distance call. Fletcher asked for clarification how much this would cost additionally because Evercom provides the system for tracking and blocking calls, so then the County would have to purchase a comparable system if we were to change vendors. Inman said the initial investment would cost close to \$100,000-\$150,000 for equipment and staffing. Bensyl asked for an average inmate count. Sheriff Walsh stated the count is 275-280 inmates in-house each day, plus 20 inmates in the booking area and between 30-50 on CHIPS home confinement. Tapley asked if the Evercom system is capable of providing a certain number of free minutes to inmates in need. Sheriff Walsh answered that the system is not capable now and he does not know if Evercom could do it. It is the Sheriff's belief that when an inmate sees a mental health counselor and expresses a problem in making a call home, the mental health counselor places the call using the Sheriff's phones. Inman noted that the reason the Jail has not gone to a PIN number or calling card approach is because the Sheriff's predecessor felt that some inmates would be able to prey on others to get their number and use their minutes.

Wysocki asked if an RFP will be issued or in what direction this issue is moving. Inman explained that with a contract like this with an automatic extension, he recommends to the committee to extend the contract, by negotiating with the contractor for any new terms or accepting the terms as they stand. Sheriff Walsh thought this contract carries a two-year extension. Inman explained that other companies have submitted proposals and Evercom was selected because of their competitive rates. Bensyl was concerned about the timing of this because the contract is up in February. Inman said there is an option of an extension to March. The Sheriff and County Board will have to be satisfied as to whether put this contract out for bid or move forward with the Evercom contract. Inman was waiting on input from the public and County Board members before formalizing the recommendation.

Adjournment

Chair declared the meeting adjourned at 8:02 p.m.

Respectfully submitted,

Kat Bork
Administrative Secretary

*Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.
Changes approved by committee on 2/10/05 are in italics.*