



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, March 27, 2024

9:00 AM

County Board Room

1. Call To Order

Chairman Berman called the meeting to order at 9:00 AM.

2. Roll Call

PRESENT	Board Member Dale Berman Board Member Bill Lenert Board Member Leslie Juby Board Member Anita Lewis Board Member Jarett Sanchez Board Member Clifford Surges Board Member Vern Tepe Ex-Officio County Board Chair Corinne M. Pierog
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Also present: Co. Bd. Members Allan*, Bates*, Gumz*, Davoust*, Kenyon, Kious*, Molina*, Roth, Strathmann; Fin. Exec. Dir. Hopkinson & staff Kietzman, Wierzbiak; Auditor Wegman; Treasurer Lauzen & staff Artz, Cain; ITD/BLD Exec. Dir. Fahnestock & staff Lasky*, Peters; HRM Exec. Dir. Loblillo & staff Miller; KDOT Deputy Dir. Rickert*; KCSO Chief of Staff Catich; ASA Frank, Duran*; Spec. ASA Shepro; and members of the press and public.

3. Remote Attendance Requests

There were no remote attendance requests for today's meeting.

4. Approval of Minutes: February 28, 2024

RESULT:	APPROVED BY UNANIMOUS CONSENT
MOVER:	Bill Lenert

5. Public Comment (Agenda Items)

None.

6. Public Comment (Non-Agenda Items)

None.

7. Treasurer's Report (C. Lauzen)

A. Monthly Report

Treasurer Lauzen stated that on a monthly basis he will be presenting "People Who Serve and Help Us", which will highlight an employee. He introduced Staff Accountant Richard Artz. Lauzen provided Artz's job duties and responsibilities. He spoke on the County's security against scammers. Lauzen shared Artz's credentials. (Lewis arrived at 9:03 a.m.) He reviewed the daily documents Artz is responsible for.

Lauzen stated the monthly Treasurer's Report was on file. He reviewed the "Projected" versus "Promised" versus "Actual Performance". He explained how the County will begin to track Earned Income. Within the monthly report, he included an accretion amount on zero based bonds. Lauzen explained that Kane County sponsored legislation that allowed County Treasurers to use the highest quality, short-term, corporate bonds. Currently the County has a latter of these types of bonds with a six to nine month maturity rate and the highest quality grade. Lauzen stated that this would be an additional \$1.2M of Earned Income. He spoke on the conclusion of the County's operating bank transition. Eleven out of the 18 County's accounts have zero balances. The rest are being paid down by outstanding checks. Lauzen spoke on the County's bank selection, Chase. Chase Bank has 1,900 local government clients and has a broad amount of benefits, support, and cost savings for the County. One benefit provided is the National County Round Table Webinar. Lauzen will be attending the next round table on April 17, 2024, focusing on best practices.

8. Auditor's Report (P. Wegman)

A. Monthly Report

Auditor Wegman stated the monthly report was on file. She has distributed the 2023 fourth-quarter report. She provided a Procurement Card (PCard) Vendor update. Staff is in the process of distributing all PCards to County offices/departments. Wegman stated the County is transitioning from 5/3 Bank to Chase Bank. She hopes for a successful transition to be completed within the next couple months.

B. Approving February 2024 Claims Paid

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Jarett Sanchez
SECONDER:	Anita Lewis
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

9. Finance Director's Report (K. Hopkinson)**A. Monthly Finance Reports**

Fin. Exec. Dir. Hopkinson stated the monthly reports were on file. She explained that Finance staff has been working on closing out FY2023. (Madam Chairman Pierog arrived remotely at 9:08 a.m.) She stated the County's General Fund expended \$114.4M, but only received \$107.7M in revenue in 2023. The difference was covered with the General Fund's overall balance. She explained that the County had budgeted to utilize about \$16M in fund balance for FY2023, but will only use approximately \$7M. As mentioned last month, she will begin to report on the County's Unearned Revenue. Unearned Revenue is revenue that the County has received the cash, but has yet to identify where to apply the money. Within the General Fund, there is \$2M from a grant received by the Kane County Clerk's Office. Hopkinson reviewed the County's Select Tax Revenues for FY2023 and FY2024. She reviewed a graph depicting the mentioned information. Hopkinson spoke on the State's Motor Fuel Tax (MFT) versus the County's. The State's MFT revenue has been increasing at a faster rate than the County's. Hopkinson spoke on the Local Government Distributive Fund revenue. She explained that all local governments receive a share of the State Income Tax, the State's Local Use Tax, and the Cannabis Regulation Tax. She reviewed the historic trends of the Cannabis Regulation Tax. Hopkinson explained that the State indicated that in 2022, their estimate for the distribution of the Personal Property Replacement was based on inaccurate numbers. This explains the fluctuation within this revenue fund balance. Hopkinson provided information on the State and Local Cannabis Tax. She stated that this is a steady revenue source for the County. She reviewed the County's Collective Bargaining Agreements (CBA). Currently, there are four CBAs that have expired. Hopkinson spoke on the County's total gross salaries, including overtime, by County Office/Department. She noted that she added an additional column projecting the 2024 forecast. Hopkinson addressed questions and comments from the Committee.

Hopkinson reviewed the monthly activities of the Finance Department. Staff has prepared the FY2024 Budget Book that should be posted later today and submitted to the Government Finance Officers Association (GFOA). Hopkinson stated the County's outside auditors were at the County doing test work this week, and will continue to finish up. The goal is to have the FY2023 Annual Audit completed by May 31, 2024. She reminded the Committee that this is the last year of the contract with the audit firm, and will be going out for bid. Hopkinson spoke on the FY2025 Budget. Currently, County Offices/Departments are working on their Mission and Outcomes forms. She spoke on the importance of this form with respect to the FY2025 Budget. (Madam Chairman Pierog arrived in-person at 9:19 a.m.) The 2025 Budget Kick-Off meetings were held with County Offices/Departments on March 20 and 21, 2024. Hopkinson explained that all offices/departments have been requested to hold all budgetary items to less than a 3% increase. Additionally, all offices/departments have been limited to one vacant position per 50 employees. The max amount of vacant

positions allowed is four. Hopkinson stated that the Finance Department has been working with the State's Attorney's Office (SAO) to develop resolution templates to be used by County Offices/Departments when a formal solicitation has been advertised by the Purchasing Department. These will be located on the Finance Department's internal webpage, kanecountyil.gov/Pages/finance.aspx. She noted that this webpage is currently being updated. Hopkinson stated that an ordinance changing items within the County's Financial Policies will be presented at the April Finance Committee meeting. She highlighted the financial report regarding the Fund Budget Report Exceeding, Adopted Expense Budget FY2023, as of March 19, 2024. This table depicts County funds that went over budget, such as Emergency Reserve Fund. The County had approximately 20 funds that went over budget. Hopkinson addressed questions and comments from the Committee.

Fin. Exec. Dir. Hopkinson provided a presentation on the FY2025 Budget: Revenue Options. As mentioned, County Offices/Departments have been asked to fill out their Mission and Outcomes forms and to stick to a less than 3% increase on all budgetary items. Hopkinson reviewed the General Fund - Forecast and Reserve Target with the assumption of a 3% revenue and expense increase and \$3M transferred to Capital Projects each year for 2026 to 2028. She explained that if the County continues to balance the County's budget with reserves than by 2027 the County's reserves in excess of 90-day target would be depleted to negative -\$586,646. This would leave approximately \$36.5M in County reserves. Hopkinson shared pie charts depicting the FY2024 General Fund General Revenues, FY2024 Required Shares of General Fund General Revenues by Elected Offices/Departments, and FY2024 Required Shares of General Fund General Reserves by elected offices compared to County departments. She noted that 77% of the County's tax revenue is used to fund the elected offices. She stated that if the County continues down the current financial path with no changes, the County will run out of funds by 2028. Hopkinson reviewed the Capital Projects Budget Process: collect Capital Project requests, classify and rank, draft a budget, obtain committee approvals to County Board adoption, and publish, implement, and assess the performance indicators. She spoke on the classify and rank step within the Capital Projects Budget Process. In order to classify and rank these projects, a review team consisting of the Information Technologies (ITD), Building Management (BLD), and Finance Departments would prioritize the projects based on risk factors, such as life safety, and/or maintains or improves safety. This is important because the County has a \$50M, five-year Capital Improvement Plan. If the 2024 capital projects are completed, the County will not have funds for the 2025 projects. Hopkinson reviewed the funding options for Capital Projects. The County could decide to use increased property tax revenue, locally controlled tax revenue, Special County Retailer's Occupation Tax, grants, utilize the use of existing fund balance, and/or use County bonds. Hopkinson shared a table depicting the County's Comparable "Major" Revenues and Statistics with surrounding counties. Currently, Kane County has the lowest tax revenue per capita. Hopkinson stated that last September, McHenry County voted to

increase their local Motor Fuel Tax (MFT) from 4.5 to 8 cents. Additionally, McHenry voters voted to accept the Special County Retailer's Occupation Tax for mental health purposes. Hopkinson reviewed the Property Tax Extension Limitation History percentages, which needs to be lower than the State's Consumer Price Index (CPI) or 5%. She shared a table showing the County's Property Tax Levies. The County has one tax levy that could be allocated among County funds at the County Board's discretion. Hopkinson spoke on Kane County's trends of their financial position with the Regional Transportation Authority (RTA) Transportation Sales Tax - Fund Allocation. The allocation of these funds are decided on by the County Board and can only be used for public safety or transportation. Currently, the Transportation Department receives 75%, with 25% allocated to public safety. Hopkinson spoke on the County Board's options when allocating this tax revenue. She reviewed the County's Financial Policies that were amended on February 8, 2022 pertaining to the RTA Transportation Sales Tax. She noted that the Local MFT is indexed to inflation. The authority of the County could be to increase the MFT to 8%. Currently the RTA Sales Tax is one-fourth of a cent sales tax within the County of Kane. She explained the percentages of allocation of the RTA Sales Tax throughout County funds. She spoke on the local option of a MFT. The rate for Kane County increased to 4.7 cents per gallon on July 1, 2023, due to the CPI adjustment. DuPage County has the highest Motor Fuel Tax at 9.1 cents per gallon. Hopkinson spoke on the Special County Retailer's Occupation Tax. She stated that the County could impose the Special County Retailer's Occupation Tax upon all persons engaged in the business of selling tangible personal property at retail in the County. The County may impose this tax to be used exclusively for public safety, public facility, mental health, substance abuse, or transportation. If this was imposed, this tax shall be imposed only in one-quarter percent increments. Hopkinson reviewed the Illinois Department of Revenue's letter depicting the estimated report of the Occupation Tax in Kane County, if it were to be imposed. She reviewed the five options the County could utilize to help fund the County's Capital Projects. Hopkinson addressed questions and comments from the Committee. Much discussion ensued. Hopkinson requested the Committee provide the approach they would like to take for the FY2025 Budget pertaining to tax revenues.

Committee Member Tepe provided a presentation on the Kane County Board's Financial Crisis - 2024. He stated that the County Board needs to either reduce costs or increase revenues. If not, the County will face a financial crisis. The key responsibility of the County Board is to manage a \$270M operation. The 2024 Budget total is \$271,418,212, but the General Fund is \$122,418,432 of that. Tepe reviewed the County's space needs, with the priorities being the Health Department, Juvenile Justice Center, Judicial Center, and Government Center. He shared the General Fund's Budget History and Projections. The difference between the County's revenue and expenses is approximately \$15M. The County Board must come up with a plan to make up and/or exceed this financial gap. Tepe reviewed the four major options to increase County revenue: increasing property tax to the Property Tax Extension Limitation Law (PTELL)

amount of 3.4%, increasing the County's Motor Fuel Tax (MFT), re-allocate the RTA sales tax, and/or implement a 1% sales tax. As the County looks to decrease expenses, the elected offices/departments' budgets need to be assessed that are funded by the General Fund. Tepe reviewed the different options the County has to start cutting expenses from the General Fund, such as employees. He spoke on the possible amount of employees that would need to be laid off, if a 10% reduction was approved by the County Board. He reviewed the four major options the County Board has in order to help balance the General Fund's annual budget. Tepe stated that the County Board needs to decide on a plan now. We can no longer ignore this pressing issue. Much discussion ensued on possible financial opportunities that could save County money and the options laid out.

The Committee provided a suggestion to set an exploratory sales tax referendum that would move forward to the Executive Committee.

10. New Business

Contracts and Purchases

- A. Authorizing an Amendment to the Agreement with Healy, Bender, Patton and Been, and RC Wegman for the Construction of an Accessible Ramp at the Kane County Sheriff's Office (RFQ# 42-020)

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Bill Lenert
SECONDER:	Leslie Juby
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

- B. Authorizing Service Agreement with Facilities Survey, LLC. (FSI) for the Building Management Department's Work Order Software

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Bill Lenert
SECONDER:	Leslie Juby
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

- C. Authorizing a Contract with Langton Group for the Mill Creek SSA Landscape Maintenance Services Program (Tree Related Services) (BID# 24-025-TK)
- Committee Vice-Chair Lenert motioned to move the following two resolutions forward, Sanchez seconded. Motion carried unanimously by roll call vote.

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Bill Lenert
SECONDER:	Jarett Sanchez
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

- D. Authorizing a Contract with Everlast Blacktop, Inc. for the North Sidewalk Improvement Project for the Mill Creek SSA (BID# 24-024-KK)

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Bill Lenert
SECONDER:	Jarett Sanchez
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

- E. Authorizing a Contract Extension with Netceed and Heartland Business Systems for Cisco Hardware, Software, Services, and Smartnet (RFP# 34-020)

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Anita Lewis
SECONDER:	Jarett Sanchez
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

F. Authorizing Updated Capital Projects from the Capital Fund

Committee Member Surges asked if the Judicial Campus Lighting Project for \$2.5M pertained to LED bulb replacements mentioned by County Board Member Roth. He was assured it was.

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Jarett Sanchez
SECONDER:	Leslie Juby
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

G. Authorizing Expenditure of Funds for Commercial Floor Coverings and Related Services with Mohawk Industries Through OMNIA Partners (Contract# 2020002149)

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Jarett Sanchez
SECONDER:	Bill Lenert
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

H. Authorizing the Expenditure of Funds with Zoom Video Communications Inc. for Zoom Web Conferencing Services for the Kane County Information Technologies Department

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Jarett Sanchez
SECONDER:	Anita Lewis
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

I. Authorizing Health Department Purchase of Mosquito Larvicide

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Clifford Surges
SECONDER:	Jarett Sanchez
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

J. Authorizing the Purchase of Three Vehicles for the State's Attorney's Office

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Vern Tepe
SECONDER:	Jarett Sanchez
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

K. Authorizing the Purchase of an Armored Vehicle for the Sheriff's Office

Committee Member Surges asked if this vehicle could be funded by the American Rescue Plan Act (ARPA). Committee Member Sanchez stated that a funding request was not submitted to the American Rescue Plan Committee (ARPC). Surges requested that this be looked into. Discussion ensued.

Surges motioned to amend this resolution to add an additional WHEREAS clause stating: "WHEREAS, the County Board desires for the Kane County American Rescue Plan Program and the American Rescue Plan Committee to investigate whether any portion, if not all, of this purchase is eligible for reimbursement from the County's American Rescue Plan Act Funds, in accordance with the American Rescue Plan Act." Lenert seconded the motion to amend. Motion carried unanimously by roll call vote.

KC Executive Committee

RESULT:	MOVED FORWARD BY ROLL CALL VOTE
TO:	KC Executive Committee
MOVER:	Clifford Surges
SECONDER:	Bill Lenert
AYE:	Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

Other

- A.** Authorizing Number of Procurement Cards Issued to Kane County Public Health Department and Each of their Transaction Limits

Committee Vice-Chair Lenert motioned to move items E, F, I, K, and M forward together, Sanchez seconded. Motion carried unanimously by voice vote.

Lenert motioned to move items A, B, C, D, G, H, J, L, and N forward together, Sanchez seconded. Motion carried unanimously by voice vote.

RESULT:	APPROVED BY VOICE VOTE
MOVER:	Bill Lenert
SECONDER:	Jarett Sanchez

- B.** Authorizing Number of Procurement Cards Issued to Development & Community Services Department and Each of their Transaction Limits

RESULT:	APPROVED BY VOICE VOTE
MOVER:	Bill Lenert
SECONDER:	Jarett Sanchez

- C.** Authorizing the Number of Procurement Cards Issued to the Office of Emergency Management and Each of their Transaction Limits

RESULT:	APPROVED BY VOICE VOTE
MOVER:	Bill Lenert
SECONDER:	Jarett Sanchez

- D. Authorizing Number of Procurement Cards Issued to Environmental & Water Resources Department and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- E. Acknowledging Annual Review of Number of Procurement Cards Issued to the Kane County Clerk's Office and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- F. Acknowledging Annual Review of Number of Procurement Cards Issued to the Kane County Law Library & Self-Help Legal Center and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- G. Authorizing Number of Procurement Cards Issued to the Building Management Department and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- H. Authorizing Number of Procurement Cards Issued to the Department of Human Resource Management and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- I. Acknowledging Annual Review of Number of Procurement Cards Issued to Kane County Public Defender and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- J. Authorizing Number of Procurement Cards Issued to Kane County Animal Control and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- K. Acknowledging Annual Review of Number of Procurement Cards Issued to the Kane County Veteran's Assistance Commission and Each of their Transactions

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- L. Authorizing Number of Procurement Cards Issued to the Information Technologies Department and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- M. Acknowledging Annual Review of Number of Procurement Cards Issued to the Auditor's Office and Each of their Transaction Limits

RESULT: **APPROVED BY VOICE VOTE**

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- N. Authorizing Number of Procurement Cards Issued to the Finance Department and Each of their Transaction Limits

RESULT: APPROVED BY VOICE VOTE

MOVER: Bill Lenert

SECONDER: Jarett Sanchez

- O. Creating Illinois Residency Requirements for County Employees

Committee Member Surges explained that this ordinance was advanced to the Finance Committee due to financial aspects tied to employing an out-of-state employee. He noted that not all of the issues within this ordinance have been worked out. Surges spoke on the debate that occurred at the March Human Services Committee. He spoke on the Grandfather Clause that has been included within the ordinance for those employees who work outside of the state. They would have a 36-month window to relocate to Illinois. Surges spoke on the possibility of not finding adequate employees in Illinois for County business. Discussion ensued.

KC Executive Committee

RESULT: MOVED FORWARD BY ROLL CALL VOTE

TO: KC Executive Committee

MOVER: Clifford Surges

SECONDER: Jarett Sanchez

AYE: Dale Berman, Bill Lenert, Leslie Juby, Anita Lewis, Jarett Sanchez, Clifford Surges, and Vern Tepe

11. Old Business

None.

12. Reports Placed On File

RESULT: APPROVED BY UNANIMOUS CONSENT

MOVER: Jarett Sanchez

13. Committee Chairman's Comments

Committee Chairman Berman commended the Committee on their productive discussions today.

14. Executive Session (if needed)

None.

15. Adjournment

RESULT:	APPROVED BY VOICE VOTE
MOVER:	Jarett Sanchez
SECONDER:	Leslie Juby

This meeting was adjourned at 11:03 AM.

Savannah Valdez

Sr. Recording Secretary