

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE

Thursday, August 10, 2006

**Lyle Shields Meeting Room, Brookens Administrative Center
1776 E. Washington St., Urbana**

7:00 p.m.

MEMBERS PRESENT: Avery, Bensyl, Betz, Gross, McGinty (Chair), O'Connor, Tapley, Wysocki

MEMBERS ABSENT: Doenitz

OTHERS PRESENT: Jan Anderson (County Board Member), Steve Beckett (County Board Member), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Lloyd Carter (County Board Member), Lorraine Cowart (County Board Member), Curt Deedrich (Supervisor of Assessments), David DeThorne (Senior Assistant State's Attorney), Michael Frerichs (Auditor), Ron Gremore (Deputy Administrator/HR), Roger Holland (Court Administrator), John Jay (County Board Member), Ralph Langenheim (County Board Member), Susan McGrath (Senior Assistant State's Attorney), C. Pius Weibel (County Board Member), Dan Welch (Treasurer), Forest Clark, Jack Knott

CALL TO ORDER

Chair McGinty called the meeting to order at 7:01 p.m.

ROLL CALL

The Recording Secretary called the roll. Avery, Bensyl, Betz, Gross, McGinty, O'Connor, Tapley, and Wysocki were present at the time of roll call. McGinty declared a quorum and proceeded with the meeting.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Gross to approve the agenda and addendum; seconded by Betz. **Motion carried.**

APPROVAL OF MINUTES

MOTION by Wysocki to approve the Finance Committee regular session minutes of June 8, 2006; seconded by O'Connor. **Motion carried.**

MOTION by Betz to approve the Finance Committee closed session minutes of June 8, 2006; seconded by Wysocki. **Motion carried.**

PUBLIC PARTICIPATION

Forest Clark spoke regarding the Supervisor of Assessments' Office. Clark stated he mailed a letter to the Finance Committee and requested it be brought before the full County Board. Clark wanted the Supervisor of Assessments, Curt Deedrich, to issue a refund on his property taxes because a similar refund has been given

to others. Clark said he was willing to answer questions. He stated he did not like the response of the Supervisor of Assessments when he spoke to Deedrich about this issue. Clark wanted the County Board to take action on this matter.

McGinty confirmed the Finance Committee did receive Clark's correspondence and explained he asked for an opinion from the State's Attorney's Office with regard to the Finance Committee's options on this matter. McGinty was told by the State's Attorney's Office that the Finance Committee has no authority over the Supervisor of Assessments' Office in this particular situation. It is up to the Supervisor of Assessments to determine how to handle this situation. McGinty asked Deedrich for a response to Clark's letter so the Finance Committee and County Board can be informed as to his side of the issue. Deedrich has elected to not respond.

Gross said McGinty's response was out of order. She said Public Participation is for the committee to receive public input and not respond to it. Beckett, as the County Board Parliamentarian, stated Gross was incorrect and explained that at a committee meeting the Chair runs Public Participation however he/she wishes. There are no time restraints on Public Participation at a committee meeting and the Chair can invite interaction between the committee and the speaker as long as the Chair thinks it is reasonable. There are specific rules concerning Public Participation at a County Board meeting, but those rules do not apply to committee meetings. Beckett pointed out that at the Policy, Personnel, & Appointments Committee meeting held the previous night, Public Participation lasted for over an hour and included a PowerPoint presentation. McGinty said his intention was to bring the Finance Committee up-to-date on the communication that had occurred following the receipt of Clark's letter.

Clark asked if any Board member had voiced an opinion about refunding his money. He inquired about the delay. McGinty stated that the Finance Committee did not have the authority to get involved in the case between Clark and the Supervisor of Assessments. Clark asked what the next course of action was. McGinty suggested Clark continue to work with the Supervisor of Assessments' Office as best he could. McGrath explained the County Board does not have the authority by statute to interfere or take any action on a request either for a regular homestead exemption or, in this case, a senior freeze exemption. The statute specifically outlines the procedure by which someone can both ask for the senior freeze exemption and appeal the denial of the exemption through the Supervisor of Assessments' Office or the Board of Review. Clark continued to voice his concern over this issue. Carter asked if there were any guidelines for overpayments on assessments. McGinty stated the handling of those cases was up to the Supervisor of Assessments' Office. Carter questioned the process. McGrath explained that the exemption process is set by statute. It begins in the Supervisor of Assessments' Office and a taxpayer with complaint can go to the Supervisor of Assessments' Office or the Board of Review to request a change through the certificate of error process. A taxpayer cannot appeal this process to the County Board. The taxpayer can contact the Department of Revenue. Clark explained what he has done to request a change be made. McGinty explained that the committee could not take action on this matter and recommended Clark follow the process described by McGrath. Clark said he was told by the Department of Revenue that the County Board had to settle this matter. McGinty stated the committee follows the advice of the State's Attorney's Office and the committee does not have the legal right to tell the Supervisor of Assessments' Office how to conduct its business in this particular case.

BUDGET AMENDMENTS/TRANSFERS

Budget Amendment #06-00080

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00080 from Fund 620 Health-Hospital Insurance – Department 120 Employee Group Insurance for increased appropriations of \$3,216 for the Department Operating Expense line with increased revenue of \$3,216 from the General Corporate Fund 080 line; seconded by Tapley. **Motion carried.**

Budget Amendment #06-00082

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00082 from Fund 080 General Corporate Fund – Department 071 Public Properties for increased appropriations of \$65,000 for the Storm Drainage line with no increased revenue; seconded by Tapley. **Motion carried.**

Budget Amendment #06-00083

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00083 from Fund 104 Head Start Program – Department 685 Developmental Disability Counsel – Odd Years for increased appropriations of \$7,200 for the Regular Full-Time Employees line, \$750 for the Social Security-Employer line, \$750 for the IMRF – Employer Cost line, \$150 for the Unemployment Insurance line, \$250 for the Workers' Compensation Insurance line, \$500 for the Employee Health/Life Insurance line, \$100 for the Office Supplies line, \$500 for the Job-Required Travel Expense line, \$250 for the Photocopy Services line, and \$750 for the Suppl. For Disabled Persons line with increased revenue of \$11,500 from the Illinois State Board of Education/Pre-Kindergarten line; seconded by Wysocki. **Motion carried.**

Budget Amendment #06-00084

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00084 from Fund 080 General Corporate Fund – Department 031 Circuit Court for increased appropriations of \$35,395 for the Attorney Fees line and \$27,540 for the Professional Services line with no increased revenue; seconded by Tapley.

Betz asked for the period of time this budget amendment covers. Busey explained the additional expenses have been occurring throughout the year, the budget amendment is appropriating what is anticipated will be needed to finish this fiscal year. Holland stated the numbers are an estimated using a yearly average. The Circuit Court plans to request more money for this budget line in the next fiscal year. The Circuit Court tries to keep the outside attorneys and professional services fees to a minimum. Beckett said that these budget lines relate to sexually violent persons cases where the County has to hire psychiatrists or psychologists to provide services for the court and sometimes appoint attorneys when someone is going to be released from prison. There is no way for the Circuit Court to accurately estimate how many of these cases will occur within a given year. Holland said Beckett was correct and the Court has made efforts to keep these budget lines as low as possible.

Motion carried.

Budget Amendment #06-00085

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #06-00085 from Fund 080 General Corporate Fund – Department 023 Recorder for increased appropriations of \$200,000 for the Purchase Document Stamps line with increased revenue of \$300,000 from the Revenue Stamps line; seconded by Betz. **Motion carried.**

Budget Amendment #06-00086

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #06-00086 from Fund 080 General Corporate Fund – Department 040 Sheriff for increased appropriations of \$35,280 for the SLEP Overtime line with increased revenue of \$35,280 from the Reimbursement for Guards line; seconded by Betz.

Betz inquired about the current status of overall reimbursement concerning the football games. Busey answered the reimbursement is at least 100% of salaried costs and might cover additional expenses.

Motion carried.

Budget Amendment #06-00087

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00087 from Fund 080 General Corporate Fund – Department 075 General County for increased appropriations of \$700,000 for the Nursing Home Fund 081 line with no increased revenue; seconded by Tapley.

Tapley asked how sure the County is that forgiving the \$400,000 loan to the Nursing Home and giving that department an additional \$300,000 will provide for expenses for the remainder of the fiscal year. He wanted to know the margin for error. Buffenbarger estimated this budget amendment will cover the rest of the year with the margin of error of about \$20,000. He said they have taken every step to keep this amount as low as possible.

Beckett explained, with the committee's permission, that he was in attendance at the meeting because he has been working with Busey on an item that is mentioned in Buffenbarger's memo. Beckett requested to address the item now because it is a part of the discussion of this budget amendment and agenda item XI B. The Chair gave permission to Beckett to speak. Beckett stated that one of the problems listed in Buffenbarger's memo regarding the County's not-for-profit Nursing Home is the operating expenses have increased significantly higher than other nursing home providers while revenue has not increased. Beckett has been trying to be creative about the Nursing Home, from both the construction side where he is doing all he can to get the new facility open and from the operational side so the Nursing Home can break even financially. One of Beckett's ideas is to revisit the Living Wage issue. Beckett stated he is not opposed to the principle of the Living Wage. He did vote against it in the past because he thought it was unwise, but the Nursing Home had the money available to pay the employees the Living Wage when it was enacted. Beckett has been concerned that the County arbitrarily selected a four-person household Living Wage. The individuals employed by the Nursing Home who receive the Living Wage are primarily in entry-level positions in housekeeping, dietary, etc. These individuals tend to not have four-person households. Other communities who selected the Living Wage did not always select the four-person calculation for the Living Wage; in fact some communities selected the single-person household calculation for the Living Wage. Some communities exempt not-for-profit organizations, such as the Nursing Home, from the Living Wage because these wages have caused financial problems. Beckett suggested the County Board consider the option of adopting a three-person household (an adult and two children) calculation for the Living Wage for future employees. This would not affect current employees' wages. A three-person Living Wage would be a more principled wage for the entry-level employees. Employees who stay at the Nursing Home receive wage increases and move beyond the Living Wage. The four-person household calculation assumes that there are two adults and two children in the household; it is a reasonable expectation for the second adult to be contributing to the household. It is just as principled to adopt a three-person Living Wage calculation as it is to adopt the four-person calculation. Beckett also suggested another option of looking at each employee individually and adopting a sliding scale to assign a Living Wage based on each employee's circumstances. Beckett did not think the second option is realistic.

Beckett asked the County Board consider adopting the three-person Living Wage in the next budget year. He asked Busey to calculate the economic impact of the Living Wage at the Nursing Home. The Living Wage costs \$142,771.20 above minimum wage at the Nursing Home. Beckett agrees that the employees should earn a Living Wage above the minimum wage. The three-person Living Wage calculation applied to new employees could save \$75,000. Beckett realized this is a management decision, but the County Board is management and needs to make tough operating decisions to save the Nursing Home.

Beckett said another option, since the Nursing Home cannot support the Living Wage, would be to single out the cost of the Living Wage at the Nursing Home as separate budget line item and fund it by the General Corporate Fund. Beckett encouraged Board members to think outside the box in order to save the Nursing Home.

MOTION by Tapley to amend Budget Amendment #06-00087 to increase appropriations from \$700,000 to \$800,000; seconded by Gross.

Tapley said \$20,000 was not enough leeway for the budget. Cowart stated she read in the newspaper that the Nursing Home is paying a \$2,500 sign-on bonus to nurses and she would like to see that bonus decreased or eliminated because the hourly rate for nurses has been increased. Tapley asked Buffenbarger for the impact of the sign-on bonus and other incentives implemented to hire more regular nurses to reduce the use of contract nursing. Buffenbarger said the effect of implementing the sign-on bonus and other incentives has been a reduction of nurse vacancies from twelve to three in the matter of about three weeks, so these programs have proven valuable. The only wage increase was for PRNs, the as needed nurses. These nurses provide the support the Nursing Home needs at a much lower cost than contract agencies. Tapley asked for the status of the contract nursing situation. Buffenbarger said contract nursing will be eliminated as of September 1, 2006 in an effort to stem the Nursing Home's losses.

Betz requested a roll call vote and was willing to consider the amendment friendly. Tapley agreed as the seconder to the original motion.

Welch requested the committee remember that the General Corporate Fund is not an endless trough of money and \$100,000 is a serious amount of money. Welch drew the committee's attention to the General Corporate Fund's ending balance for July 2006 versus July 2005. The fund balance was down 38.4%. Welch asked the committee to consider the budget amendment carefully because he has grave concerns about the ability of the General Corporate Fund to absorb the Nursing Home's deficit of \$1.3 million for this fiscal year. Welch reminded the committee that the Nursing Home had a \$500,000 operating fund balance and a \$954,000 depreciation fund balance at the beginning of December 2001. The Nursing Home had completely spent their depreciation fund to cover operating expenses by March 2002. Welch said that other department heads like him should be concerned that their budgets might be cut to subsidize the Nursing Home. He stated he did not prepare the budget for his office with subsidizing the Nursing Home in mind. Cuts to his budget would likely mean cutting personnel. Welch wanted the committee to be aware of these concerns.

Betz suggested if the Nursing Home needs more money then Buffenbarger can request another budget amendment. Betz and Tapley agreed to a friendly amendment that disregarded the previous friendly amendment and kept the appropriation amount as originally stated in the budget amendment. Tapley said Welch's point was very well taken and he was glad Welch made it. Tapley hopes the County Board realizes that the Nursing Home is losing \$100,000 every month.

Motion carried with a vote of 7 to 1. Bensyl, Betz, Gross, O'Connor, Tapley, Wysocki, and McGinty voted in favor of the motion. Avery voted against the motion.

Budget Amendment #06-00088

MOTION by Tapley to recommend to the County Board approval of Budget Amendment #06-00088 from Fund 080 General Corporate Fund – Department 036 Public Defender for increased appropriations of \$13,323 for the Appointed Official Salary line with increased revenue of \$41,531 from the State Salary Reimbursement line; seconded by Gross.

Betz exited the meeting at 7:42 p.m.

Bensyl agreed that the Public Defender's salary should be at 90% of the State's Attorney's salary in order to be eligible for the state reimbursement, but he objected to increasing the Public Defender's salary to 95% during a time when County employees are being told the County has serious financial problems.

Betz re-entered the meeting at 7:44 p.m.

MOTION by Bensyl to amend the budget amendment to increase the Public Defender's salary to 90% of the State's Attorney's salary instead of 95%; seconded by Avery.

McGrath explained if the percentage of reimbursement will be changed in the budget amendment, then it would be appropriate to amend Resolution No. 5451, which was adopted by the County Board in June 2006 setting the Public Defender's salary at 95% of the Public Defender's salary. Busey recommended making a motion to amend Resolution No. 5451 so both items would come before the County Board in August. McGrath concurred. Busey wanted to clarify that the resolution changing the Public Defender's salary went into effect July 1, 2006. The Public Defender has received two paychecks in July at the increased salary rate of 95% of the State's Attorney's salary. The Finance Committee could have the 90% salary effective starting in August. Busey figured the budget amendment would need to be changed to reflect the amount of increase under appropriations as \$10,290, meaning the budget would be a total of \$126,037. The amount of increase under revenue would be \$39,304.

Gross request a roll call vote. Betz said he thought an increase to 95% was perfectly legitimate and a majority of the County Board did vote for it at a previous meeting. However, a two-thirds majority is required for budget amendments. Betz was going to vote in favor of the 90% increase so it will be funded as the 95% will not be approved by the full County Board. Tapley agreed with Betz. Gross said changing the salary of the Public Defender again might put the County in the position of losing the current Public Defender. Busey said there is an additional advantage because the State's Attorney salary will increase by 7.2% and the County thought it would only increase 3.8% at the beginning of July. The overall effect to the Public Defender's salary is still a 20.9% increase at the 90% figure. Bensyl stated this is more of an increase than any other County employees will receive.

Motion carried as amended with a vote of 5 to 3. Bensyl, Betz, O'Connor, Wysocki, and McGinty voted in favor of the motion. Avery, Gross, and Tapley voted against the motion.

Budget Amendment #06-00089

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00089 from Fund 080 General Corporate Fund – Department 025 Supervisor of Assessments for increased appropriations of \$4,700 for the Legal Notices, Advertising line and \$2,200 for the Stationary & Printing line with no increased revenue; seconded by Wysocki.

Motion carried with one no vote from O'Connor.

ADDENDUM

Budget Amendment #06-00070

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #06-00070 from Fund 070 Nursing Home Construction Fund – Department 010 County Board for increased appropriations of \$150,365 for the Furnishings, Office Equipment line with increased revenue of \$150,365 for the Capital Lease Financing line; seconded by Gross.

Wysocki asked for an explanation of the budget amendment. Busey said some of the furnishings for the new Nursing Home have been purchased through a lease purchase. This budget amendment reflects an accounting step that has to be taken to capitalize the value of the equipment against the revenue when a lease purchased is used. This budget amendment is completely balanced because it is an accounting move at the Auditor's request. Wysocki said it was her understanding that the County was going to buy the new Nursing Home furniture, not lease it. Busey said the County originally talked to this entity about a lease and they were later unwilling to do anything except a lease. The County could pay the lease outright today and pay the same amount as it will over a twenty-four month period, so it made sense to maintain the lease purchase that had already been approved.

Motion carried.

Budget Amendment #06-00090

MOTION by Betz to recommend to the County Board approval of Budget Amendment #06-00090 from Fund 080 General Corporate Fund – Department 040 Sheriff for increased appropriations of \$12,382 for the Furnishings, Office Equipment line and \$2,000 from the Equipment Maintenance line with increased revenue of \$9,287 from the Justice-Local Law Enforcement Block Grant line and \$5,095 from the FEMA-Emergency Management Assistance line; seconded by Wysocki.

Gross asked what IWIN stood for. Busey did not have that information, but stated this is a grant that was approved by the Justice & Social Services Committee earlier this week. The budget amendment is to make sure all necessary items regarding the grant occurs at the August County Board meeting.

Motion carried.

COUNTY ADMINISTRATOR

General Corporate Fund FY2006 Revenue/Expenditure Projection Report

Busey distributed her report to the committee. The revenue continues to track the same as it has throughout the year. Busey projected 105% of budgeted revenue will be received. A substantial portion of the additional revenue comes from Non-Business License & Permits, where recording fees are booked. General Corporate should under spend its Regular Salaries & Wages, but SLEP and Corrections will be close to balanced once overtime is figured and there may be a shortfall in Fringe Benefits. Gasoline & Oil is coming in at 113%, which is not as bad as it could be with the increased price of gas and utilities. Many departments are trying to be more conservative with utilization of vehicles and gasoline. Gas Service for utilities will likely require another budget amendment this year. This budget line will be approximately \$80,000 short. Busey informed the committee that the General Corporate Fund will end the year with expenditures of \$1.8 million in excess of revenue on paper. The projected deficit is \$1.5 million. However, \$1.2 million has been transferred to the Nursing Home and \$800,000 has been transferred to Self-Funded Insurance from the General Corporate Fund. The General Corporate Fund would end the year revenue positive if it were not for the transfers to those two funds.

Tapley asked about some number on the first page of the report. Busey explained it was a comparison to the current budget. Tapley asked if the projected ending fund balance includes the mold remediation and HVAC costs. Busey said the mold remediation and HVAC costs have never been included in the General Corporate Fund because they are construction costs and come from another fund.

General Corporate Fund Budget Change Report

Busey distributed the General Corporate Fund Budget Change Report to the committee and was willing to answer any questions.

Recommendation for Amendment to Budget Process

Busey requested a change in the budget process for FY2007 by eliminating the printing of the Tentative Budget Books. There is no statutory requirement to print, file, or adopt the tentative budget in September. A lot of money is spent printing a document that gets little use by the County Board because decisions are still being about the budget. Busey proposed the Finance Committee document that the County Administrator will report an initial overview of fiscal year funds and any outstanding issues for the Finance Committee's direction in September instead of receiving the Tentative Budget Book and placing it on file. This is typically what the committee does anyway, so Busey would like the budget process to reflect it. The County Board would then conduct the Truth in Taxation Public Hearing in October, the Finance Committee would receive the Administrator's budget recommendations in October, and the County Board would act on the final budget and appropriation in November.

MOTION by Tapley to approve the Resolution Amending Resolution No. 5400 – Establishing the Budget Process for Fiscal Year 2007; seconded by Betz.

Betz asked how much it cost to print the Tentative Budget Books. Busey said it costs between \$1,500 and \$1,800 with the County trying to print as few books as necessary. Busey said the budget document will be substantially different in appearance this year.

Motion carried.

Request Approval of Ordinance Authorizing the Issuance of General Obligation Bonds (General Sales Taxes Alternate Revenue Source), Series 2006, of the County of Champaign, Illinois, Providing the Details of Such Bonds and for an Alternate Revenue Source and the Levy of Direct Annual Taxes Sufficient to Pay the Principal of and Interest on Such Bonds, and Related Matters

MOTION by Betz to approve the Ordinance Authorizing the Issuance of General Obligation Bonds (General Sales Taxes Alternate Revenue Source), Series 2006, of the County of Champaign, Illinois, Providing the Details of Such Bonds and for an Alternate Revenue Source and the Levy of Direct Annual Taxes Sufficient to Pay the Principal of and Interest on Such Bonds, and Related Matters; seconded by Tapley. **Motion carried.**

Request Approval of Resolution Rescinding Resolution No. 5154 – A Resolution Authorizing a Loan From the General Corporate Fund to the Nursing Home Fund

Busey explained this resolution is to rescind the resolution authorizing the \$400,000 loan to the Nursing Home from the General Corporate Fund. The committee already approved the funds in Budget Amendment #06-00087.

Avery stated she voted against approving Budget Amendment #06-00087 because the amendment combined the \$400,000 from the loan with the \$300,000 in additional appropriations to the Nursing Home.

Busey reminded the committee that when the General Corporate Fund loaned the Nursing Home \$400,000, it was thought the Nursing Home could repay this loan within twelve months. It is statutorily required that an interfund loan such as this one be repaid within twelve months. The Nursing Home does not have the cash to repay this loan within the twelve months the statues require, which is why it is being recommended that the loan be canceled and the money gifted to the Nursing Home. Avery asked why Budget

Amendment #06-00087 included both the \$400,000 from the loan and the \$300,000 in additional appropriations. Busey said the budget amendment was prepared that way because the County Board is granting \$700,000 to the Nursing Home. It would not have been better to prepare two separate budget amendments. Avery asked if the \$700,000 was a loan. Busey stated it was a gift. Because the Nursing Home cannot repay the \$400,000 loan a budget amendment is required to covert the money into a gift. Tapley stated that generally accepted government accounting standards state it should be written down when it becomes highly probable a loan will not be repaid. This resolution to rescind the loan brings the County into compliance with government accounting standards.

Motion carried.

TREASURER
Monthly Report

Welch stated Page 5 of his report lists the funds in a negative position. These funds include Nursing Home Construction, Regional Planning Commission, Tort Immunity, Self-Funded Insurance, and Victim Advocacy Grant. The only outstanding interfund loan was the \$223,000 the General Corporate Fund loaned the Election Assistance Fund. Tapley asked why the Illinois Funds number was higher than the General Corporate Fund balance. Welch explained the discrepancy was related to the timing of the report with the end of the month. Welch will check on this and report back to the committee next month.

MOTION by Betz to receive and place on file the Treasurer's July 2006 monthly report; seconded by Tapley. **Motion carried.**

Request Approval of Contract Between Treasurer and the Tax Trustee

The item was approved at a previous meeting.

Request Approval of Resolution Authorizing County Board Chair to Execute Deed of Conveyance Permanent Parcel No. 03-002-0064

An amended resolution entitled "Resolution Authorizing the County Board Chair to Accept Payment and Cancel the Tax Certificate, Permanent Parcel No. 03-002-0064" was distributed to the committee. The resolution continued minor points of clarification to the original resolution. Welch explained when a piece of property is not bought at the tax sale; the County purchases it through trustee program. The redemption period is 2-3 years. If the period passes with no redemption the County can take title of property and auction it off with a minimum bid of \$600. This case is the first one involving a mobile home in the County because the state legislature changed the laws three years ago regarding mobile home collections so they match real estate collections. One mobile home was not purchased at the auction. This resolution is to convey the mobile home to an individual who has paid the back taxes. This converts a piece of property into revenue generating for the County because the individual who paid the back taxes will continue to pay the future taxes.

MOTION by Betz to approve the Resolution Authorizing the County Board Chair to Accept Payment and Cancel the Tax Certificate, Permanent Parcel No. 03-002-0064; seconded by Wysocki. **Motion carried.**

AUDITOR
Purchases Not Following Purchasing Policy

Frerichs distributed the list of purchases not following purchasing policy. It only contained two items: two FY2005 expenditures paid in FY2006.

Monthly Reports for May and June

MOTION by Betz to receive and place on file the Auditor's May 2006 and June 2006 monthly reports; seconded by Wysocki. **Motion carried.**

CHAIR'S REPORT

There was no Chair's Report.

OTHER BUSINESS

State Board of Elections Communication Regarding County Clerk's Use of Federal HAVA Grant Funds

This item was provided for the committee's information.

Discussion Regarding Determination of Living Wage

Betz requested Buffenbarger provide an overview of the Nursing Home financial fact sheet that was distributed to the committee. Buffenbarger presented the financial fact sheet to the Finance Committee that describes some reasons why the Nursing Home is in its present financial condition. Buffenbarger explained the Champaign County Nursing Home operates differently than a private nursing home because it has some fixed and inflexible costs related to providing services. He listed the expenses that cost the Nursing Home more than what other providers experience, even though the Nursing Home's reimbursement is the same as what other providers experience. The operating expenses the Champaign County Nursing Home experiences that are beyond what private nursing homes experience include: the Living Wage (cost of \$135,000), calculating overtime for employees if they work over eight hours of work a day instead of over forty hours a week (cost of \$250,000), TOPS or the paid time off system currently in place (cost of \$690,000), IMRF (cost of \$536,000), fixed staffing levels (cost of \$205,000), and the Medicaid population subsidy (cost of \$1,674,000). This totals \$3,490,000 in additional costs to the Nursing Home. The Nursing Home received a property tax credit of \$787,933 for this fiscal year. Even with the property tax credit, the Nursing Home spends \$2,702,067 more than a standard nursing home to operate. The Nursing Home deficit for this year will be about \$1.2 million, which is about equal to last year's deficit. Buffenbarger expressed that with overspending by \$2.7 million and a deficit of \$1.2 million, the Nursing Home has found ways to operate \$1.5 million leaner than other nursing homes. Buffenbarger wanted to make it clear the Champaign County Nursing Home is a very austere organization. He explained the Nursing Home will survive for the rest of FY2006 on the additional \$300,000 the Finance Committee voted to give the Nursing Home tonight if certain steps are taken. These steps include laying off twenty employees (savings of \$86,000), discontinuing the use of contract staff to support the Nursing Department (savings of \$136,000), and extending year-end close to January 2007 and continuing sixty-day Accounts/Payable (savings of \$200,000). Because the use of contract staff will be discontinued, these positions will be filled by management staff. Anyone within the Nursing Home with a nursing license will go to the floor and work as a charge nurse or CNA. The Nursing Home has been at a sixty-day Accounts/Payable for almost the entire fiscal year. Finishing the year on \$300,000 means substantially changing how the Nursing Home operates. Buffenbarger stated we need to be careful of stewards of public money so when the Nursing Home moves into a new facility and a new fiscal year, ways are identified in advance as to how the funds to subsidize the Nursing Home will be obtained. The funds need to be identified so when the Nursing Home runs short of money again and needs to ask for subsidy from the County Board, there is not a risk that the Board could deny additional funds. The Nursing Home does not have the flexibility to just close its doors. Buffenbarger encouraged Board members to seriously consider where the County will get the funds for the \$600,000 subsidy the Nursing Home will need during FY2007 in the new facility. This subsidy will consist of \$400,000 in operational subsidy and a \$200,000 subsidy for the annual repayment of the additional \$4 million bonds issued to complete the Nursing Home Construction Project.

Wysocki asked where in the operation the twenty employees who will be laid off would come from. Buffenbarger has announced to the entire workforce that layoffs will occur. The notices will go to the specific employees tomorrow. Buffenbarger does not want to identify specific departments tonight; it will be obvious who those employees are because of the size of departments. Buffenbarger does not want to reveal this information before he meets individually with those employees who will be laid off. The layoffs will occur in almost every department.

Tapley asked if these measures would reduce the deficit for this fiscal year. Buffenbarger said the \$400,000 operational subsidy is based on projections for the FY2007 budget, which includes some projected bargaining steps. Tapley asked Buffenbarger to describe the additional steps than will be needed to reduce the FY2007 Nursing Home operational deficit to \$400,000. Buffenbarger said it will be a combination of items: in the new facility the Nursing Home will have some stronger revenue streams because the Medicaid rate will go up, he hopes to be able to identify some kind of profitable business that will be housed in the section once set aside for child care, and some change to the bargaining contract. Tapley asked how TOPS costs \$690,000. Buffenbarger stated employees receive a little over seven hours every pay period in paid time off that is accrued. This totals a yearly average of about \$690,000 worth of liability. If an employee is absent, the Nursing Home has to fill in with overtime employees or contract staff. Tapley asked how the Nursing Home will get by without the twenty employees. Buffenbarger said management staff will cover these positions primarily. The managers will be asked to abandon their jobs as managers and instead perform these duties. Tapley asked if the same would occur when the use of contract nursing staff is stopped. Buffenbarger confirmed he was correct. There are three vacancies on the nursing staff now, so managers are working to fill in for these positions and for the general absenteeism that occurs at the Nursing Home. Tapley asked if the only way to alter the amount of Medicaid subsidy was to alter the number of Medicaid beds. Buffenbarger answered the only way to address the Medicaid subsidy would be to withdraw, at least in some portion, from the Medicaid program and take care of fewer poor. The Medicaid residents would need to be replaced by private pay residents or those who have long-term care insurance who can cover the difference between the insurance and the cost of care. Tapley asked for any other alternatives. Buffenbarger said adjusting the payer mix is really the only alternative to make the subsidy stop. This can be achieved by converting a number of beds into private pay beds, converting a portion of the building to a different type of care such as independent living or assisted living, and withdrawing from the Medicaid program completely. There are a few things that can be done operationally to change the way the business is run and change the population the Nursing Home cares for the stop the subsidy.

Tapley asked if the County Board would have to make cuts to other departments in the General Corporate Fund to provide a \$600,000 subsidy to the Nursing Home in FY2007. Busey said he was correct. Tapley asked how the County would sell the Nursing Home if that is the only other option. Buffenbarger said it would depend on how desperate the County was to sell. He explained it would be important to consider the buyers. There are buyers in the nursing home industry from whom Buffenbarger would not want to entertain bids. There are also buyers in the industry who could continue to operate the facility as it runs now, care for the same population, and make it work. There are faith-based, long-term care organizations who would be the best possible buyers. Buffenbarger said some faith-based organizations are stellar in the treatment of their residents. The County could also sell the business and lease the building to an organization, but it is not the best option because there is a risk the buyer of the business would leave and General Corporate would have to subsidize the building until a new manager could be found.

Gross thanked Buffenbarger for his efforts in trying to make the Nursing Home work. She recalled asking why the Nursing Home was losing money every month when she first came on the Board almost two years ago. She received vague answers then, so she appreciates his hard work to find solutions for the Nursing Home's problems. Gross asked if the Medicaid subsidy figure is calculated by comparing the difference between what the Nursing Home receives from the state for the Medicaid residents and the actual cost of caring for the residents. Buffenbarger said Gross was correct. Gross asked if one wing could be converted to house only private pay residents. Buffenbarger said the County could legally do it; the trick becomes how to market it

and finding the customer base. Gross asked if there has been any consideration of raising the private pay rate. Buffenbarger stated the private pay rate has been raised every year. He explained the Nursing Home has a private pay population between 35%-38% and the rates could never be raised enough to cover the subsidy.

Avery asked how the sale of the Nursing Home would be constricted to cover the debt obligation of the Nursing Home. Busey said the sale would be structured so that proceeds would cover the property tax and debt obligations. The County would abate the taxes until the bonds were paid off.

Betz asked about converting a wing into an independent living wing and if there is a market for these services. Buffenbarger said he would need to do some market analysis and the Nursing Home would need to commit entire wings at a time to independent living. A wing could not be half independent living and half regular Nursing Home beds. There are about six wings in the new facility with 60-63 beds per wing. Wing 1 in the new facility has direct access to the main parking lot and would serve as the most reasonable wing to test the independent living market. Changes would have to be made to the physical plan of the wing, such as converting double rooms to apartment-style spaces. A wall would be needed to separate the dining room into a two separate dining spaces, one for the independent living section. Buffenbarger could not say for certain if converting a wing to independent living would cover the entire subsidy for FY2007, but it is a strong possibility it would if the beds were filled. The Nursing Home could only allow private pay clients to the independent living to make it work. Betz asked if Buffenbarger could gather more information on the costs to convert a wing to independent living, what the market is like, and what period of time it would take. McGinty said that was appropriate. McGrath stated some research needed to be done on how converting a wing would impact the certificate of need. Betz asked whether the Nursing Home could have separate wings for Medicaid and non-Medicaid residents. He would like to see some financial analysis on what it would mean to convert.

Avery asked how realistic would it be from a legal standpoint for the County to sell the Nursing Home after a tax supported referendum was passed to build the new facility. She did not understand how the Nursing Home could be sold with ongoing mediation and litigation. Buffenbarger explained he would not consider selling the Nursing Home until after the new facility was complete and occupied, from a business perspective.

Wysocki asked if she heard correctly that Buffenbarger said the wings of the Nursing Home could be repositioned to reflect economics rather than the residents' health conditions. Buffenbarger said that was correct. If a portion of the facility was converted to independent living, in order to be marketable to those potential customers, it would need to be very attractive. One side of the building will look significantly different than the other side. Wysocki stated she philosophically has problems with that arrangement. It rubs her the wrong way to have a type of class system emerging within the Nursing Home when caring for people in the retired years of their lives in various stages of health. Wysocki has walked through parts of the current Nursing Home and she likes that one cannot tell the economic level of the residents. When she spoke to voters about passing the referendum to build the new facility, she felt the public was looking at the Nursing Home as a serious moral commitment to individuals who, for whatever reason, do not have the resources to sustain themselves in the later years of life. Wysocki spoke about the generation currently in the Nursing Home who came out of the Depression and made economic sacrifices. The Nursing Home is the taxpayer's way of saying thank you for those sacrifices and giving the elderly population some assurances that they will receive some comforts and care in the later years of their lives. Wysocki said the care at the Nursing Home has been wonderful for the residents. She is not sure the taxpayers approved a tax on themselves for a \$20 million building to provide a place for people who have the resources to provide for themselves. She understands the reasons for raising different possibilities, but if this is the direction the Nursing Home is moving a lot of individuals might be reassessing what it is they voted for.

Buffenbarger stated the Nursing Home is at a crossroads where the County Board needs to decide how they would like the Nursing Home to operate. There two decisions: to either fundamentally change the Nursing Home or no longer continue in the nursing home business. Wysocki said she understood and was not criticizing

Buffenbarger for laying those options before the Board. She thanked Buffenbarger for doing this. She noted this will be a fundamental shift in the Nursing Home, not just figures on a balance sheet, and the Board needs to be aware of this. Buffenbarger concurred.

MOTION by Tapley to suspend the rules to allow a member of the public to address the committee; seconded by Bensyl. **Motion carried.**

Jack Knott stated his name and that his son was a County Board member. He was concerned about laying off twenty Nursing Home employees. He has been a volunteer entertainer at the Nursing Home for twenty-seven years and is very proud of the Nursing Home. He said the remaining Nursing Home employees could become disgruntled and that filters down to the residents. He asked how much money this would save the Nursing Home. Buffenbarger said about \$86,000.

McGrath objected to Knott addressing Buffenbarger. McGrath said the rules do not allow engagement of discussion between the staff and the public during Public Participation. McGrath suggested the committee vote on whether to allow it.

MOTION by O'Connor to suspend the rules to allow engagement of discussion between the staff and the public; seconded by Tapley. **Motion carried.**

Knott said laying off twenty people was not worth the amount of money it would save. He spoke about the Nursing Home's history of good care and how many people would like to go there. He said he would rather pay additional taxes than take the chance of employees becoming disgruntled and affecting the residents.

Avery said she has concerns with management staff covering the positions where people will be laid off. Knott agreed. Gross said a lot of discussion has occurred over the last few months over the financial situation of the Nursing Home. The fact is the Nursing Home is losing about \$100,000 and has been losing money for some time. The County is reaching a crisis point and the Nursing Home needs more revenue because the General Corporate Fund cannot continue to subsidize it. Gross asked if Knott was willing to pay more in property taxes and charge more for private pay residents to subsidize the Nursing Home. Knott said he was willing to pay more taxes and raise the private pay rates as long as they are competitive. Gross said those are the only two ways to raise more revenue. Gross clarified that the County does not have a lot of leeway on what taxes it can levy, for example the County cannot charge an income tax. Knott said he disagrees with moving the residents to the new facility in December just to comply with a law.

DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA

McGinty designated all budget amendments except #06-00087, #06-00088, and #06-00089 for the consent agenda. He also designated agenda items VII C, VII E, and VIII C for the consent agenda. Busey stated the bond ordinance must be on the regular agenda though it passed unanimously.

Carter wanted to comment on Forest Clark's statements during Public Participation. Carter said it was wrong for the County Board not to have control over the people employed under the County's umbrella. Carter wanted Deedrich to speak in response to Clark because media was present at the meeting. McGinty said Clark's spoke during Public Participation, which is acceptable to the committee's rules. Deedrich was not present during Public Participation. McGrath stated this is out of order. The committee is on a different item of the agenda. If the committee wishing to go back to Other Business on the agenda, then the committee needs to make a motion and vote on it. McGinty asked if any committee member was willing to make such a motion.

Tapley suggested the committee adjourn and exited the meeting at 8:53 p.m.

MOTION by Avery to suspend the rules and place this item on the agenda for discussion; seconded by O'Connor. McGinty requested the committee members vote by show of hands. **Motion failed** with a vote of 2 to 4. Betz requested the meeting be adjourned.

ADJOURNMENT

The Chair adjourned the meeting at 8:55 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.