

COMMITTEE REPORT

COMMITTEE: Finance, Tax & Budgets
CHAIRPERSON: John Creighton, Chair. Yerda Potter, Co-Chair
DATE/TIME: September 15, 2004. 7:00 p.m.

PRESENT:

<input checked="" type="checkbox"/> Berlage	<input checked="" type="checkbox"/> Hasken	<input checked="" type="checkbox"/> Schubert
<input checked="" type="checkbox"/> Carroll	<input checked="" type="checkbox"/> Mapes	<input checked="" type="checkbox"/> Schultz
<input checked="" type="checkbox"/> Creighton	<input checked="" type="checkbox"/> Potter	

Other Board members: Bill Cooper

Others: Troy Brown, County Administrator
Donna Berlage, Chief County Assessment Officer
Jean Dimke, County Clerk
Carol Soat, County Treasurer
Several residents from Apple Canyon Lake

MINUTES

1. Marvin Schultz made a motion to approve the minutes of August 18, 2004. Vince Hasken seconded and the motion passed.
2. Unfinished Business – none
3. New Business
 - a) 7% Solution. Donna Berlage stated that the owner-occupied and senior citizens' exemptions will increase this year. The income guidelines for the senior homestead freeze have also increased. The home improvement exemption value has increased as well. The 7% Solution is supposed to cap the assessment increases at 7% per year and only applies to owner-occupied property. Property with the senior homestead freeze will not see any benefit as their property tax is already frozen. On farms, the 7% Solution will only apply to the house and immediate home site; it won't apply to anything else, such as farm buildings or cropland. The maximum amount of this cap will be \$20,000. Even with the 7% Solution in place, if a property's assessment goes up more than \$20,000, the excess amount will be added back on to the base tax. Berlage distributed some examples to the committee members. (Attached.) The 7% Solution only applies for a 3-year time period; 2004, 2005, and 2006. After 2006, the property reverts to the current market value at that time. She also stated that the software program would need to be re-programmed and she is unsure of what that cost would be and how long it would take. In the last four years, there have only been 3 townships that had more than a 7% factor added to their assessment. The rest of the townships have had no increases for 3 years and then a revaluation in their quad year. The committee discussed specific townships and their recent changes in valuation. Creighton asked what other counties in Illinois are planning to do. Berlage spoke with the Supervisors of Assessments in Carroll and Stephenson Counties and their boards are not going to do the 7% Solution, which must be adopted by

January 12, 2005. Bill Cooper stated that he knows of people who are going to sell their home because the taxes have risen so high. Potter asked if there is any way to determine how much the 7% Solution would cost the County. Berlage spoke with County Clerk Jean Dimke earlier and they can't think of any way to estimate the effect on County revenues. Schultz asked when the latest would be that they could make a decision to implement this. Berlage will need to check with the software provider, Devnet, and find out how long it would take to write a computer program and test it. The cost for that would have to be absorbed by the County because this would be an optional program and not a mandate from the state of Illinois. Most software updates that are mandated by the State are included in Devnet's annual support fees. County Treasurer Carol Soat stressed the need to get the taxes back on schedule and they don't need anything that would delay the process even more. There was quite a bit of discussion about the valuation of lots in the County. County Administrator Troy Brown would like to know the cost of implementation, how much time it will take, any likely complications that might occur, get a better idea of what other counties are doing, and a possible effect on the bottom line of revenue receipts before any permanent action is taken on the 7% Solution. Schultz suggested that they entertain Citizens' Comments at this time. Comments included stressing that the County Board obtain more information about the 7% Solution and find out what other counties in the state are doing, not just the neighboring counties. People who bought property at Apple Canyon Lake are being forced to sell it because they cannot afford the taxes. Some homeowners feel that the 7% Solution will not lower the County's revenues too much. Creighton stated that he would like to obtain information about the direct costs relating to software and staff time to implement the 7% Solution and what any complicating factors might be. Marie Stiefel, Regional Office of Education, commented about a movement to restructure the way education is funded in Illinois (HB750), involving property tax relief.

- b) Health Insurance. Domer Schubert reported that material was included in the packet from the health insurance committee (attached) and he also put together a summary to consolidate the information (attached). He reviewed the number of contracts and the premium amounts. The premium for the current plan will increase 17.7% for next year. A similar plan with modified co-pay amounts would result in only a 5.5% premium increase. Schubert mentioned that the committee conducted two surveys of the employees and reviewed those results. He also pointed out that the recent claims exceeded premiums by a very high percentage this past year. In general, the employees are happy with the existing plan. He also stated that the Board would need to determine if any changes to the plan would be acceptable to the employees who are under a collective bargaining agreement. The Clerk's Office has indicated that it could administratively handle two different plans if the County Board would decide to offer that. Jody Carroll complimented the focus group on their work. He questioned

if the employees are happy enough with the current plan to pay a little out of their pocket, or are they happy with it because they don't have to pay anything extra. Ron Mapes stated that our employee health insurance program is better than that of other counties in the area. The County Administrator contributed that some employees were willing to contribute up to \$25, but that would not be enough to equalize the overall increase. He stated that he understands the unit of organized labor would have to be able to make a compelling economic and demonstrable argument of how their overall compensation has been negatively affected by changing to a plan with different co-pay amounts, while at the same time having a reduced monthly premium compared to staying with the current plan. If the County implemented the plan with the 5.5% increase, their employee contributions are likewise down and the mitigating factor is use by individual employee. It is an issue, but he is not sure that it is a prohibitive factor. Regarding the buy-out idea, he stated that lots of organizations offer this. On a \$1000 buy-out program, the County could realize some real savings and it would be done on an annual basis; if there is a negative effect on the pool of insured, the program could be discontinued. At issue is also the fact that a 10% multiplier on insurance was used in the budget process. Therefore, proposed budgets will need to be modified depending on which program this committee chooses. The consensus of the committee was to get some more answers before making a decision during the budget process.

- c) Budget Process update. Brown reported that he still hasn't received the ETSB and Special Service Districts 2 and 4 budgets yet. His office will begin producing the budget documents and budget guide; hopefully they will go in the mail to committee members by Friday. The Sheriff's budgets were received today and some numbers will need to be discussed and reviewed with the Sheriff. His overall unfunded requests are roughly \$540,000. Most of that is needed for capital projects such as HVAC and vehicles. The submission is in the proper format. Brown asked the committee to review the documents they will soon receive in the mail and he encourages them to ask questions.
- d) Expenses for Collective Bargaining. Brown stated that there has been some uncertainty about where to charge the expenses incurred by an organizational effort in the Highway Department. Usual business practices would be to associate the expenses with the funds that support that operation. Brown spoke with County Engineer Steve Keeffer about it and while Keeffer doesn't have it budgeted; he does have fund balance available. The Treasurer's Office was unable to determine how those expenses were charged in the past for the Highway Department. The consensus of the committee is to charge those expenses to the Professional Services line item in the Highway Fund.

4. Other

Treasurer's reports – informational only

5. Board Member Comments

- a) Marvin Schultz stated that he spoke with some employees who had been complaining about only receiving a 2% raise in salary. During the conversation, he told the employees that there was a large increase in the IMRF last year that the County absorbed and a significant rise in health insurance premium that the County also absorbed. Schultz recommended a newsletter or notice to be distributed with paychecks that would identify those things to the employees. Brown will investigate issues involved with a newsletter. He suggested putting together a sampling of departments and giving a presentation about what an employee's compensation really is and discussing it at a future department head meeting.
- b) Carroll reported that he reviewed income from hotel/motel tax receipts. Roughly 140 businesses contribute to the tax. Over 80% of the CVB hotel/motel tax receipts come from 13 businesses, and one contributes 47% of the 80%. He would like to get some feedback from those businesses on if the CVB is doing the right thing, if they should be privatized, do they think the 5% tax is too much, etc.
- c) Creighton reported that there is a degree of uncertainty about the Economic Development Coordinator position. Brown reported that there were 18 applications for the job; all were scored based on relative experience and education credentials. He held phone interviews with the top three and will share some thoughts and feelings with the Development & Planning Committee about it.

There being no further business, the meeting adjourned.