

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE MINUTES

Thursday, February 10, 2005

Meeting Rm. 1, Brookens Administrative Center

1776 E. Washington St., Urbana

7:00 p.m.

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

MEMBERS ABSENT: Avery

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), Catherine Hogue (County Board Member), Jeremy Maupin (Nursing Home Administrator), Jenny Putman (County Board Member), Julia Rietz (State's Attorney), Dan Walsh (Sheriff), Dan Welch (Treasurer), Captain Young (Sheriff's Office), Todd Krewszkowski, Kurt Froehlich, Mike Monson (Press)

Call to Order

Chair McGinty called the meeting to order at 7:02 p.m. Declaring a quorum present, the Chair had the Recording Secretary call the roll and proceeded with the meeting.

Approval of Agenda/Addendum

MOTION by Betz to approve the agenda and addendum for the meeting; seconded by Wysocki. Motion carried.

Approval of Minutes

MOTION by Wysocki to approve the Regular Session minutes of January 6, 2005; seconded by Doenitz. Bensyl requested that the minutes be altered to reflect that he was in attendance at this meeting. Tapley complimented the Recording Secretary on the job of accurately convening the complex bond discussion and requested a minor revision the fifth line on page four concerning commercial paper. Motion carried with these modifications to the minutes.

MOTION by Tapley to approve the Performance Appraisal Subcommittee Closed Session Minutes of August 27, 2004 and September 14, 2004; seconded by Wysocki. Motion carried.

Public Participation

None.

Budget Amendments/Transfers

MOTION by Betz to recommend to the County Board approval of Budget Amendments #05-00016 from General Corporate – Public Defender and #05-00017 from General Corporate – Public Defender; seconded by Wysocki. Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00019 from Health Hospital Insurance – Employee Group Insurance; seconded by Doenitz. Motion carried.

MOTION by Betz to recommend to the County Board approval of Budget Amendment #05-00020 from Accelerated Dispositions Grant-ICJIA – State’s Attorney; seconded by Gross. Motion carried.

MOTION by Betz to recommend to the County Board approval of Budget Amendment #05-00021 from General Corporate – State’s Attorney; seconded by O’Connor. Motion carried.

MOTION by Bensyl to recommend to the County Board approval of Budget Amendment #05-00022 from Public Safety Sales Tax Fund – County Board; seconded by Tapley. Betz asked for an explanation of the budget amendment. Busey explained the Juvenile Delinquency Grants awarded by the County Board were determined to be awarded in the amount of 5% of the revenues from the previous fiscal year. These revenues cannot be exactly determined until the fiscal year has ended. This amendment is to provide for the increase in expenditure for the grants because the exact revenue amount is slightly higher than what was originally budgeted for the 2005 grants. Motion carried.

MOTION by Tapley to recommend to the County Board approval of Budget Amendment #05-00023 from Juvenile Offender Equipment Grant – Juvenile Detention Center; seconded by Doenitz. Motion carried.

MOTION by Gross to recommend to the County Board approval of Budget Transfer #05-00010 from General Corporate – General County and General Corporate – Public Properties; seconded by O’Connor. Motion carried.

MOTION by O’Connor to recommend to the County Board approval of Budget Transfer #05-00011 from General Corporate – General County and General Corporate – Correctional Center; seconded by Doenitz. Motion carried.

Chair’s Report

Recommendation for Approval of Inmate Phone Services Contract Extension

Inman presented the findings of the Inmate Phone Services Project Team, consisting of County Board Chair Wysocki, Sheriff Walsh, Captain Young, Inman, and Busey. Their focus was to investigate the public’s comments and County Board members’ inquiries regarding the current phone system contract, review the phone system procedures, review the financial component, and discuss changes to the current system or alternate approaches. The Review Team met with the Evercom representatives to contrast Champaign County’s inmate phone plan with comparative counties and explore other options such as calling cards, financial and operation impact of a free call program, call rates if Champaign County totally declined their commission, and Evercom’s service center operations. The team also discussed the plausibility of implementing a weekly family orientation program at the County’s Correctional Center. Inman presented a history of the various programs and companies that have provided inmate phone services.

Busey described the financial background of the inmate phone service. The telephone service reimbursement represents 3% of the total revenue for the Corrections Center/Jail Operations in Champaign County. Another 12% of the revenue is provided by fees (these are set at cost so there is no room for increase), local government reimbursement (contracts with local governments for service, also no room for increase), and grants (which are minimal). The revenue from property taxes provides the balance of the operational expenses and is 82% of the total revenue. On the expenditure side; personnel represents 74%, food services is 8% (the food services budget cannot be cut), medical and mental health services is 7%, commodities is 5%, and other services is 6%. There is no ability for the Sheriff to cut any funding from the commodities, other services, or food services because

these line items are held at what is minimally necessary to operate the facilities. If the County loses the phone services revenue, the only expenditures that could be looked at for cuts to match the loss of revenue are either personnel or medical and mental health services.

Inman presented a list of factors that affect a decision concerning the inmate phone service. The first was that the County Correctional Facilities are now, by default, mental health and health care providers. The County currently provides much more medical care and mental health services to inmates than it ever has in the past. The current inmate mental health contract is \$70,508/annual or \$5,875+/month. The inmate physicians contract is \$313,881/annual or \$26,156+/month. The Correctional Center cost of drugs for inmates, due largely to the increased use of psychotropic drugs, has risen from an average of \$3,000 per month to over \$10,700 this past January. The anticipated additional state cutbacks of mental health services will further stretch the County's resources. Inman stated the Correctional Center/Jail had never planned to be health care centers, it has been forced into this position and this is the reason for these costs. The second factor to affect the decision is the Public Utility Commission's rate limits. The Public Utility Commission set the rate limits for the State of Illinois and the rate set for a ten minute call is \$5.30. It is estimated that the minimum financial impact to the County is approximately \$33,000 annually if inmates were provided a free eight minute call per week. This estimate is understated due the difficulty is creating a cost module with the fluctuating jail population. The third factor is that, due to the investment costs and operational intricacies, the County cannot own or operate its own phone system. A County owned and operated phone system might appear easy on the surface, but in reality it is so intricate that major companies have difficulties keeping abreast of everything. For example, the County would be required to have an agreement with all the local phone companies to charge customers within their jurisdictions certain rates. This would require an enormous number of contracts and agreements both across the state of Illinois and with other states.

Inman stated that Evercom can provide calling cards for inmates. If the County were to decline all commissions, the estimated call rates would be \$2.12 for a five minute local call. The Inmate Phone Services Project Team reviewed the Evercom Call Support System. They found the system very responsive to the needs of the end user. Other mitigating factors are the state jail standards. The jail standards dictate that inmates are to bear the cost of their phone calls, are entitled to one five-minute phone call per week, and are entitled to one fifteen-minute visit per week. In comparison, Champaign County's jail procedures allow inmates free calls in booking, unlimited access to phones from 9am to 10:30pm with a fifteen-minute time limit per call, two twenty-minute visits per week, and the ability to request a phone call from your attorney (when the attorney calls, the call is free). Inman provided the committee with a sample version of the resident's request form. This form is filled out by an inmate to request to speak with his/her attorney. Sheriff Walsh added that calls are often made to a lawyer's office the same day that an inmate makes the request. If the requests are made at night, then the calls are placed to the lawyer's office the next business day. In Sheriff Walsh's experience, the only times lawyers cannot contact their clients are at meal times or if the attorneys phones in that cellblock are already busy. Attorneys can even call in at 9:00 p.m. and still be able to speak with their clients. It should also be noted that the officers cannot make the attorneys return their clients calls. The officers call the attorneys' offices and inform them of their clients' request for contact; then it is up to the attorneys whether or not to contact the inmates.

Inman listed the available options concerning the inmate phone service:

1. Totally eliminate the current phone system. This would bring the phones back to the state jail standard of inmates having access to one five-minute collect phone call per week. The advantage is that local users would have no additional charges to their phone bills. The disadvantages are other than local phone calls, users would pay standard collect call rates determined by the marketplace; limited phone usage for inmates; and would require the expense of two additional Corrections officers to enable 300 five-minute phone calls per week.

2. The Finance Committee directs the County Administrator to issue an RFP for inmate phone service. The advantage is unidentifiable. It has been discussed at meetings and no reason can be thought of to do this. The disadvantage is the lost opportunity to negotiate a lower rate with the current vendor, due to the fact that Evercom has achieved their initial return on investment.
3. Negotiate a contract extension with Evercom to provide inmate phone system without commission. The advantage is lower rates for inmates. The disadvantage is that lower rates do not necessarily equate to lower phone bills for users. There is nothing to indicate that inmates would not make more calls because they cost less. Inman spoke with Evercom about this issue and found that when other counties tried this option, users did not find drastic changes in their phone bills when the rates were lowered after the county's commission was forfeited. Therefore, the County could not say the phone bills of an inmate's family would definitely drop. A lower rate could just mean the inmates would make more calls. Another disadvantage is inmate mental health services, inmate physician services, and jail staffing levels would have to be modified and probably reduced.
4. Negotiate a contract extension with Evercom to provide inmate phone system. The advantage is to negotiate a lower call rate, lessening the impact of the loss of revenue on inmate mental health services and physician services that are in place. This option also maintains necessary call security procedures. The disadvantage is unidentifiable.

The Project Team recommended the Finance Committee direct the Project Team to enter into formal contract extension negotiations with Evercom and the following issues are to be negotiated:

1. Call rates and commission,
2. Consistent or defined parameters for credit levels,
3. Family orientation for improved customer service.

Discussion was held concerning the Project Team's findings and recommendation. Betz asked why the two additional officers are needed for the first option. Inman explained that the first option would require that inmates be taken to a separate area to make phone calls instead of within the current pods. This would require an officer to escort and remain with the inmate during phone calls. Betz asked if the County was not mandated to issue an RFP for an extension of a current contract. Inman replied that a contract extension does not require an RFP. Putman asked if the family or friends bore the cost of the phone calls from inmates. Busey stated the jail standard says that the inmate must bear the cost of the phone calls; this is done either by paying upfront or by collect calls. In regard to the third option, Putman asked if inmate medical and mental health services and jail staffing levels could be maintained if money came from elsewhere in the General Corporate Fund. Putman suggested the idea that if County Board members did not accept per diems for meetings, then that money could go towards making up the revenue loss of the phone system commission. Inman noted that the difference between the amount spent on inmate medical services, mental health services, and jail staffing versus the amount spent on the County Board's per diems is a considerable amount of money. In theory, Putman's suggestion would work if the County Board's per diems amounted to \$160,000 per year. Busey stated, by looking at the information identifying revenue for the General Corporate Fund, the only revenue source that could be used to increase funding for Correctional Center/Jail operation is property tax, which is a capped revenue source. Busey also pointed out that from 1995-2004, the cost of operating the Correctional Center/Jail has gone from absorbing 6% of the total General Corporate Fund budget to absorbing 12% of the total General Corporate Fund budget. The expense of operating the Correctional/Jail has already absorbed a lot of resources in the General Corporate Fund. Inman stated the combined cost of the contracts for these services is \$384,389. The total commission from the inmate phone system in FY2004 was \$169,387. The commission helps, but only covers a fraction of the cost of inmate services. It is Inman's belief that the pressures on the contracts for inmate mental health and medical services will increase. Discussion continued on the topic of the inmate phone system contract.

Sheriff Walsh commented that he has been asked who comprises the County Jail's population, so he has provided a random sample of the population as of February 1st. The Sheriff stated that judges will release defendants on their own recognizance in cases of low bonds to get the defendants out of the County Jail. He further noted that if the contract with Evercom is not renewed, an alternative system will need to be put in place in able to offer inmates the current type of phone accessibility. The Board would need to contract with another phone company or hire many more Corrections Officers to physically monitor the phones. Sheriff Walsh thanked the County Board Chair for her suggestion to give informational handouts to the inmates' families. The inmates are already provided with these informational handouts by the Sheriff's Office. The Sheriff's Office is in the process of developing a handout for the families. A draft version was given to committee members. This family handout could include information about the phone system and the court system. The Sheriff wanted to clarify that inmates generally have access to phones everyday between the hours of 9:00 a.m. to 10:00 p.m.

Putman asked how the County paid for the inmate mental health and medical services prior to receiving a commission on the phone system. Busey explained that the costs of inmate medical services were a great deal less in the past. The County did not previously provide near the scope of mental health and medical services that are presently provided in the facility today. Captain Young spoke further on this issue. Inman explained that the County tried working with any local health care agency for contracts for inmate health services. It has been a very difficult issue, especially with regard to liability and having doctors and nurses in the Correctional Center/Jail. In the past, an injured arrestee would be taken to Carle Hospital by the police officers and then hospital would send the Sheriff's Office the bill for services. At present, an arrestee is screened during the intake process and is given even provided prescriptions at the Correctional Center. This change in procedure has caused enormous expense for the County.

Discussion continued concerning the use of mental health services by inmates, jail standards, and the criminal justice system. Tapley asked the percentages of Correctional Center/Jail inmates with regard to why they are incarcerated; such as how many inmates are awaiting trial versus how many are serving sentences. Sheriff Walsh showed Tapley where these statistics are noted in his report on the jail population. Tapley wondered if there was a method to determine the ballpark cost of phone service for inmates who are waiting trial and might be found innocent. Rietz stated that any inmate in the County Jail awaiting trial from December 1, 2004 forward is there under her signature. It is her intention that these inmates are held based on probable cause and because the State's Attorney's Office believes they are able to meet their burden of proof in the individual cases. McGinty thanked the staff and Project Team for providing all this information.

MOTION by Wysocki to approval recommendation directing the Project Team to enter into formal contract extension negotiations with Evercom and negotiate the issues of call rates and commissions, consist or defined parameters for credit levels, and family orientation for improved customer service. Motion seconded by Tapley. Betz stated his opposition to the phone system and requested a roll call vote. Putman stated her opposition, though she is not a committee member and cannot vote tonight. She would like the County Board to set a goal of adding \$168,000 to the Correctional Center/Jail budget to provide inmates with free physician and mental health services and cut the phone call rates for inmates and their families. Wysocki stated that she felt that continuing to negotiate with Evercom is the best option. She is fearful of a disruption of phone service to the jail, which could happen with other options. Wysocki hoped this issue will encourage discussion about practices in the criminal justice system of Champaign County and might encourage changes for the better. Gross voiced her opinion that the County should continue negotiating with Evercom. She urged the Negotiating Team to push Evercom on the rates and suggested that the County might forgo a little of the commission. Gross wanted to see defined credit levels that can be explained to inmates' families and a calling card system for the Jail. Tapley addressed the charge that Evercom's rates are exploitive. He wished to respectfully argue that the rates are not exploitive. He has been charged much higher rates for collect calls or calls from a hotel than the rates inmates are charged for calls. Tapley commended the Project Team for their work and sensitivity to the public's concerns on this issue.

Motion carried with a roll call vote of seven to one. O'Connor, Doenitz, Bensyl, Tapley, Wysocki, Gross, and McGinty voted yes. Betz voted no.

Bond Issue to Pay off IMRF/ERI Obligation

McGinty asked Tapley to introduce the topic of bond issuance to save percentage points to pay off the IMRF/ERI obligation and introduction the speakers to help to educate the committee about bonds. Tapley would like the County to issue some bonds characterized as arbitrage bonds for the purpose of arbitraging the negative credit to pay off the County's early retirement incentive debt. IMRF charges the County at a rate of 7.5% on the ERI. Tapley stated that in the current market, you can issue weekly taxable floating rate certificates at a cost of 3.5% to possibly 4% a year. This is well under the IMRF rate. For example, a 4% differential, between 7.5% and 3.5%, multiplied by \$2 million in bonds is \$80,000 in possible savings in the first year. There, Tapley felt the committee should take a serious look at this issue as a chance to save money. Tapley noted there are other depleted funds that could use this money. The exact amount of savings would be uncertain in nature and certainly limited. These would not be the kind of recurring savings that would continue indefinitely or be used to defray an expenditure such as inmate services at the County Jail. The savings from the bond issue will eventually go away, so Tapley recommended using the bond savings to replenish some depleted funds, such as the Tort Immunity Fund or Self Insurance Fund.

The two speakers were Kurt Froehlich from Evans, Froehlich, Beth, & Chamley and Todd Krewszkowski from J.P. Morgan in Chicago. Froehlich has spoken with Busey, McGinty, and Tapley concerning this concept. The bonds involved would be some type of general obligation bond, but they would be taxable bonds. The reason the bonds would be taxable is because someone out there is going to be investing this money by some means or another at varying rates which the County cannot control. But this someone is going to take lower interest rates bonds, which the County is going to sell, and invest the money at up to 7.5%. The IRS views this very negatively and does not allow the use of the federal tax exemption in such a situation. So the arbitrage bonds must be issued in a taxable form. Froehlich has worked with Krewszkowski, who has been involved in a number of larger financings, over the last few years. Froehlich noted that other communities are doing similar financing and he has put together deals several in the past year.

Krewszkowski explained that interest rates are very low at this time. The State of Illinois completed a similar bond financing with thirty-year pension obligation funding bonds in the amount of \$10 billion during 2003. The state chose to issue fixed rate bonds for thirty years so they could invest 5% taxable money with the assumption that they could earn 7%-8%. This situation is similar to the proposal before the committee. Krewszkowski stated there are two items to consider: the amount of obligation to be funded and the path to take on the transaction given the market conditions. The City of Champaign did a \$5 million taxable floating rate transaction last year for a tax increment financing district. At this time, the all-in floating rate costs are below 3%, probably in the 2.8%-2.9% range. Krewszkowski said if the County wanted to do a fixed rate, taxable obligation and fix it for a twenty-year period it would be roughly 5%-5.3%. Floating rate bonds have proven to serve communities very well, but they might not provide the certainty of fixed rate financing. Another decision for the County Board is to determine what revenue source will repay the bonds. Krewszkowski brought the committee's attention to the handouts that were provided concerning the county elected officials' pension fund as an example. There is an accrued actuarial liability in this fund. Krewszkowski compared a rate of 7.5% to a debt service for taxable fixed rate bond issue on this obligation. He suggested a further analysis of the County budget to locate capital items that could be financed on a tax exempt basis to free up other monies to deploy towards pension obligation. This would help the County get a lower overall financing cost because capital items can be financed on a tax exempt basis.

Discussion was held over the options presented to the committee. Tapley voiced his concern over the ERI portion of the debt being on a ten-year amortization. Krewszkowski said the idea is to take the liabilities the

County would like to fund and match them with a plan of finance. He does not think the overall structure of finance plan would change much from the alternate bond structure the County has employed in the past, because that is a very traditional financing mechanism for counties. Alternate bonds can extend to forty years as long as the proceedings are done correctly. An amortization can be crafted to meet the County's objectives. McGinty stated one of the issues for the full County Board would be the risk involved in a floating rate versus a fixed rate. McGinty wondered how to best calculate whether the floating rate would remain lower than the fixed rate of 7.5% during the amortized period. Krewszkowski said the risk could be managed by reviewing historical interest rate charts, trends of taxable floating interest rates, and purchasing an interest rate cap for the floating rate. Discussion continued over the benefits of fixed rates and floating rates in the bond market.

Frerichs stated his positive regard for capital financing and would be willing to serve on a subcommittee concerning the bond issue. He reminded the committee that the County has paid its ERI interest for the year. Tapley said the County Board could wait until the next period to actually issue the bonds, but get the work done now to be prepared. McGinty thanked Froehlich and Krewszkowski for their presentation. Tapley asked for a general consensus from the committee as to how they would like to proceed. Tapley recommended forming a subcommittee to further explore the issue and was willing to be a member. Betz seconded the idea of a subcommittee, but did not want to be on it. Busey suggested having the subcommittee either work with the bonds experts at the meeting to put together a proposal regarding this issue or send out an RFP with regards to hiring someone to handle this for the County. Tapley stated he would be willing to rely upon the County's bond counsel's advice as to firms to use and whether to issue an RFP.

MOTION by Wysocki to form a subcommittee to further explore the bond issue; seconded by Tapley. Motion carried.

Chair McGinty appointed Tapley, McGinty, Frerichs, and Busey to the subcommittee.

Tapley asked to have a third County Board member to the subcommittee. McGinty recommended Gross. Gross was willing to be on the subcommittee.

MOTION by Betz to approve Chair's appointments to the subcommittee; seconded by Bensyl. Motion carried. Tapley asked whether the County Treasurer should be included on the subcommittee instead of the County Auditor. Gross suggested both the Treasurer and Auditor be included in the subcommittee's discussions as appropriate to the deliberations and not have either be official subcommittee members. Betz was willing to consider a friendly amendment to have the County Treasurer and Auditor be advisors to the subcommittee and Bensyl agreed.

Chair McGinty restated his appointments to the subcommittee. He appointed Tapley, McGinty, Gross, and Busey as subcommittee members with Frerichs and Walsh serving as advisors. Motion carried.

County Administrator

Resolution for the Abatement and Reduction of Taxes Heretofore Levied for the Payment of Bonds – Series 1999 and Series 2000.

Busey presented the resolution concerning the bonds, Series 1999 and 2000 that were issued for the Courthouse Construction Project. The bonds are paid for out of the Public Safety Sales Tax, but backed by General Obligation Bonds, which requires the annual adoption of an ordinance to abate the property tax.

MOTION by Betz to approve Resolution for the Abatement and Reduction of Taxes Heretofore Levied for the Payment of Bonds – Series 1999; seconded by Wysocki. Betz agreed to a friendly amendment to include the Series 2000 bonds in the motion and Wysocki agreed. Motion carried.

Final Report FY2004

Busey reported a change in the final revenue from the report previously received by the committee. The County received the twelfth income tax payment on December 30, 2004 and it had not previously been included in the final report. The good news is that the County came closer to the projected income tax budget for FY2004. Champaign County had \$710,700 of revenue in excess of final expenditure for FY2004, which placed the final fund balance at \$3,560,225. Tapley asked if this revenue could be appropriated to replenish depleted funds.

Request for approval to negotiate Contract for Human Resource Software Management System with top ranked vendor pursuant to Champaign County RFP2005-001

Busey presented a report regarding the Contract for Human Resource Software Management System with top ranked vendor pursuant to Champaign County RFP2005-001. Champaign County is in need of an updated and improved time & attendance and human resource software management system. Currently, the Nursing Home is operating on an unsupported version of Kronos time & attendance for their time clock functions. This time & attendance system is in critical need of replacement to manage the Nursing Home's 200 plus employee workforce. All County offices currently use manual and redundant time & attendance for the payroll system. Timesheets are printed and filled out by hand by individual employees and turned in to supervisors. Supervisors then handwrite, on benefits registers of green bar printouts, the benefits and payroll information for each employee. The benefits registers are turned in to the Auditor's Office, who data enters this payroll information for the entire county, then the IT Department runs the system to create the paychecks. At this time, the County has thirteen bargaining units and exempt employees governed by three different organizational policies. This is a total of sixteen different work groups who have varying definitions with regard to work rules. Champaign County is responsible for the employment of individuals in over 800 positions and the current program utilized by the County for payroll and benefits administration does not have the capacity or flexibility to appropriately manage the complexity of the current workforce. Therefore, the County Administrators are looking for a solution which would provide an automated time & attendance system to be administered county-wide and be interfaced to a payroll management and human resource management software system, which would also interface with the County's AS400-based accounting system. The benefits of such a system include being able to accommodate all of the County's needs and keep us moving towards the future with a totally automated system.

Busey detailed what was done to reach this point. The County issued an RFI to obtain information regarding software systems that could meet the County's needs. Five responses were received to the RFI. An Evaluation Team comprised of the County Administrators, the Nursing Home Administrator, the Nursing Home Comptroller and HR Director, and the Systems Administrator reviewed the initial response and narrowed the selection down to three vendors. The three vendors provided presentations over a three-day period. All County departments were invited to attend and participate. The participating departments included Court Services, State's Attorney Office, County Clerk, Auditor's Office, Nursing Home, Sheriff's Office, Highway, Administrative Services, and RPC. Based on the information gathered through the RFI process, the County issued an RFP to obtain technical responses and formal quotes or bids. The RFP was developed with input from the following individuals, who are key to these systems within County government: Nursing Home Administrator, Nursing Home Personnel Director, RPC Human Resource Director, Insurance Specialist, Accountant for Payroll for the County, Salary Administration Administrative Assistant, County Administrators, System Administrator, and Chief Deputy for the Sheriff's Office. The County received seven responses to the RFP. The RFP technical responses and fee proposals were evaluated by an Evaluating that included the Nursing Home representatives, RPC Associate Director of Finance, RPC HR Director, Accountant for Payroll for the County, Insurance Specialist, Chief Deputy Sheriff, Salary Administration Administrative Assistant, System Administrator, and the County Administrators. The Evaluation Team recommendation of the top ranked vendor is presented to the Finance committee at this meeting. The funding recommendation for this project is to appropriate the one-time expense of the General

Corporate Fund's share of the purchase of the HR management software system from the \$187,471 currently in the fund balance that is in excess of the fund balance goal. The General Corporate Fund ended FY2004 in a positive position. The General Corporate Fund balance goal is 12.5%, which translates to a fund balance of \$3,372,754 for FY2005. The current fund balance is greater than this goal in the amount of \$187,471. The ultimate recommended action from the Evaluation Team is that the Finance Committee approve the HR Software Management Project and appoint a Negotiating Team to execute a contract and service agreement for the purchase of it. The Evaluation Team has determined through the RFI and RFP process that the top ranked vendor, who was the most qualified and most responsive to the County's needs, is Kronos, Inc. The Finance Committee is requested to authorize a Negotiating Team to initiate contract negotiations with the second ranked vendor in the event the Negotiating Team cannot come to terms with Kronos, Inc., and present the negotiated contract to the County Board for final approval

MOTION by Gross to approval negotiation of Contract for Human Resource Software Management System with top ranked vendor pursuant to Champaign County RFP2005-001; seconded by Wysocki. Tapley stated his opinion that this software is needed and long overdue. He requested a financial impact statement of savings created by this project for the County Board, identifying specific savings. Busey thought the savings initiated by this project would be difficult to quantify across the twenty-two departments, but is willing to try. There will be some areas in which Busey will be able to identify some concrete savings to the County. Gross asked the anticipated cost of the system. Busey said the estimated cost would be between \$200,000 – \$265,000. The cost will depend on the decisions of exactly what software version is purchased. Not all of the cost will be born by the General Corporate Fund; the Nursing Home will be paying for its portion of this project, as would RPC, Highway, and the other departments who would benefit. Gross asked if the \$187,471 excess in the General Corporate Fund will be adequate to cover the General Corporate Fund's obligation of the cost. Busey stated she hopes the amount will be very close, but cannot be certain until the contract is negotiated. Frerichs asked if the decision was to purchase the server-based option. Busey said yes.

Frerichs made a statement about his concerns with the selection process of the software. He was against the approval to negotiate the contract for the HR software management system. Frerichs stated his office had not been included to his standards. He felt the list of vendors was short on qualified vendors. His office attended the presentations of the three selected vendors. He believed that all three would provide good service to the County and that Kronos is the best option of those three. Frerichs intended to discuss his concerns at a meeting concerning moving forward with vendor selection, but he was out of the office the day of the meeting. Frerichs did not like that an RFP was sent out before he could review it and that the vendors only had a week to prepare a response to the RFP. Frerichs stated Inman did not return his phone calls or emails about the RFP. Frerichs had concerns that the process did not seem completely open or designed to get best and greatest number of responses, there had not been adequate long-range planning on the future of Champaign County's information infrastructure, and he feels the current system works well, though we will need to consider moving to a new ERP system and replacing the AS400 with servers. Frerichs stated the County needs to take its time and be deliberate and diligent. Frerichs would like to look into other financial software modules. He thought the least expensive vendor would be selected and said Kronos is one of the most expensive vendors. He has no qualms with choosing Kronos for the time-keeping software. He is concerned with integrating systems at a later date. Frerichs suggested the committee defer recommendation of the vendor this evening and first conduct a study of where the County wants its information infrastructure to be in the future.

Busey stated that Frerichs employs Leeann Robeck, Accountant for Payroll for the County, and she was a part of the process every step of the way and was given all the materials. Busey felt there would be communication between the Robeck and Frerichs since the Auditor's Office is very small. The County Administrators did not believe that Frerichs was excluded from the process. Busey stated that Frerichs's statement that Kronos was one of the most expensive vendors was inaccurate. The basis of the recommendation was that Kronos was the only vendor who responded completely to the RFP. The RFP asked for a time & attendance system and an HR management system, Kronos was the only vendor who provided everything the County was asking for, none of the other vendors

had time & attendance systems. The County would have had to purchase Kronos's time & attendance software separately to interface with another vendor's HR management software. The cost of purchasing Kronos's time & attendance would have to be added to the cost of all other vendors' proposals. Frerichs said he stood corrected on that point. In regards to his office, Robeck did not tell Frerichs of the meetings because she assumed he was being told about them. When Frerichs was unable to attend a meeting in January, he wrote to Inman saying that if, before the first presentation, the County planned to evaluate needs, make a presentation to the Board, and then submit an RFP, he would be comfortable with Robeck representing the Auditor's Office. Frerichs stated would have raised these concerns earlier in a meeting, but he thought would be another chance to speak before the RFP went out.

Maupin stated the Nursing Home and the Sheriff's Office combined employ more than half the County employees. They would be the primary users of the proposed system, are the departments who are the most deficient in areas of human resource management, and have the most need. The decision was reached collectively with various County departments and Robeck. Maupin said the decision was reached with little trouble, the needs were identified and various department heads witnessed the vendor presentations. This process began, with Robeck present, over a year ago. He felt this issue has been studied well by the users and the administration. He sees no reason not to move forward.

Tapley asked if the Systems Administrator participated in the process, as he is the County's expert on IT infrastructure. Busey answered that the Systems Administrator participated in the process from start to finish.

Frerichs stated Robeck was unaware of RFP going forward. He doesn't doubt there is a need and thinks Kronos is the best option for time clocks and might be the best for HR payroll. He has two concerns; the future of County IT, but if the County is going to be server-based, this concern is taken care of. His other concern in integration, something he does not think Robeck discussed because she works with payroll and she does not look at overall picture. Frerichs said the County's IT department does not look at future needs. He would have liked to discuss this before it got to this point.

Deedrich wanted to mention that he has gotten calls from vendors marketing computer-assisted mass appraisal software. One of these vendors was Hanson and Deedrich wondered if their software was entertained for this proposal. Deedrich also wanted to mention that in future IT needs, his office will need greater functionality for the assessors in the community to do their jobs. He felt the County should now be planning the best way to proceed. He asked if the employees would be logging in online. Busey answered that there are different methods of setting up the way employees will be signing on. Deedrich apologized for being unable to attend the software meetings, when he should have asked these questions. He asked if employees would be using a user name and password. Busey replied that there would be many employees who will use time clocks, some employees will be able to sign on at their computers; this will be worked through with the vendor. Deedrich asked if there was a concern that an employee would sign in another employee. Busey stated these concerns are always present and they are addressed in the way the process is built. She thinks the vendor will be able to accommodate those types of concerns.

Busey noted that Frerichs had indicated that Robeck was not involved in the RFP. In fact, Robeck was very involved in the RFP. Frerichs said he misspoke and he meant RFI.

Doenitz said he felt the committee members should have known about this proposal before. Busey stated the initial request to issue an RFP went to the Justice & Social Services Committee, which is pursuant to the County Purchasing Policy. The issue was brought to the committee because it is now a finance issue with regard to moving forward. McGinty stated the issue before the committee is to approve the negotiation of the contract. Everyone can see the need because the current software is very old and restrictive. McGinty felt there is room during negotiations to negotiate not only ongoing maintenance rates, so that the software stays current, but also upfront cost and how the implementation would occur. Discussion continued about the vendor proposals and the software needs of the

County. Frerichs read a letter dated December 15th from County Clerk Mark Shelden to the County Administrators expressing his concerns, at the time, about the HR software and vendor presentations. Busey replied that Shelden had received a comprehensive response to his letter from the County Administrators and she believed he was satisfied with their response, which is why he did not attend the Finance Committee meeting tonight. Shelden also remained involved in the process after he sent the letter.

Tapley voiced his support of the recommendation, but would appreciate a financial impact statement on the amount of money the new software would save the County. Busey gave the example of how there is one individual who is responsible for payroll for the entire County and she is not really backed up at all. Another individual is responsible for submitting payroll and benefits information for the entire Sheriff's Office, a very large portion of the payroll, and another individual who has to work overtime every other weekend because it is the only way under the current system that the work can be done. Last week the County employees very nearly did not get paid because the system fell down. The deposit did not get done, so the money was not in employees' accounts when the employees are accustomed to receiving it. That was just one example of how close the County is to falling apart in this instance. Busey cautioned the committee of the negative employee reaction if the payroll system failed and the employees did not receive their paychecks on payroll Friday. Busey asserted the County is dangerously close to this point because the current system is overtaxed. Part of the financial impact statement would be the expense for more staff if the County were to continue with the current payroll system. The Nursing Home and Sheriff's Office each need at least another full-time employee just to deal with payroll. The County is also not appropriately tracking all the information it is supposed it track for the thirteen bargaining agents, who want different levels of deductions and other information. There is no space in the current payroll program to incorporate all of the additional requests for information. Wysocki stated that she had listened to three level-three grievances in the last week that have all been tied to the clocking-in, clocking-out situation and how it is tracked. The cause of these grievances has resulted in the County paying back pay or compensatory time, which is an unnecessary extra expense. Wysocki felt an improved payroll and HR management system is worth the cost just for the improvement it would enable in the County's relationship with the bargaining units. Discussion continued on the need for updated software.

Motion carried with one no vote.

Appointment of Negotiating Team

McGinty appointed Busey, Inman, Maupin, McGinty, and Fletcher to the Negotiating Team. The committee concurred with the Chair's appointments.

Treasurer

Monthly Report

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

Request to Submit Senior Secretary Position to Job Content Evaluation Committee for Re-evaluation

Welch asked the Finance Committee to forward the Senior Secretary position on to the Job Content Evaluation Committee for re-evaluation.

MOTION by O'Connor to submit Senior Secretary position to Job Content Evaluation Committee for re-evaluation; seconded by Tapley. Motion carried.

Auditor

Purchases Not Following Purchasing Policy

Provided for information only.

Monthly Report

MOTION by Betz to receive and place on file the Auditor's monthly report; seconded by Bensyl. Motion carried.

Frerichs reported good news from IMRF. The estimated 2004 investment return for IMRF is 12.1%. This return translates into investment income of approximately \$2 billion, which is the third highest amount in IMRF history. IMRF returns for the 2004-2000 period were: 12.1% in 2004, 22.6% in 2003, a negative 8.72% in 2002, a negative 6.1% in 2001, and 1.9% in 2000. While IMRF earned 12% on a market basis in 2004, in actuarial returns, the return that impacts employer contribution rates was only 4.6%. This was less than the actuarial investment return assumption of 7.5%. Statewide, the average employer rate for the regular plan for 2005 is 9.25%. Currently the rate for Champaign County for 2005 is 8.13%. Since IMRF's actuarial return of 4.6% in 2004 is less than the 7.5% assumed return, the average employer rate for the regular plan is expected to increase to 9.73% in 2006. The average employer rate for the regular plan was 7.82% for 2004, when the County was 5.5%. The average employer rate for the regular plan will be 9.25% for 2005, when the County is 8.13%. IMRF estimates the average employer contribution for the regular plan for 2006 will be 9.73%, an increase of 48 basis points or 5%. For those who are excited about this and want to hear more, IMRF will schedule a series of meetings throughout the state to discuss the potential impact of 2004 investment returns on individual employers in 2006 and beyond. The meetings will be held after the 2006 advance rate notices are received in early April 2005. Frerichs will inform the Finance Committee when this notice is received and when the meetings are scheduled.

State's Attorney

Resolution and Litigation Assistance Agreement with the State's Attorney's Appellate Prosecutor

Fletcher stated the Resolution and Litigation Assistance Agreement is an agreement that is entered into every year with the Appellate Prosecutor's Office to provide support for the State's Attorney's Office in certain conflict of interest cases and in handling appeals from criminal convictions from the State's Attorney's Office. This is a standard, boilerplate contract that is proposed with no substitutive modifications from the previous year.

MOTION by Betz to approve Resolution and Litigation Assistance Agreement with the State's Attorney's Appellate Prosecutor; seconded by Doenitz. Motion carried.

Request to Increase Staffing of One Part-Time Legal Secretary to One Full-Time Legal Secretary Receptionist

Rietz stated her office had a part-time legal secretary at grade range D who left. Rietz would like this position changed to a full-time legal secretary receptionist position at grade range E. The number of attorneys in the State's Attorney's Office has increased over the years, but the number of support staff has not increased. This has been burdensome on the support staff. The current receptionist is overburdened with answering phones and assisting the public when they arrive at the office. Rietz is often put on hold for long periods of time when she calls into her office, so she would like to have two people staffing the front desk. With the help of Busey in dealing with the State's Attorney's budget and staffing changes since Rietz came into office, the State's Attorney's Office is able to fund this new full-time position without requesting an increase in its budget.

MOTION by Betz to approve the request to increase staffing of one part-time Legal Secretary to one full-time Legal Secretary Receptionist; seconded by Tapley. Tapley asked if the Rietz felt the State's Attorney's Office

was back to normal staff. Rietz reported the office is fully staffed in regard to attorneys, one secretary will be leaving in the future and that position will need to be filled. Motion carried.

Nursing Home

Nursing Home Funded Depreciation

Maupin explained that many years ago there was a funded depreciation line that was set up at the Nursing Home for capital projects. As the operations have gone over the last four years, the Nursing Home has relied on the funded depreciation line to provide cash flow for the facility. Maupin stated that all the funds, except for \$25,000, were taken out two years ago. The \$25,000 was left in because the future of the Nursing Home was uncertain. Since the conception of the Illinois Governmental Transfer of Funds through public aid and not having a loss in FY2003, the cash flow situation eased. A recent strain has started to develop and Maupin requests that all the funds in the funded depreciation account be converted to cash and the funded depreciation account be abolished.

MOTION by Wysocki to convert the funded depreciation line to cash and abolish the funded depreciation account; seconded by O'Connor. Gross asked if converting these funds to cash will prevent the Nursing Home from operating at a loss. Maupin said it would until the Nursing Home moves into its new facility, dependent on census and the business plan to fund the new facility. Gross asked where the money for the funded depreciation came from. Maupin replied it was previous fund balance.

Frerichs stated that the policy to set aside money for future capital needs was approved by the County Board and started in 1982. Funds were transferred to the funded depreciation account each year in the amount of the previous year's depreciation expense, less the amount of the previous year's capital expenditures. This was supposed to ensure that funds would be available when capital expenditures were needed, such as new nursing homes. Several times in the last four years, cash flow shortages have necessitated borrowing from the funded depreciation account to cover operating expenses. These loans have been repaid within a few months until 2003, when financial conditions were not conducive to repaying the \$505,000 borrowed in 2002. Financial conditions have also precluded making annual contributions to the funded depreciation account for the years 2000, 2001, and 2002. These amounts were \$216,000 in 2000; \$182,000 in 2001; and \$72,000 in 2002. After \$450,000 loan to the operating fund in 2003, there was only about \$25,000 left in the account. Frerichs stated that if contributions had been made on schedule and borrowing had not been necessary, the funded depreciation account balance would have been about \$1.5 million, excluding the additional interest that would have been earned. Frerichs thinks that this goes against County precedent of long-range planning and the building up of things like the Capital Equipment Replacement Fund. Tapley noted that the County had made contributions to this fund for eighteen years and wanted to know where all the money went. Frerichs stated that as of 1995, the Nursing Home Funded Depreciation Account had a balance of \$330,000; in 1996 a balance of \$500,000; and in 1997 a balance of \$548,000. Money was being taken out for capital expenses during these years. The highest balance the account achieved was about \$954,000 in 2001. Maupin said this might be against policy, but Board had the choice was to either pay the payroll and the bills or shut the Nursing Home down. Maupin and Frerichs continued to discuss the fund issue. Busey stated that on the long-term budget projections for the Nursing Home, once the Nursing Home Construction Project is completed; show the funded depreciation as budgeted item beginning in FY2007. The County has not lost sight of the fact of the need for the long-term planning; it is just that the Nursing Home is currently in a position where it is unable to provide the funding. Busey felt that when the new facility is occupied, the Nursing Home will begin to be back on track to maintain the long-term planning initiative.

Motion carried.

Other Business

Semi-Annual Review of Closed Session Minutes

Fletcher reviewed the closed session minutes and recommended that they remain closed.

MOTION by Tapley, pursuant to the statutory requirement to conduct a semi-annual review of all closed meeting minutes, that the closed meeting minutes of the Finance Committee be maintained as closed to protect the public interest or the privacy of individuals; seconded by Betz. Motion carried.

Busey announced that she received a notification yesterday from Elizabeth Hennessy of William Blair. William Blair is the underwriter who has handled the County's major bond issues since 1999. Hennessy watches Champaign County's bond issues on a regular basis. Last year, the County approved a refunding of the 1995 and 2000 bonds to gain savings. The 1995 bonds were the jail bonds for \$10 million. The 2000 bonds was a \$5 million bond issue to complete the Courthouse Project. As of yesterday, it appears to be very beneficial for the County to engage in a refunding of the 1999 Courthouse bonds, which were originally issued for \$23.8 million, and the 2003 Nursing Home bonds, which were issued for \$20 million. The market is very good for this strategy right now. Hennessy projects that the County could achieve a 5% savings or approximately \$1.8 million. Busey felt the Board must give serious consideration to this proposal. The best way to move forward with this would be to be able to bring this proposal to the full Board to authorize moving in this direction as long as the County can achieve a certain level of savings yet this month. Busey asked the committee to have a special meeting on February 23rd, the Wednesday night before the Board meeting, to have a presentation by William Blair to consider whether forwarding a recommendation to proceed with the proposal to the County Board the next night. Busey apologized for the shortness in time, but it is due to the condition of the market. The committee discussed the possibility of the special meeting. The committee was agreeable to a special meeting on February 23rd at 6:00 p.m.

O'Connor asked from where the bond rebate numbers are derived. Tapley stated it depended on what the market will bear when the bonds are issued. When the Courthouse bonds were issued the rates were of a range from 4-8%.

Designation of Items to be Placed on County Board Consent Agenda

The Chair designated all budget amendments/transfers, the designation of the bond issue subcommittee, the resolution and litigation assistance agreement from the State's Attorney, and the request to increase staffing from the State's Attorney for the Consent Agenda.

Adjournment

Meeting was adjourned at 9:55 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.