



Kane County

KC Finance and Budget Committee

Meeting Minutes

Government Center
719 S. Batavia Ave., Bldg. A
Geneva, IL 60134

BERMAN, Lenert, Juby, Lewis, Sanchez, Surges, Tepe & ex-officios Pierog (County Chair)

Wednesday, June 12, 2024

2:00 PM

County Board Room

*****SPECIAL MEETING*****

1. Call To Order

Chairman Berman called the meeting to order at 2:06 PM.

2. Roll Call

PRESENT	Board Member Dale Berman Board Member Leslie Juby Board Member Vern Tepe Ex-Officio County Board Chair Corinne M. Pierog
REMOTE	Board Member Anita Lewis Board Member Jarett Sanchez
ABSENT	Board Member Bill Lenert Board Member Clifford Surges

Also present: Co. Bd. Members Allan*, Bates*, Gumz*, Kious*, Molina*, Roth; Fin. Exec. Dir. Hopkinson; ITD CIO Lasky* & staff Kash; KCAC Admin. Youngsteadt*; and members of the press and public.

3. Remote Attendance Requests

Chairman Berman announced the remote attendance requests for today's meeting. He asked the Committee if there were any objections to Committee Members Lewis, Sanchez and Surges attending today's meeting remotely. There were no objections.

4. Approval of Minutes: None

5. Public Comment (Agenda Items)

None.

6. Public Comment (Non-Agenda Items)

None.

10. New Business

A. Discussion on Budget Cuts Approach

Chairman Berman introduced the discussion on the County's approach to future budget cuts. He shared his suggested discussion points. He questioned the Committee to decide if budget cuts would be necessary for the FY2025 budget, or to focus on

FY2026 and beyond. In his opinion, it is too far along in the FY2025 budget process to enforce budget cuts. The Committee provided their feedback on this matter.

Berman asked this Committee their views on balancing the budget using the excess reserves and if they would rather continue spending down reserves or enforce budget cuts. Much discussion ensued. The Committee agreed to seek other avenues to increase revenue, while figuring out the correct amount for budget cuts. Berman asked this Committee if they would like to suggest to the County to continue to use the reserves to balance the budget for the time being. Further discussion ensued on the different avenues the County has to find revenue sources. The Committee agreed that the County should continue to spend down the excess reserves to balance the budget. Berman asked for input on the overall goal of this Committee for the budget process. Each Committee Member provided their feedback. Discussion ensued.

Committee Member Tepe explained that the County should continue to spend down the excess reserve amount to balance the FY2025 Budget. However, reserves are not the only funding being depleted. The County's Capital Fund has not had a major contribution for some time. Tepe explained that the current capital projects being completed are being augmented by the funding given to the County by the American Rescue Plan Act (ARPA). He added if the County is going to have a building program, then they must find a way to fund the Capital Projects. Referencing a previous financial presentation he provided, Tepe came up with an average annual basis gap of \$15M between the County's revenues and expenses. He provided his suggestions on how the County could begin to close that financial gap. First, the County can begin to utilize the annual Property Tax Extension Law Limit (PTELL) increases, which would provide approximately \$2M annually. Second, the County could increase the Local Motor Fuel Tax, in which would be given to the Kane County Division of Transportation (KDOT). Additionally, they could reallocate the RTA Sales Tax, which would give the County \$6.3M. All of these suggestions are items the County Board could implement now. Lastly, the County could discuss the implementation of a County sales tax and cuts to personnel.

Fin. Exec. Dir. Hopkinson explained that a County Strategic Plan needs to be developed. During the creation of this plan, it will allow the County to learn how resources can be allocated across the County and would assist in budgeting. Madam Chairman Pierog added that this plan would identify the County Board's priorities and goals and provide outreach to the communities. In saying this, a strategic plan would take time to develop, which in turn, causes a larger fiscal cliff the County will have to address. Hopkinson listed the numerous County funds that are being balanced by reserves. She explained that within the FY2023 Budget, the General Fund budgeted \$17M use of fund balance reserves. While the Finance Department finishes the Audit Report, they have found that the actual loss for FY2023 was \$5.5M. Hopkinson has predicted that FY2024 will be a higher loss due to equity adjustments and significant pay increases in union contracted rates. This trend will continue to spend down the County's reserves. If the County were to reallocate funding, such as moving money from the RTA Sales Tax fund from the Transportation Department to the General Fund and increase the Local Motor Fuel Tax, that would provide approximately \$6M-\$7M.

This would be beneficial to the General Fund, however, the County has already budgeted about \$10M in reserves for FY2025.

Committee Member Juby stated that it is not prudent of the Committee to be planning budget cuts on two forms of revenue that have continually not had support from constituents. The discussion today should be focused on the facts, such as the County does not have the Consumer Price Index (CPI) to utilize and they are not going to increase the Motor Fuel Tax. Juby voiced her opposition on implementing a set budget cut percentage for all County departments/offices. This would be unfair to those departments/offices that are much smaller. Berman stated that an additional discussion item that the Committee should keep in mind is when they determine what the actual cuts will be, what affects will occur to County services. With that in mind, how should the County Board view these cuts versus implementing the CPI or increase in fuel tax? Discussion ensued on the amount of money would be allocated to each departments in order to reach the overall goal of cutting the budget. The Committee decided to figure out an exact dollar amount to cut from the budget. Additionally, they would look at the percentage of each department's share in the overall County budget and direct them to try to cut the suggested amount. Lastly, the County should try to reallocate County funding, such as the RTA Sales Tax.

Tepe summarized the goals and priorities of this Committee. He asked a series of questions to the Committee for consensus. The Committee asked Hopkinson to figure out some dollar figures pertaining to departments and budget cuts. This will allow the Committee to see the overall options they have to address the County's fiscal cliff. Much discussion ensued. Tepe suggested that this Committee receive departments/offices' budgets to help figure out a targeted number. Once this number is figured out, this would be the amount this Committee would present to the County Board for budget cuts. Additionally, this Committee would present funding alternatives. The Committee provided consensus. Further discussion ensued.

The next Special Finance Committee meeting will be scheduled for Monday, July 1, 2024 at 2:00 p.m.

11. Old Business

None.

12. Committee Chairman's Comments

None.

13. Executive Session (if needed)

None.

14. Adjournment

RESULT:	APPROVED BY VOICE VOTE
MOVER:	Leslie Juby
SECONDER:	Vern Tepe

This meeting was adjourned at 3:34 PM.

Savannah Valdez
Sr. Recording Secretary