

DuPage County Board



Chairman Daniel J. Cronin

Independent Agency Review

Executive Summary

May 30, 2012

BACKGROUND

Illinois retains the dubious distinction of leading the nation as the state with the most units of local government – more than 8,000 in total, according to the state comptroller. More than 400 separate taxing districts exist in DuPage County alone. The creation of dozens of non-elected, independent taxing bodies in DuPage County evolved over time as the growing County addressed a variety of emerging public service needs. Some agencies provide basic services such as fire, water, sanitation, health and emergency services; others offer more unique services such as mosquito abatement and street lighting.

While the concept of independence has value, it can also foster a climate of inefficiency and unaccountability at some agencies. Two recent crises revealed yawning gaps in the checks and balances for non-elected agencies that cost both public funds and the public's trust:

WHILE THE CONCEPT OF INDEPENDENCE HAS VALUE, IT CAN ALSO FOSTER A CLIMATE OF INEFFICIENCY AND UNACCOUNTABILITY.

- In 2009, the DuPage Water Commission disclosed the news that a series of accounting errors and lack of proper supervision by management and the board of directors led to the depletion of nearly \$70 million in cash reserves. Three top administrators were fired or allowed to retire and the Commission was forced to borrow \$70 million to shore up its finances. DuPage County Board Chairman Dan Cronin – in his position as Illinois Senator at the time – sponsored SB580 to permit the removal of the entire board of directors, require County Board approval of top staff and institute other reform measures. The bill also eliminates the commission's quarter-cent sales tax levy in 2016, forcing more financial accountability and less reliance on taxpayers.
- In 2011, the U.S. Department of Housing and Urban Development notified Chairman Cronin that three federal audits uncovered several financial and management problems at the DuPage Housing Authority. Nearly \$10 million in federal housing funds had been improperly administered; top staff freely used credit cards for personal expenses and other questionable purchases. Chairman Cronin called for the ouster of the executive director as well as the board of directors. An interim director was hired and a new board of directors appointed to take immediate steps to restore the financial viability of the DHA.

Following the crisis at the DHA, Chairman Cronin authored legislation to bolster the County Board's role in overseeing the operations at several agencies to which the Chairman appoints board members. In July 2011, Governor Quinn signed SB541 into law at the County Board Conference room in Wheaton. For the first time, independent taxing bodies would be required to furnish financial and administrative information to the County for review and analysis.

Subsequently, the DuPage County Board adopted OCB-001-11 on August 23, 2011. This ordinance requested certain documentation from 24 specific agencies including:

- external audits, audited financial statements and Comprehensive Annual Financial Reports;
- current fiscal year budgets;
- organizational charts, employee rosters, salary information and personnel policies;
- ethics policies, procurement and other financial policies;
- annual meeting schedules and bylaws as well as other governing documentation.

In total, these agencies employ nearly 900 people and are responsible for the expenditure of nearly \$300 million in public funds per year. Not only would this evaluation seek to increase the transparency of the organization on behalf of the taxpayers, it would identify areas where more systemic reforms could be achieved to ensure sustainability and generate further efficiencies.

THE ASSESSMENTS WOULD SERVE AS A “STRESS TEST,” SIMILAR TO WHAT IS CONDUCTED IN THE PRIVATE SECTOR TO DETERMINE THE HEALTH AND FUTURE VIABILITY OF AN ORGANIZATION.

The DuPage County Board retained the services of Crowe Horwath to undertake an examination of each entity. The assessments would serve as a “stress test,” similar to what is conducted in the private sector to determine the health and future viability of an organization. The Board also requested that the evaluation determine how these governing bodies could work together, share services or consolidate functions to establish a more cost efficient model moving forward.

FINDINGS

Over the course of several months, Crowe worked with County staff to meet with officials at each agency, gather needed information and documents and prepare individualized reports containing findings and recommendations.

On a nearly universal scale, most agencies did not employ one or more of the following:

- A dedicated website or other portal to furnish vital information such as budgets, meeting schedules or other news of general public interest;
- Procurement policies that meet the general requirements exercised at the County level;
- Ethics policies that mirror those practiced at the County level;
- The prohibition of credit card use by staff or board members;
- Efforts to share essential services such as IT, human resources, accounting, health insurance or general purchasing needs among similar agencies or with County government.

Furthermore, the reports outlined specific discoveries for each agency. Some of the more compelling findings include:

- Fort-five different public entities in DuPage County – municipalities, districts, townships – provide mosquito abatement services and 36 of these agencies contract with the same provider. The two mosquito abatement districts evaluated in this study also contract with an attorney, accounting services and one even retains a consultant.
- The four sanitary districts under review are operating at a deficit and have incurred a decline in net assets over the last three years. Despite the fact that one district is operating with a budget deficit of more than \$1 million, the executive director of the agency will earn \$152,000 this year in addition to a \$12,000 bonus and \$500 monthly car allowance – a total compensation package in excess of the annual salary for five statewide constitutional officers.
- Of 13 contracts reviewed at the DuPage Election Commission, twelve did not meet general procurement standards. Many contracts had little or no supporting documentation, failed to disclose sub-contractors and were awarded without a competitive, open bidding process. Furthermore, the Commission’s meetings were scheduled during the same time as the County Board; anyone wishing to speak during public comment was required to complete a form in advance of the meeting and would have to be personally escorted into the meeting room.
- Despite declining attendance during the annual county fair, the DuPage Fair and Exposition Authority accepts nearly \$200,000 per year in dwindling state funds to operate the five-day event. The valuable 42-acre property located in Wheaton sits unused for the majority of the year.
- With the exception of the Airport Authority, no regular communication existed between the 24 agencies and the County Board. The entities operated completely free of any mechanism for greater oversight or voter accountability since board positions are appointed, not elected.

The report also applauded swift reforms instituted at the DuPage Water Commission and DuPage Housing Authority to regain their financial footing and prevent future problems. The DuPage Airport Authority and Board of Health were lauded for solid financial planning, transparency and efficient operations.

RECOMMENDATIONS AND REFORM

In order to better serve DuPage County taxpayers and meet the general standards employed by DuPage County government, Chairman Cronin announced the “**DuPage ACT Initiative – Accountability, Consolidation and Transparency.**” The following requests will be submitted to the agencies under review:

Accountability

- Adopt procurement and ethics policies that emulate DuPage County policies.
- Prohibit use of credit cards.
- Seek salary and benefit policies from each agency to disclose general compensation practices to the public and ensure compensation meets current market standards.

Consolidation

- Explore consolidation of essential services such as IT, human resources, procurement and finance between County sister agencies (Election Commission, Board of Health, DHA, ETSB and Sheriff’s Merit Commission) and DuPage County departments.
- Partner with the Fire Services Stakeholders group to determine areas to share services or consolidate with other entities.
- Establish a master contract with provider or consolidate into other local entities for mosquito abatement services.
- Form a coalition of all Sanitary Districts to explore consolidation of facilities, shared services or the transfer of duties to other jurisdictions.

Transparency

- Ensure public documents and meeting schedules are available online, either via a separate website or post information on the DuPage County website.
- Change meeting time, location and accessibility at the DuPage Election Commission.
- Develop long-term financial and capital plans (Fire Protection Districts).
- Furnish annual budget and operational update reports to the County Board.

The DuPage ACT Initiative is the first step toward achieving greater accountability, consolidation and transparency at the local level. Future reform measures may require legislative authority to consolidate or eliminate outdated agencies. Once all pertinent information is received, such as the salary and benefit policies for each agency, other initiatives may be required to ensure compensation figures do not exceed industry standards and reflect the best interest of DuPage taxpayers.

The evaluation process has already yielded dividends for DuPage County taxpayers as some agencies have taken steps over the last several weeks to address the issues raised in the reports. These reforms include:

**THE EVALUATION PROCESS HAS
ALREADY YIELDED DIVIDENDS FOR
DUPAGE COUNTY TAXPAYERS.**

Election Commission

- Replaced two board members and received resignation of Commission chairman at the request of Chairman Cronin;
- Eliminated a \$70,000 per year IT position;
- Amending ethics ordinance and procurement policy to align with County policy;
- Amending personnel policy;
- Eliminated the use of all credit cards;
- Exploring shared services with various county IT department;
- Reformed public comment process;
- Considering policy to restrict cell phone usage by personnel;
- Revising travel policy.

Wheaton Sanitary District

- Amended credit card policy. Identifies the four cards, their intended uses and the three staff persons who use them; bans use by trustees;
- Amended ethics ordinance to align with County policy.

Naperville Fire Protection District

- Amended ethics policy to align with County;
- Seeking to implement a procurement policy to align with County;
- Seeking to address and improve FY12 financial statement disclosures with auditor;
- Partnering with County IT department to post meeting documentation on the County website;
- Seeking to negotiate a long term contract with the Naperville Fire Department in order to lock in rates for service to protect unincorporated residents from unpredictable rate increases.

DuPage Airport Authority

- Amended ethics and procurement policies to align with County;
- Amended credit card policy;
- Redesigning the Authority's website to ease navigation and provide additional information.

DuPage Housing Authority

- Amended HUD-based procurement policy to align with County;
- Amended ethics policy to align with County;
- Implementing Corrective Action Plan and Operations Improvement Plan;

Roselle Fire Protection District

- Partnering with County IT department to post meeting documentation on the County website;
- Partnering with attorney to revise ethics and procurement policies to match County policies.

Lisle Woodridge Fire Protection District

- Post procurement policy on website;
- Drafting ethics ordinance for approval by Board of Trustees;
- Updating procurement policy to align with County policy;

West Chicago Fire Protection District

- Amending credit card policy.

CONCLUSION

Voters are increasingly frustrated at the size, scope and cost of government. While efforts at the federal and state level are stymied, progress can be made at the local level in order to save tax dollars and make government work smarter and more efficiently. This process can serve as a laboratory to test reform measures that may be applied at other localities or even at the statewide level. By examining each public agency to determine its current need and future viability, public officials can make the tough choices necessary to reduce costs, share services and eliminate unneeded or redundant programs. These small but significant steps are necessary in an effort to restore the public's trust and redesign local government.

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