

**LEGISLATIVE AND INTERGOVERNMENTAL AFFAIRS COMMITTEE**  
**McHenry County Government Center – Administration Building**  
**667 Ware Road**  
**Woodstock IL 60098**

MINUTES OF THURSDAY JANUARY 12, 2012

Chairman Heisler called the meeting to order at 8:30 a.m. The following Committee members were present: James Heisler, Chairman; Ersel Schuster; Marc Munaretto; Pete Merkel; John Jung, Jr. and Kathleen Bergan Schmidt. Nick Provenzano arrived at 8:35a.m. Also in attendance: Kenneth D. Koehler, County Board Chairman; Peter Austin, County Administrator; John Labaj, Deputy County Administrator; Adam Lehmann, Assistant to the County Administrator; Joe Korpalski and Jason Osborn, Division of Transportation; Senator Pamela Althoff; Representative Michael Tryon; and Anna Bicanic Moeller, Executive Director of MCCG (McHenry County Council of Governments).

James Heisler, Chairman	
John Jung, Jr.	Pete Merkel
Marc Munaretto	Nick Provenzano
Kathleen Bergan Schmidt	Ersel Schuster

MINUTES

Committee members reviewed the minutes of December 8, 2011. Mr. Jung made a motion, seconded by Ms. Schuster to approve the minutes as presented. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT

None.

PRESENTATION

None.

OLD BUSINESS

*State Legislative Update:* Representative Tryon and Senator Althoff joined committee members to provide an update to State's November Legislative Session. Senator Althoff stated that the State has no money for funding. It was a very tough session. Because of the State budget and pension issues they may have to deal with the State being "down-graded" again. This equates to higher interest charges to the taxpayers of the State.

One year ago there were 35 States that were working under unbalanced budgets. Eighteen of the States have managed to balance their budgets. Seven additional States are expected to have balanced budgets by 2013. Illinois does not seem to be able to do this. The County was cautioned to make sure Springfield is not "raiding" the County funds.

Mr. Provenzano arrived at 8:35a.m.

Representative Tryon and Senator Althoff sit on the Medicaid Reform Task Force. This task force is trying to address the significant amount of fraud that takes place. They are trying to make sure those that misuse these funds are eliminated from the system.

Another committee was formed that will review the budgets of the agencies that are funded to make sure they are doing their jobs and identify those that aren't and need reform. This group is a 19 member panel of bankers and economist that will review where to trim or not trim the budget. This group falls under the Governor's Office of Management.

Representative Tryon noted that the State is worse off than having no money they have less than no money. If this was a business in the private sector, they would be bankrupt. The income tax increase allowed the current budget to be balanced but did not address any of the outstanding bills, pensions, insurance costs or labor contracts, which need to be addressed.

The good news that was received is that the revenue the State received was \$1 billion dollars higher than expected. The Governor has provided a 3 year proposed budget. Many of the State Parks are vulnerable to being closed, this includes Moraine Hills State Park and the Chain O'Lakes State Park.

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The Huntley Route 47/90 project and Algonquin Bypass has been approved and the funding has been placed in the budget. The lane extension for Route 47 up to Route 14 has been placed on hold. No large projects will go forward for the next few years as there are not a lot of available funds.

The Toll Way interchanges will now require a full 50% local match. More planning will require buy-in of the local communities. The entities will need to work together for these road projects to move forward. IDOT is looking at their requirements as well, even if it involves a State Road.

Committee members informed Senator Althoff and Representative Tryon that the Algonquin Road mass grading project is scheduled to move forward in the Spring. This issue is on hold because the "right of way" agreements have not received from the U.S. Postal Service. Letters have been sent to Senator Durbin to see if there is something he can do so this project moves forward as scheduled. Senator Althoff and Representative Tryon stated they would forward letters to the Senator as well.

The US Postal Service has some property on Algonquin Road. Their attorney has stated they need to speak to someone at the "top" in order to obtain this approval. Outside counsel handles all land acquisitions but we don't have any condemnation rights over Federal property so "permission" is needed. A minimal amount of the east side of the property is needed for drainage. This will change the lane configuration slightly but will not affect the facility.

It was suggested that letters be sent to the other legislators in Washington DC as well. They were informed that we don't know the "inter-workings" of the US Postal Service so permissions have not been obtained. It was stated that this issue could affect the overall contract for this project.

The State Reps were asked if they have heard anything regarding the ROE (Regional Office of Education). The County has included a "vanilla" statement in its State Legislative Initiatives on this issue. The County supports the restoration of the funding or elimination of the need for the Regional Superintendents Office. Senator Althoff responded that they all recognize what the necessary requirements of the ROE are, but they also may not need a ROE for every County. They are looking at various options to address this issue including one ROE for certain amount of population. Because of the population sizes of the collar counties, most would have their own ROE. The bill would also address what would happen if the position is left vacant and how that County would be able to contract with others or with retired ROE's (so they wouldn't have to give up their pensions) to fulfill the duties of the position. They are also reviewing other requirements for this position. One of the issues is that they must have taught in a classroom for two years within the last four years. This is not practical. One of the remaining issues is whether a candidate that lives within the County, but within another school district can "run" for the ROE. Representative Tryon stated that he would guess this person must live in the district in which he is running.

There are two other issues that may affect the County. The first is the legislation that was filed to require a County Board Chairman lives in a County of more than 300,000 residents, must run for election. This item seems to be political as there are only two Counties, Lake and McHenry, that fit this model. This takes the authority away from the County Board. The County Board previously affirmed, during the redistricting, that they would like the County Board Members to select its Chairman. Representative Tryon noted that the power is not in the position, but in the process. A Chairman can fail either way. Most who serve as an elected Chairman are in these positions for over twenty years. There is a sense that this position will continue forever when elected. If you review the position where the Chairman is chosen by the board members, they serve less time in this position. The power is in the collective votes of the Board, which has worked well in this County. Committee members stated that since this legislation targets only two counties it is blatantly political which equates to bad legislation. It was stated that for 2012 the election cycle started in September so by introducing this type of legislation it violates the State Board of Election as a candidate would need to be nominated for the general election. Committee members were informed that part of the legislation would be modified if it should pass.

Committee members questioned if this issue was thoroughly thought out as it does not seem to be practical to do this at this time. It seems to diminish this idea. Committee members questioned if a Resolution should be passed by this board that indicates that the County Board has rules set in place that addresses this issue. This Resolution would be forwarded to the legislator's letting them know there was quite a lot of discussion surrounding this issue. These discussions disrupt this process. It was suggested that letters be sent from Representative Tryon, Senator Althoff, Lake and McHenry County Representatives regarding this process. There is already legislation in place

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that states when a County reaches a certain population the board size will decrease. The election of a Chairman does not improve the process and does not make for better government.

Lake County has communicated to Metro County that they want the okay to send letters opposing this legislation as well. If a Chairman is required to run for election, they will be doing so every two years. This issue was also discussed during the redistricting of the County Board when the maps were being reviewed.

Committee members stated that they feel a more important issue is for the State to tighten up its election calendar as candidates must campaign instead of doing their other jobs for a long period of time. The cost to run a campaign every other year would be highly expensive, from \$300,000 to \$500,000. Committee members agreed that letters of opposition should be drafted and sent out on this issue.

Committee members were informed that there is one issue that has not been placed in the State Legislative Program yet. They would like to create a transportation district to bring rail service to Huntley and beyond. Last session a Southwest Transportation District was created to that this entity could apply for grant funding in order to expand the rail lines in that district. The district was created with the municipalities along the line.

McHenry County would like to try to get a District formed in this area so they can try to get rail service all the way to Rockford. The only issue is that the Southern District was granted taxing powers, committee members stated they are not sure they want to do that here. They were informed that this legislation would provide a lot of latitude as the legislation was very broad and may change.

Representative Tryon stated that when the bill started in the House they gave them taxing powers because without that they cannot apply for grants. They needed to show they had a possible revenue stream. This District can now study, with Metra if this issue is even viable and then they will consider imposing a tax or not. He stated that there is a question if this should be a county wide district or a district that consists of all the Municipalities. He stated he prefers this as Huntley, Belvidere and Marengo have all indicated their desire to have transit service. If we want to do a tax, this would create a revenue stream. A part of the RTA Tax could be designated for this as well.

Committee members were reminded that this issue will go before the County Board. Direction is needed to inform them that this legislation has been filed. There needs to be a discussion by the Board that will guide this decision. They will need a tax district in order to make this viable. Senator Althoff noted that decisions will be needed within six to eight weeks. She stated that she wanted to get in the "que" in order to start the process. Others may chose to go this route so they could move in front of us if action is not taken.

Mr. Austin noted that he has been working with this group and has met with the legislators from Huntley and Marengo. The communities may support this but additional revenue will be needed. When Metra placed the rail station in Genoa it was not a smart decision since there is not much population in this area.

Committee members questioned if there was any funding available from CMAP. They were informed that they didn't provide much weigh-in on the discussions for the Southwestern District. The Municipalities along the line created a district long the corporate municipal boundaries. Each of the Municipalities put in some funding in order to do a study to determine if this is viable. If the study shows it is, they would go to a referendum to try to get a line in place. This would be strictly for mass transit. Federal Funds could be used for capital and planning so it is hopeful that Metra would look at possible expansion. A strong philosophical discussion is needed on this issue with all of the Municipalities.

Committee members stated that Representative Tryon spoke about fraud in Medicaid. They questioned what they are looking at? Committee members were informed there are big problems across the Country. People on Medicaid are automatically renewed. Who is watching if they get additional money? If they are sent a letter and do not send this letter back, they are automatically being renewed for services. When the program was being audited they found a large number of people who were no longer eligible. Illinois has a problem with the renewal system. They need to put parameters in place to make sure these funds are going to those that need it, not those that are automatically approved. They are working with the Federal Government to obtain waivers to address these reforms.

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There is concern that when the Federal Government gives grants, they don't allow us to make sure people are qualified to receive these funds. Committee members were informed that the State is in the process of upgrading its software so that the government entities can "speak" to each other. There is a need to make sure the citizens of this country are the ones receiving services, not those that are not citizens. It was stated that these changes need to come from the President. We can't change the program as it is in place. Most agency directors support an astounding amount of funding going to the Illegal residents.

Committee members questioned if there has been any discussions regarding job retention and pension reform. They were told that these are the biggest financial burden to the State. In the beginning the pension reform plan looked as if it would work well and take the financial burden away from the taxpayers. This has changed and they have informed the unions that this burden will fall on the taxpayers. Representative Tryon stated that he and others are proposing a pension stabilization fund be created, which will include revenue sources. Any new bills would include a part of the bill go into this fund. They also have a pension bond that amounts to \$1 million dollars per year and when due would be placed into this fund. Indiana created this type of system and they are now financially stable. Illinois created a negatively amortized fund because they didn't pay into the fund.

The State wants to tax all incomes over \$65,000 per year which would create an additional \$1.2 - \$1.5 billion dollars per year.

Illinois has traded one problem for another. Under current State Law, when a teacher retires, their retirement is based on their four highest pay years of pay or amounts paid into the system. If the teacher pays 14% into the fund, their benefit is larger. They are talking about a constitutional issue when talking about pension reform. An individual should not be able to make more than what was contributed. The State is unable to negotiate with the labor unions if they can't show any reforms.

Representative Tryon noted there were two bills he did work on. He is working on the bill with Jack Franks that would require the EAV be frozen. This is a very controversial issue so they have to create something that the government can work within. They are proposing that if the levy is not raised above 5%, the entity would not have to publish a notice. If the tax rate goes up, they would have to have a truth in taxation hearing and this would require publication. This is strictly a transparency issue around the tax cap. The Supreme Court rules state that taxes have to be fair and equitable. They have been trying to get this modified every year. Committee members stated that maybe the issue is with the powers that have been given to the Board of Review and suggested that their powers be reviewed. The Assessors would like to do away with the three year average. They never thought they would see an increase to the CPI and a decrease to the EAV in the same year.

One third of the General Assembly is retiring. Committee members were strongly urged to contact the candidates to oppose any additional debt or borrowing. This would provide an opportunity to have people ready when they are elected.

*Resolution Authorizing Adoption of the 2012 State Legislation Program:* Mr. Austin informed committee members that the State Legislation Program has not changed much, though they did request the Property Tax Fairness policy be changed.

They questioned if they had a sponsor for the Road De-icing program. Senator Althoff noted that she expects to get something filed on this item. Committee members were reminded that this will be a bizarre session. They will focus on the budget and each Legislator will be limited to three bills. Shell bills were previously allowed to be filed and this will no longer be allowed.

Mr. Austin informed committee members that the intent of the Resolution is to move this item forward to the County Board on Tuesday and to Metro Counties on Friday the 20<sup>th</sup>. This program will be forwarded to the Executive Director of Metro Counties. Committee members questioned if we could get a copy of other Counties Legislative Programs in order to see if there were other programs that the Counties could work together on. One of the main issues facing all the Counties is Unfunded Mandates. If the State should cut programs, these programs will more than likely be pushed onto the Counties. There is no way to pay for these programs and the Counties have to fund them 100%. The County will then see people knocking on our doors looking for money.

This legislative program can be brought back to formulate an addendum to this document if needed. The document needs constant change. The modifications can be worked on as the program moves along.

Mr. Provenzano made a motion, seconded by Mr. Jung recommending approval of the Resolution Authorizing Adoption of the 2012 State Legislation Program. The motion carried with all members present voting aye on a voice vote.

Committee members thanked Representative Tryon and Senator Althoff for attending today's meeting.

*Resolution Authorizing an Agreement for an Electric Utility Aggregation Consultant:* Committee members were joined by Anna Bicanic Moeller, Executive Director of McHenry County Council of Governments regarding the Electric Utility Aggregation program. The County has a desire to include more than the unincorporated areas of the County in this program. There have been a number of Municipalities who have indicated they are interested in signing on to be included in the negotiations for aggregation.

The group held some robust interviews with all five of the aggregate companies being very good. The two favorites were asked to come back for an additional interview. They were provided with a written questionnaire to be completed for this additional interview. The written answers showed the differences between the two companies. At this time they gravitated towards the independent contractor. Since the interviews, this group has been purchased by the largest group. The county received a call at which time we informed them that they were not chosen. This larger group has decided to focus on the supply side and pulled their company from consideration. The County feels good with the choice it made. This company is already providing service to entities in Ohio and Maryland. They have provided this service for over a decade, and seem to get repeat business. This program may be short lived as we do not know where rates will go in the future. This firm has a proven record with County programs.

Mr. Munaretto left committee at 10:12a.m.

There will be a meeting on the 18<sup>th</sup> discussing the timing of the program. The agreement is being worked on by the States Attorney in order to further maximize the rate with the addition of the municipalities to the agreement. Committee members stated they were impressed with the sharing of resources for this project.

Ms. Bergan-Schmidt made a motion, seconded by Mr. Merkel recommending approval of the Resolution Authorizing an Agreement for an Electric Utility Aggregation Consultant. The motion carried with all members present voting aye on a voice vote.

*Discussion on Federal Legislation Program:* Committee members entered into a discussion regarding the Federal Legislation Program. Mr. Austin noted that they were afforded an opportunity recently to hold some conversations with two of the County's Senators and Congressman on the needs of the County. Congressman Durbin was in the County yesterday and provided an update to the executive committee of MCCOG. They had two primary topics that were discussed. One issue was the Marketplace Fairness Act which would allow States to collect a sales tax on internet purchases. New software would include local sales tax rates. The States would collect the taxes and distribute them to the local entities. This legislation would give more parity between smaller stores and the internet. Both Republicans and Democrats sponsor this bill, though Senator Kirk has not been as supportive. Committee members were asked to reach out to him for support on this issue.

Two Federal Highway Transportation Programs are being supported. One is to keep the funding levels where they are right now. This is a two year bill. They have introduced a four year bill that includes cuts to investments. They need to figure out how to change the levy of taxes formula to be fair. MCCOG has not taken a stance on this issue. This is not a new tax but a way to bring fairness to the local businesses. A lot of money is being spent in the local communities where taxes are not being collected. This issue has been talked about for a long time and needs to be changed at the Federal level.

Committee members reviewed the Potential Advocacy Issues for FY2012. They acknowledge there will be no earmarks included in the Federal Budget. There is money out there you just have to do research to find which "bucket" these funds are in. Any possible grant funding is pushed out to the department heads in order to pursue these grants. The Ferguson Group will assist with these grant requests. The County has received millions of dollars in grants in the past.

Committee members asked if the Ferguson Group has found a way to access Federal money. They were informed that the County needs to provide the projects that our Legislators will want to put their name on. Right now it is hard to find this path. The grant programs are very competitive so it is important to know the rules of the program in order to get the funding. Committee members were informed that it is important that the County gets the support of our Federal Legislators. Committee members asked if it would be possible to invite them to the County so they know what our issues are.

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Any new grant requests would go before the appropriate committee for approval prior to application. This will allow review of the requirements of the grant, including costs and match requirements.

Mr. Austin informed committee members that in the near future he will invite the new executive director of Metro Counties to meet with this group. This would be either in person or by phone. He will also be scheduling a time for a conference call with Trent Lehman of The Ferguson Group on the Federal Legislative Program.

Committee members thanked Mr. Austin for bringing in the local legislators for a discussion. They stated it may be a good idea to invite the other legislators for a similar discussion in order to communicate the needs of the County, either in person or by conference call.

NEW BUSINESS

None.

EXECUTIVE SESSION

None.

REPORTS TO COMMITTEE

None

ADJOURNMENT

Noting no further business, Mr. Merkel made a motion, seconded by Mr. Jung to adjourn at 10:37a.m. The motion carried with all members present voting aye on a voice vote.

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**RECOMMENDED FOR BOARD/COMMITTEE ACTION:**

Resolution Authorizing Adoption of the 2012 State Legislation Program  
Resolution Authorizing an Agreement for an Electric Utility Aggregation Consultant

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