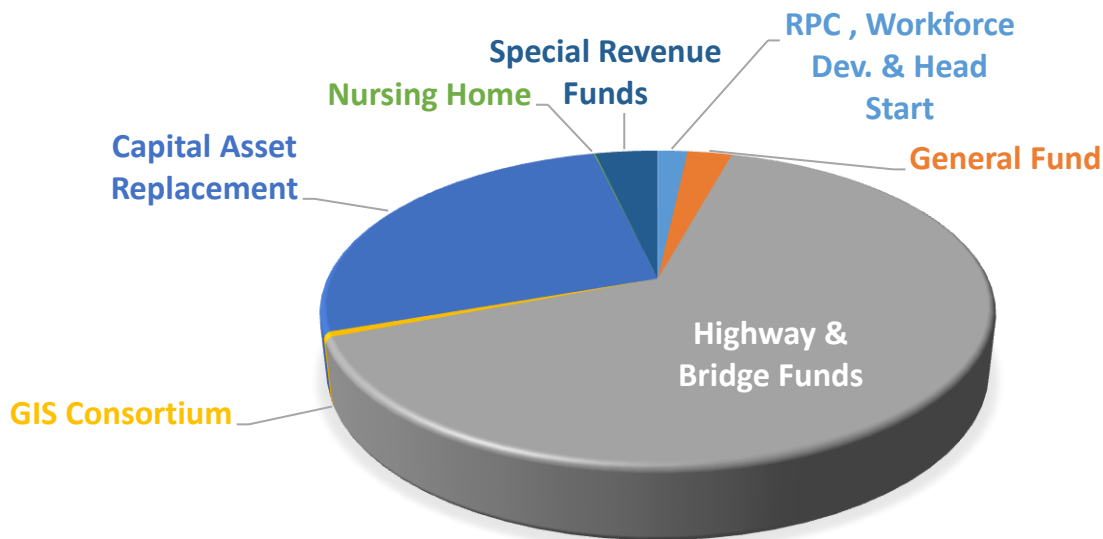


# CAPITAL PURCHASES PROJECTS

## OVERVIEW

The County's FY2018 capital budget of \$5.66 million includes eighteen funds with capital equipment, replacement or improvement projects and/or purchases. An overview of the FY2018 Champaign County Capital Expenditures Budget, as distributed among the County's funds is as follows:

<b>Capital Budget by Funds</b>	<b>FY2018</b>
RPC, Workforce Development & Head Start	\$97,000
General Fund	\$145,000
Highway & Bridge Funds	\$3,669,465
Capital Asset Replacement	\$1,509,246
Nursing Home	\$4,000
Special Revenue Funds	\$205,000
GIS Consortium	\$28,975
<b>TOTAL</b>	<b>\$5,658,686</b>



## FY2018 CAPITAL EXPENDITURE BUDGET BY FUND

Through the County's accounting system, established by the County Auditor, all purchases over \$5,000 are classified as capital expenditures. Therefore, purchases for technology, equipment, and vehicles – which are recurring expenses, are classified as part of the capital budget. This type of capital expenditure can be found in many of the special revenue fund budgets, as well as in the General Corporate Fund budget. Of the \$5.66 million capital budget in FY2018, \$350,000 is budgeted in special revenue and general funds for recurring capital purchases.

Non-recurring capital expenditures are customarily tied to major capital projects, and are typically budgeted in the construction project budgets and/or highway funds. In FY2018, 65% of the capital budget is in the Motor Fuel Tax, Highway, and Bridge Funds – a total of \$3.7 million. These are bridge and road construction projects scheduled to be completed in FY2018, as well as capital equipment replacement in the

Highway Fund. Although there are new and different bridge and road projects each year, the Motor Fuel Tax and Bridge Funds budgets for capital projects remain at fairly constant levels.

### **IMPACT OF CAPITAL EXPENDITURES ON THE OPERATING BUDGET**

The expansion of the County's facilities infrastructure from 1996-2011 has placed increased demand on the maintenance and physical plant operations. While the County Board did take into consideration the staffing needs of the various departments of county government as their office spaces were remodeled or re-constructed over this 15-year period of building, consideration for the impact on the County's Physical Plant staffing and operating budget was not comprehensively addressed.

In 1995 the County's total facility square footage was 395,599 square feet for six buildings. Based on a Facilities Condition Assessment conducted in 2015 by Bailey Edward, the County's facilities and infrastructure represent an investment of over \$160 million and include 25 facilities totaling 841,801 square feet of space under management. Through the utilization of a Facilities Condition Index the County's facility portfolio is rated as "Fair;" however, several facilities have significant deferred maintenance backlogs and will require substantial funding beyond routine expenditures. Further findings imply that the annual facilities maintenance investment should average about \$3 million; however, the county has only allocated \$532,000 in the General Fund over the past several years and the FY2018 appropriation is status quo as well. Per the assessment, the projected annual maintenance cost to keep the Facility Condition Index at the current level is estimated to be \$4.5 million.

In October 2016 the County Facilities Committee approved a Facilities Action Plan, [http://www.co.champaign.il.us/2016FacilitiesProposal/PDFS/Facilities\\_Action\\_Plan.pdf](http://www.co.champaign.il.us/2016FacilitiesProposal/PDFS/Facilities_Action_Plan.pdf) also included in the Supplemental Information section of the budget, which was prepared by the County Administrator and Facilities Director. The plan was subsequently approved by the County Board. The 10-year plan establishes a timeline and cost estimates for addressing the backlog of county-wide deferred maintenance projects which total approximately \$22 million. Additionally, the plan identifies several developmental projects, associated costs and projected timeline. The estimated cost for the developmental projects is \$31 million. Included in the developmental projects are the relocation of county offices at Brookens Administrative Center to downtown Urbana, garage consolidation, relocation of the Sheriff's Office and satellite jail which would allow for closure of the downtown jail. Implementation of the previously mentioned projects would reduce the County's footprint and generate both future operational and maintenance savings.

Restricted revenue growth has prevented the County from adequately appropriating for maintenance of County facilities over the past several years. For that reason, the County Board asked voters to approve a ¼% Facilities Sales Tax in November 2016 which would sunset in 12 years. The revenue from the tax would generate approximately \$4.5 million annually, and the County would immediately be able to implement the Facilities Action Plan. Unfortunately, the tax was not approved by voters resulting in the County having limited options to address both its deferred and future facility needs. If the County continues to underfund facilities maintenance the backlog will grow and further increase the cost to repair or replace facilities. Internal financing for the proposed projects would be significantly short of fulfilling the majority of the identified needs.

The County will retire a Public Safety Sales Tax bond in 2017, which when combined with the current annual investment in facilities maintenance, would allow the County to bond for necessary facilities projects. In FY2018 the funds available from the retiring debt service are directed to the CARF for technology and equipment needs and to fully restore the General Fund reimbursement for public safety

facilities utilities and general maintenance in order to offset the loss of revenue due to the inability of the Nursing Home to reimburse the County for the GO bond debt service. An additional amount of \$261,000 in Public Safety Sales Tax funds is transferred to the CARF Facilities budget in the event the Facilities Committee wishes to engage in architectural and engineering services for the relocation of the Sheriff's Office and downtown jail. If it is determined that the County will remain in these facilities, then the funds will be used to complete the remedial actions required by the County's ADA Settlement Agreement.

### ***General Corporate Fund***

In general, the County administers its capital improvement program through funds separate from the General Corporate Fund. The County Board adopts the budget fund by fund, and because most non-recurring capital projects costs are segregated from the operating budget, changes in the capital projects do not directly impact the operating budget and vice versa. One exception to this is the purchase of squad cars for the Sheriff's Office. The General Corporate Fund goal is to include \$230,000 annually for the purchase of new squad cars. This enables the Sheriff to turn over his entire fleet every five years. However, in FY2017 and FY2018 the county faced challenges in balancing the General Fund and appropriation for squad car replacement was \$145,000. It should be noted that due to budget cuts in FY2016, there was no appropriation for squad car replacement.

## **CAPITAL PURCHASES PROJECTS FUNDS**

This section describes the source for each fund which includes capital projects/purchases in the FY2018 budget, and the amount of the FY2018 capital budget. Purchases for these funds are subject to the County's Purchasing Policy and/or to state law regarding purchases by governmental entities. The County's accounting system establishes all purchases with an initial cost of \$5,000 or more be paid for from capital expenditure line items, which means that a substantial amount of the budgeted capital within the funds that include operations are for purchase and replacement of technology, furnishings and other special equipment needs.

**GENERAL CORPORATE FUND** – The principal operating fund for financing most of the County's capital activities for which there is no specific tax levy or user fee. The General Corporate Fund receives revenues from property taxes, sales taxes, state shared revenues, fees, fines, intergovernmental revenue, and inter-fund transfers. The FY2018 budget for capital is \$145,000 for the purchase of squad cars for the Sheriff's Office.

### ***SPECIAL REVENUE FUNDS***

**Capital Asset Replacement Fund** – Created through monies transferred from the General Corporate Fund, Public Safety Sales Tax Fund, and other special revenue funds to establish a reserve for the current and future replacement of technology, equipment and facilities. The FY2018 budget for capital is \$1.5 million and includes the \$532,261 appropriation for capital facilities projects. There was a significant increase in appropriation for capital equipment and technology in FY2018 due to the replacement of mobile and portable radios for the Sheriff's Office, and implementation of a SaaS contract for replacement of the County's financial software system.

**Circuit Clerk Operation and Administration Fund \$20,000** – This fund is required by the Clerk of the Courts Act Section 27.3d and is to be used to offset the costs incurred by the Circuit Court Clerk that are associated with the collection and disbursement of funds to state and local governments.

**Circuit Clerk e-Ticketing Fund \$20,000** – This fund has been established in accordance with 705 ILCS 105/27.3e, as amended by Public Act 96-1210 effective January 1, 2011. The fee shall be used to defray expenses related to the establishment and maintenance of electronic citations – the process of transmitting traffic, misdemeanor, municipal ordinance, conservation, or other citations and law enforcement data via electronic means to the circuit court clerk.

**Court Document Storage \$20,000** – Fee revenue used to defray the cost of establishing and maintaining a document storage system for court files.

**Probation Services \$35,000** – Fee revenue used to fund a variety of programs, services and operational expenses for clients, the Court Services department and Champaign County.

**County Bridge Fund \$1.8 million** – Property tax revenue source fund for building and maintaining county bridges.

**County Highway Fund \$1.12 million** – Property tax revenue source fund for building and maintaining county highways.

**County Motor Fuel Tax Fund \$400,000** – State shared revenue from motor fuel taxes for construction and maintenance of county highways.

**Highway Federal Aid Matching \$350,000** – Property tax revenue source fund for providing matching funds for projected awarded through Federal Highway Administration Fund dollars.

**County Treasurer Automation Fund \$5,000** – Fee generated on parcels sold at the annual tax sale, and on non-homeowner requests for duplicate bills.

**Recorder Automation Fund \$60,000** – Fee for automating records in the Recorder's Office.

**GIS Consortium Fund \$28,975** – Intergovernmental joint venture, funded through membership fees and services fees.

**Head Start Fund \$45,500** – Federally funded education and development program for low-income pre-school children and their families.

**Workforce Development Fund \$35,000** – State funded grant program for job search, career development, educational assistance and business services in four counties.

**Jail Commissary Fund \$45,000** – The Jail Commissary Fund is comprised of revenue from detainee utilization of the commissary, donations and gifts, and investment interest earnings to be used for the benefit of detainees.

**Regional Planning Commission \$16,500** – The fund includes federal and state grants for economic development, community services, senior services, transportation engineering and police training, plus local contracts for planning and other technical assistance.

## **ENTERPRISE FUND**

*Nursing Home Fund* – Fund established for the operation of the Champaign County Nursing Home. Primary revenue sources are from Medicaid and Medicare payments, private pay fees and property taxes. The FY2018 budget for capital is \$4,000. This appropriation is significantly short of the necessary investment in capital for the Nursing Home.

## **SUMMARY**

The total of all capital purchases budgeted in the FY2018 Champaign County Budget is \$5.66 million, which is 4.36% of the total FY2018 budget.