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

MINUTES OF THURSDAY JULY 14, 2011

Chairman Heisler called the meeting to order at 8:35 a.m. The following Committee members were present: James Heisler, Chairman; Ersel Schuster; Kathleen Bergan Schmidt; and Pete Merkel. John Jung, Jr., Marc Munaretto and Nick Provenzano were absent. Also in attendance: Peter Austin, County Administrator; Adam Lehmann, Assistant to the County Administrator; and the press.

James Heisler, Chairman

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

MINUTES

Committee members reviewed the committee minutes from June 9, 2011. Committee members amended two small areas in the minutes in order to provide clarification. Ms. Schuster made a motion, seconded by Ms. Schmidt to recommend approval of the above minutes, as amended. The motion carried with all members present voting aye on voice vote.

PUBLIC COMMENT: None.

PRESENTATION: None.

OLD BUSINESS

Federal Legislative Updates: Trent Lehman of the Ferguson Group to address the Committee on the current activities in Washington D.C., including the appropriations process, budget talks, debt ceiling negotiations, and the outlook for the near future: Mr. Trent Lehman of the Ferguson Group joined the committee meeting, via speaker-phone, to provide a Federal Legislative update to the committee members. The following was reviewed with the committee:

Review of FY11

- No Budget – First time since 1974 budget law
- No appropriations bills were completed before the election
- Congress returned to a lame duck session
- After elections, stalemate as to spending for FY11
- Congress tries to pass an omnibus appropriations bill
- McHenry County had $400,000 for continuation of CLIMB Initiative included
- McHenry County had $100,000 for Law Enforcement Technology

Review of FY12

- Both parties in House and Senate agreed to a moratorium on earmarks for FY12
- Budget Chairman Paul Ryan released a budget plan claiming approximately $6 trillion in savings over a 10 year period compared to the President's budget
- President Obama released a budget that projected savings of $1 trillion over 10 years.

Appropriations Process

- The appropriations process has been slow this past year
- The House has been operating under the Ryan Budget Plan
- The Senate is set to release its budget plan this week
- The release of the budget plans has been slowed by the debt ceiling debate
- By the end of the week, the House is expected to have approved nine (9) of its twelve (12) spending bills.
- The three remaining bills, Transportation-HUD, State-Foreign Operations, and Labor-HHS – account for the bulk of the spending cuts sought by Republicans and those have not moved through their subcommittees.
- Senate has yet to approve any appropriations bills.

Debt Ceiling Debate

- Congress is debating raising $14.3 trillion debt ceiling
- Current debate ranges from $2 trillion to $4 trillion in savings
- President Obama says he will not sign short term extension
- Republicans do not want tax increases
- Democrats don't want a reduction to Medicare or Social Security
- The Debt Limit is reached on August 2nd
- Negotiations continue daily
- The Debt ceiling debate will have an effect on FY12 appropriations decisions

The Ferguson Group Response

- The Ferguson Group has been working with members of both the House and Senate on language and programming initiatives to ensure funding for local governments continue.
- In the absence of congressional earmarks in FY11 and FY12, Congress must ensure that federal funds are widely distributed to meritorious projects across the country; not just to a select few projects.
- Local governments of all sizes are in need of federal assistance. Many smaller communities do not have the political influence to ensure that the federal agencies recognize and address their needs.

Congress should include legislative direction in the FY12 spending bills that:

- Requires federal agencies, when distributing the FY11 and FY12 funding competitively, to ensure an equitable geographic distribution of funds, an appropriate balance in addressing the needs of urban and rural communities, and that no more than 10% of the funds be awarded to a project in a single State.
- Requires that funding that has historically been awarded as a direct grant through the earmark process, be maintained in that form as opposed to being converted to an interest bearing loan, distributed by formula or diverted to other programs not available to local governments
- Requires federal agencies that utilize their local district offices to devise agency spending plans to solicit input on project needs from local governments and project sponsors within their districts.

The Ferguson Group Grants:

- With limited opportunities for appropriations in the coming year, it is imperative to focus our efforts on grants to ensure you achieve maximum success on the federal level.
- As done each year, they are developing a Federal Agenda that identities priority projects and provides a strategic plan on how to fund those priorities.
- In addition to accessing funds through the appropriations and authorization processes, they will identify viable grant opportunities to meet our specific needs.
- Keeping our priorities in mind, they will monitor grant announcements and inform the County of any relevant grant opportunities.
- They will work directly with federal agency staff to articulate and advocate for our priorities. Additionally they will work with agency staff to discern federal priorities for their grant programs, and if feasible, alter our projects to meet those priorities.
- They will organize grants conference calls and/or meetings with relevant program officers. When appropriate, they will engage our congressional delegation and generate letters of support for high-priority grant applications, as well as talking points for our delegations to use when advocating for our grant application. In situations where a grant is not awarded, they will facilitate a debriefing session to obtain reviewer feedback and to plan strategically for resubmission in a subsequent grant cycle or repackaging for submission to a related grant program.

SAFETEA-LU Reauthorization:

- House Transportation and Infrastructure Chairman John L. Mica, (R-FL), announced the outlines of a bill he plans to introduce as soon as next week that would authorize about $230 billion over the next six years, between 2012 and 2017 (no more spending than the Highway Trust Fund can support).

- The majority is still working out some issues with the minority and Chairman Mica hopes that he may be able to introduce the actual language of the bill at a hearing scheduled July 2 in the committee.
- A seventeen page summary of the bill will be posted online sometime today with more detail.
- Chairman Mica said that the committee is limited to what it can spend on infrastructure by the House's budget resolution (H Con Res 34 – specifically rule 21), which limits him to spending only what the trust fund collects.
- Because the committee must live within these funding constraints, Chairman Mica says the committee has focused on expanding programs that leverage private sector dollars such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides direct loans, loan guarantees and lines of credit for infrastructure projects of national and regional significance. The bill would give the program about $6 billion over six years, which would result in about $60 billion in loans and $120 billion worth of construction projects.
- The House bill will endorse the principle of infrastructure banks, but use a different approach than the one taken by the Obama Administration and the Senate. The bill would direct funds to state infrastructure banks (SIBs) using traditional apportionment formulas and raise the amount that states can currently allocate for SIBs from 10% to 15%. States that do not have an infrastructure bank would not receive any of this money.
- The bill would prohibit the collecting of tolls on existing interstate highways but would allow it for additional lanes or roads built to carry more vehicles. It also would open up the federal highway right of way for public-partnerships.
- Mica said the bill would consolidate 100 transportation-related programs into 30 and would no longer require states to "spend highway funding on non-highway activities," though they would be allowed to continue spending on such things as bicycle paths at their discretion, provided they meet performance measures.
- Another major feature of the bill would be to streamline the project delivery and approvals process by allowing federal agencies to review transportation projects concurrently, and where practical, delegate to state agencies project approval authority. The bill would also expand the list of activities that qualify for categorical exclusions.
- Although Chairman Mica did not spend a great deal of time on transit, the bill would remove barriers that prevent the private sector from offering public transportation services. More of a focus will be on transit programs that benefit suburban and rural areas and will improve transit options for the elderly and disabled. There will be no earmarks in the bill and does not include a passenger rail provision.
- Senator Barbara Boxer, Chairwoman of the Senate EPW Committee will soon unveil her version of the highway reauthorization that is rumored to be a two year bill at approximately $109 billion.

FY12 and Beyond:

- It is a tough environment in regards to federal funding.
- Rules for funding are changing and we need to be proactive.
- If our voice is not heard, we will definitely not receive assistance.
- The Ferguson Group will continue to lobby congress on local priorities and funding needs.
- The Ferguson Group will pursue every opportunity for federal assistance through grants or legislative process.
- The Ferguson Group will fight against unfunded mandates.
- We are coming into an election year, House, Senate – President.
- McHenry County will have new representation after new Congressional Redistricting.
- The County must form new relationships.
- Congressional Rules will change again after the election.
- It will remain important to stay on top of the changing landscape.

McHenry County Funding:

- McHenry County is a donor county – McHenry County gives more in taxes than is received from the federal government.
- The County needs to continue to seek our fair share.
- To date, McHenry County has received more than $4 million dollars in direct appropriations for a Return on Investment of approximately 8 to 1.

Mr. Lehman informed committee members that he believes the Country as a whole needs to make change. At some point they need to secure Medicare to close loopholes to businesses. They will have to come together to get more people to pay more into taxes. 50% of the population does not pay any taxes. The major underlying issues is spending money on illegal immigrants and sending money to other countries, with major costs to the USA. These include big costs to States and Local Governments that need to be addressed. The revenue they are currently looking for is from new revenue and taxes. Everything needs to be addressed so maybe more discussions will be brought forward after the debt ceiling issue is addressed. Committee members thanked Mr. Lehmann for his update.

As the County moves into a new budget year, questions will need to be answered on what we do with the lobbyist. We are currently in the third year of a three year contract. The County will have to decide how to position itself. Some of the discussion will be whether the levy should remain flat, increased or decreased. They also will need to decide whether the county should go without the consultants, rebid the legislative package or modify the current contract in order to keep the County's toe in the Federal waters. Mr. Austin stated he is not in favor of rebidding the contract as we do not know what to ask for at this time with the freezing of the earmarks. The Committee will need to make some of these decisions as we move through the budget process. He stated that Mr. Lehman can come to the County in September for a professional service talk if requested by the County. Committee members questioned if it would be feasible to buddy up with another county in order to share the expense of the lobbyist. It was stated that Lake County has worked on some of the same issues with lobbyist in the past. It was stated that most Counties have different priorities so this type of agreement may not work, but, in these hard economic times we may find other Counties that are looking to try to reduce costs but still want to lobby for common issues like water resources and transportation issues. It was stated that they feel it is important to stay engages with representatives at the Federal level and the consultants gives the County a heads up on issues being brought forward.

State Legislative Update: Mr. Lehmann joined committee members to provide a State Legislation update to the Committee members. Committee members were reminded that the legislative session ended on June 1st. Of the bills that passed both Houses, the Governor has 60 days to sign them. The bills that get vetoed will come again before the State Legislature during the Fall Veto session during the end of October/beginning of November.

- Probation: Legislation passed both Houses to fund the probation at previous levels that place less burden on Illinois Counties. This bill is currently waiting for the Governor's signature. House Bill 123 restores $55 million to Illinois Probation. Senate Bill 1531 adds a filing fee of $10 to those on probation. This fee has the potential to bring the Illinois Probation fee up to the targeted $95 million that was requested at the beginning of the session. Both bills are awaiting the Governor's signature. Once the bills have been signed the Administrative Office of the Illinois Courts will determine the formula for distribution. Historically this information is not provided until well into the fall.
- Publication Fee for Assessments: A bill that was aimed at revising the publication fees for assessments ($1.20 per parcel to $0.80) was supported by a broad coalition of local government groups, as well as the Illinois Press Association, passed both houses. It has been expedited to the Governor's office and is expected to be signed within the week.
- Medicaid to Nursing Homes: Valley Hi Nursing Home Director, Tom Annarella, informed us previously that the FY2012 State budget does not include a rate cut, but rather a payment delay. The delay is expected to be approximately 30 to 60 days, which is better than what was proposed earlier in the legislative session. The wildcard issue at this time is what may happen at the Federal level and what they propose to cut from both Medicaid and Medicare.

Regional Office of Education: The Governor has removed funding from the budget for the Regional Superintendent of Schools. Mr. Austin has been in conversations with the President of the Association for Regional Superintendents and they are working with the Budget Director in the Governor's Office to find ways to restore this funding. The Governor seems to be yielding on this until the General Assembly can act on the issue. This will go before the veto session in the fall. McHenry County has all these laws requiring signatures by the Regional Superintendent of Schools. We are currently the only county in the State without a Superintendent of Schools. We currently have candidates interested in the position. Lake County has reviewed the applications to make sure the applicants meet the requirements for the position.

- Senate Bill 541: This Bill gives suburban county boards more financial supervision over the agencies they appoint. This was developed in regards to financial scandals and a general lack of oversight by the DuPage County Board. County Administration and the State's Attorney's Office is reviewing the impact on McHenry County. Committee members stated that they do not feel there is currently enough access to the Housing Authority. It was noted that they make major decisions with funds and they service individuals from outside McHenry County. They stated they feel there may some serious issues with this group. It was stated some of these issues may be addressed in the County Board rules and they may need to get more input from appointed persons. Committee members questioned if the County Board receives audits from the committees/boards that the County is required to make appointments to. They stated that they don't want to micro manage an agency, but they do want to do their due diligence as well. It was noted that there are a lot of small groups out there that require the input of the County Board and if something happens it is the County's responsibility. They stated there is not a lot of oversight for some of these groups. They stated that they need to create a new uniform policy for these appointments in order to have a better handle on the requirements for these appointees.

Committee members questioned if any information has been brought forward on the gaming bill.

Committee members were informed that the City of Harvard has joined an alternate service for the generation of electrical power for the Municipality. Competition is now allowed on the generation side for electrical service. In the past this was only done for commercial entities. Residents can now bid as a group for these services. A referendum is needed that would allow for the residents to bid, as a group, for these services. They are seeing a reduction of over 20% on their electric bills. Twenty three (23) municipalities have held referendums on this issue and 19 of them have passed. If the County is interested in reviewing this type of referendum a speaker could be brought in to review this issue. Committee members questioned if this issue has been brought before MCCOG (McHenry County Council of Governments). They stated that if the County could get all the boards to move collectively on this issue a large amount of money could be saved by the residents. Committee members stated that they would have to review this issue to determine if there would be enough savings to recommend this program to the residents. It was noted that residents can opt out of the program if they desire. Mr. Austin will email information on this issue to the committee members as they stated that this issue bears investigation.

Mr. Austin also recommended the committee members to let Mr. Lehmann know if they have any topics they would like to look at during a future meeting.

<u>NEW BUSINESS:</u> None

<u>EXECUTIVE SESSION:</u> None.

<u>REPORTS TO COMMITTEE</u>: None

<u>ADJOURNMENT</u>:
Noting no further business, Mr. Merkel made a motion, seconded by Ms. Schmidt to adjourn the meeting at 10:20a.m. The motion carried with all members present voting aye on a voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

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