

FINANCE AND AUDIT COMMITTEE
McHenry County Government Center – Administration Building
667 Ware Road
Woodstock IL 60098

MINUTES OF TUESDAY, MAY 25, 2010

Committee Chair Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; Scott Breeden, Mary Donner, John Hammerand; Tina Hill; Lyn Orphal; and Daniel Ryan. Also in attendance: Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Pam Palmer and Shannon Teresi, Auditor's Office; Julie Courtney, Workforce Network; Adam Lehmann, County Administration; Kathie Schultz, County Clerk; Glenda Miller, Deputy Treasurer; Marlene Lantz, Coroner; Joe Korpalski and Jason Osborn, McHenry County Department of Transportation; Tom Sullivan, I.T.; Kathleen Bergan Schmidt, County Board; Bob Ross, Assessor; interested public; and press.

Marc Munaretto, Chairman	
Scott Breeden	Mary L. Donner
John Hammerand	Tina Hill
Lyn Orphal	Daniel P. Ryan

MINUTES: Ms. Donner made a motion, seconded by Mr. Ryan, to recommend approval of the minutes of the Finance & Audit Committee meeting of May 18, 2010. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION: None

NEW BUSINESS:

Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-672002 and budgeting said grant funds into the 2011 Fiscal Year Budget; Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-653002 and an emergency appropriation to the Workforce Network 2010 budget; and, Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #10-681002 and budgeting for said grant funds into the Fiscal Year 2011 budget. Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve the three Resolutions as submitted. Ms. Courtney joined the Committee to review the three proposed resolutions which are for various grants. She stated that the department has been extremely busy addressing the needs of the unemployed. She reported that more individuals have been returning to gainful employment, but many are still searching and there is a continued need for Workforce Network Services. After discussion, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto).

Resolution authorizing budget line item transfers in the Health Department's FY 10 budget: Mr. Ryan made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing budget line item transfers in the Health Department's FY 10 budget. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto).

Resolution approving an intergovernmental agreement with the State of Illinois and appropriating funds in the amount of \$24,551,900 for the construction of the James R. Rakow Road Project: Mr. Ryan made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution approving an intergovernmental agreement with the State of Illinois and appropriating funds in the amount of \$24,551,900 for the construction of the James R. Rakow Road Project. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto).

Resolution approving an engineering services agreement and appropriating funds in the amount not to exceed \$200,000 for material testing services: Mr. Breeden made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution approving an engineering services agreement and appropriating funds in the amount not to exceed \$200,000 for material testing services. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto).

Resolution authorizing a multi function peripheral lease extension: Ms. Hill made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing a multi function peripheral lease extension. Mr. Sullivan reported that the County currently has a five year lease with Stan's Office Technologies and the proposed Resolution would provide a two-year extension to that lease agreement. After discussion, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto). Ms. Hill stated when the lease expires, the services should go through the bidding process to insure are interested vendors are able to bid on the project. Mr. Sullivan noted that the current contract was not a no-bid contract and that future contracts will also go through the proper bidding process.

Resolution authorizing the unfreezing of position #005-0017-99 (Assessment Specialist) in the Assessor's Departmental roster and a budget line item transfer between non-departmental and the assessor's FY 10 budget: Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing the unfreezing of position #005-0017-99 (Assessment Specialist) in the Assessor's Departmental roster and a budget line item transfer between non-departmental and the assessor's FY 10 budget. Mr. Ross reviewed the request to unfreeze a position which has been frozen for quite some time. He noted that a long-term employee will be retiring in November and another employee has been on medical leave. The office would like to unfreeze this position to be able to hire someone that they can train prior to November and the expected increase in the number of appeal hearings. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto).

Resolution authorizing a change in the compensation for the County Clerk, the Treasurer and the Sheriff and a Resolution authorizing a change in the compensation for the County Board Chairman and its members: Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing a change in the compensation for the County Clerk, the Treasurer and the Sheriff and a Resolution authorizing a change in the compensation for the County Board Chairman and its members. Chairman Munaretto stated the Committee should be aware of the implications should they decide to approve these proposed resolutions. He commented he understood the emotion behind the resolutions and the need to show that we as a County understand, "we get it" and how the economy is impacting our citizens. He also noted that this is an election year and although we say it is not politics there are some clear political implications. He also noted that these resolutions are not part of the Plan and there are unintended consequences. He stated to make these changes at this time is the beginning of eroding or undermining relationships with all elected officials. He stated to take such a "knee jerk" is a "red flag" to rating agencies perceptions which could negatively impact our Aaa rating. Mr. Breeden stated he had only wanted to have the opportunity to discuss the possibility of freezing compensation for the County Board, not the Treasurer, County Clerk or Sheriff. He stated he was unaware of a Plan and would like to see the written policy. He stated he would be voting in favor of item 5.8 – the Resolution authorizing a change in compensation for the County Board Chairman and County Board members. Mr. Hammerand stated that salaries have previously been sent for those individuals taking office this December and questioned why the changes are being made at this time and if the State's Attorney had reviewed and approved these changes at this time. Chairman Munaretto responded that the proposed Resolutions are amending the previous Resolutions to allow a freeze of these salaries. Mr. Austin noted that staff has been working with the State's Attorney and it was his understanding that the County Board's salary resolution that was adopted in 2001 to set the salaries for the next 10 years based on the CPI could be adjusted in any year after 2005. Ms. Donner stated the third paragraph in item 5.8 seems very subjective and made a motion to amend the Resolution by completely deleting this paragraph. Mr. Breeden seconded this motion. After a brief discuss, a roll call vote on the motion to amend was called. The motion carried with six members present voting aye (Hammerand, Ryan, Hill, Donner, Breeden and Munaretto). Ms. Schmidt commented that sometimes the Board must take into consideration the change in circumstances and modify the Plan as necessary, noting there are many people do not have money at this time. Chairman Munaretto commented that Ms. Schmidt makes a good observation adding that the budget is still balanced and this would not be a good time to deviate from the Plan. The Plan deals with the entire organization and perhaps it will be necessary to examine our personnel as part of a broader plan. Mr. Breeden stated when he came on the Board there was verbal discussions on budget issues and we were told at that time we just needed to tap the brakes. He stated his point for bringing up salary concerns was only to look at salaries for County Board members not other elected officials. He asked that these items be taken separately. Mr. Ryan commented that the County has taken action by freezing hiring and asking departments to cut-back. He noted that the Resolutions are a step in the right direction as it is an indication that we are willing to make reductions in leadership from the top down. Ms. Donner stated she would like to see elected officials decline to take salary increases voluntarily instead of imposing such reductions through

resolutions. Chairman Munaretto stated the two resolutions will be voted on separately. He added that taking raises away has consequences, he noted that making the proposed reductions will produce a savings of \$24,000 which is not significant in the overall budget picture. Ms. Hill commented that actions sometime speak louder than words and we must start somewhere. Mr. Ryan and Ms. Donner stated these actions show leadership. Mr. Hammerand stated he had no problem in freezing board members salaries adding that there are other areas to investigate. Mr. Hammerand then made a motion to table both resolutions until other areas can be investigated. Mr. Hammerand's motion died for lack of a second. After further discussion a roll call vote was called for item 5.7 – a Resolution authorizing a change in the compensation for the County Clerk, the Treasurer and the Sheriff. The motion failed with a tie vote of three ayes (Hammerand, Ryan and Hill) and three nays (Breden, Munaretto and Donner). A roll call vote on item 5.8 a Resolution authorizing a change in compensation for the County Board Chairman and County Board members. The motion carried with all members present voting aye (Hammerand, Ryan, Hill, Donner, Breden and Munaretto).

Chairman Munaretto stated that the Human Resources Committee had approved item 5.7 unanimously and commented that if this Resolution failed in the Finance and Audit Committee they would like it to move forward for the full County Board's consideration on June 1, 2010. Chairman Munaretto stated that item 5.7 will be placed on the June 1, 2010 County Board agenda as "new and unfinished business."

Discussion: Transportation Pilot Program Restructuring Possibilities: Mr. Korpalski and Mr. Osborn joined the Committee to review and discuss the restricting of a Transit Pilot Program. The Pilot Program includes dial-a-ride services in and between the cities of Crystal Lake, McHenry and Woodstock, Dorr and McHenry Townships and several Pioneer Center locations. It is a supplement to Pace's three fixed bus routes and Metra services between these communities and expands the hours of service. Rides for this program were first provided on February 13, 2010 after the allocation of \$275,000 from the Regional Transportation Authority sales tax funding for the Transit Grant Program. Although the Pilot Program has been operating for only a few months and estimated annual costs are still unknown, staff has been looking at various options to improve the program. Options include expanding service to Greenwood Township; Restructure Contracts; Restructure Fares; or a combination of options. Ms. Donner left the meeting at 10:50 am. Chairman Munaretto stated that since the program has only been in operation for approximately three months, it lacks really hard information at this point and he is uncomfortable with proposed projections. Mr. Osborn stated the County has an opportunity to apply for a grant, but applications must be submitted by June 10, 2010, if this grant is awarded the funding would not be available until Mary of 2011. Mr. Osborn stated they would like permission to apply for this grant noting that the County could decline the grant if necessary. After discussion, members felt there was no downside at this time and consensus of the Committee was to take the opportunity and apply for the grant.

OLD BUSINESS: None

REPORTS TO COMMITTEE:

Auditor's Report: Ms. Palmer announced that reports have been completed and have been sent to the GOA. The outside auditors will provide the FY 2009 Financial Reports at the next meeting. The RFP is out for an outside auditor. The department is promoting the usage of purchase orders and will offer training sessions so all users are aware of this recommendation. Ms. Teresi provided an update on her work with the Planning and Development Department on the Neighborhood Stabilization Program. She reported that auditing procedures have been implemented using HUD guidelines, projects will be tracked and follow-ups will be conducted.

Contingency Reports: Reports were distributed to all members.

Economic Development Corporation – A report will be provided next month.

Convention and Visitors Bureau – a report will be provided next month

EXECUTIVE SESSION: None

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Mr. Ryan, to adjourn the meeting at 11:10 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-672002 and budgeting said grant funds into the 2011 Fiscal Year Budget

Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-653002 and an emergency appropriation to the Workforce Network 2010 budget

Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #10-681002 and budgeting for said grant funds into the Fiscal Year 2011 budget

Resolution authorizing budget line item transfers in the Health Department's FY 10 budget

Resolution approving an intergovernmental agreement with the State of Illinois and appropriating funds in the amount of \$24,551,900 for the construction of the James R. Rakow Road Project

Resolution approving an engineering services agreement and appropriating funds in the amount not to exceed \$200,000 for material testing services

Resolution authorizing a change in the compensation for the County Clerk, the Treasurer and the Sheriff

Resolution authorizing a change in the compensation for the County Board Chairman and its members

Resolution authorizing a multi function peripheral lease extension

Resolution authorizing the unfreezing of position #005-0017-99 (Assessment Specialist) in the Assessor's Departmental roster and a budget line item transfer between non-departmental and the assessor's FY 10 budget