

CHAMPAIGN COUNTY BOARD
BUDGET HEARING MINUTES

LEGISLATIVE BUDGET HEARINGS

Wednesday, August 29, 2012

**Brookens Administrative Center, Lyle Shields Meeting Room
1776 E. Washington St., Urbana**

MEMBERS PRESENT: Christopher Alix, Jan Anderson, Astrid Berkson, Tom Betz, Lloyd Carter, Aaron Esry, Stephanie Holderfield, Stan James, John Jay, Jeff Kibler, Alan Kurtz, Ralph Langenheim, Gary Maxwell, Brendan McGinty, Diane Michaels, Steve O'Connor, Patti Petrie, James Quisenberry, Michael Richards, Giraldo Rosales, C. Pius Weibel

MEMBERS ABSENT: Carol Ammons, Ron Bensyl, Lorraine Cowart, Max Mitchell, Steve Moser, Jon Schroeder

OTHERS PRESENT: Deb Busey (County Administrator), Scott Gima (MPA), (Kay Rhodes (Administrative Assistant)

CALL TO ORDER

County Board Chair Weibel called the hearing to order at 6:06 p.m.

ROLL CALL

Rhodes called the roll. Alix, Anderson, Berkson, Betz, Esry, Holderfield, James, Jay, Kibler, Kurtz, Langenheim, Maxwell, McGinty, Michaels, O'Connor, Petrie, Rosales, and Weibel were present at the time of roll call establishing a quorum.

APPROVAL OF AGENDA/ADDENDUM

MOTION by James to approve the agenda; seconded by Rosales. **Motion carried with unanimous support.**

Richards entered the hearing at 6:08 p.m.

BUDGET PRESENTATIONS

Nursing Home Fund

Gima highlighted the main budget assumptions for the Nursing Home fund and these were the census/program development, reimbursement rates, salaries, and non-labor expenses. He said the current year-to-date census as of May 2012 was used as the starting point for the 2013 revenue projections. Private pay and Medicaid census was not changed from current experience. Medicare census was increased from 15.1 to 19.4, an increase of 4.3 residents.

Carter entered the hearing at 6:10 p.m.

Gima pointed out two new programs drive the increase in Medicare and these are respiratory therapy and renal dialysis. The renal dialysis financial pro forma which was presented to the County Board with the dialysis RFP, assumed that the overall census would increase by eleven residents - Medicare volume would increase six, Medicaid by three, and private pay by two. The budget does not assume any increase in private pay or Medicaid and a Medicare increase of 4.3.

Gima stated that a respiratory therapist would provide respiratory therapy and pulmonary rehabilitation services. Respiratory therapy services will meet the growing acuity and medical complexity of the residents at CCNH. He explained the services of a respiratory therapist in a nursing home setting are a missing service in the market to treat congestive heart failure and pneumonia, which make up a large percentage of Medicare diagnoses. Gima said the feedback from hospital physicians and discharge planners has been very positive. Respiratory therapy is expected to increase Medicare census and increase Medicare length of stay. Respiratory therapy does not require a capital investment. The program will be up and running well before the start of the new fiscal year. Gima explained that with the introduction of renal dialysis and respiratory therapy, the projected increase of 4.3 Medicare residents is a conservative target.

Gima said Medicare provided an unexpected surprise by increasing Medicare rates by 1.8 percent effective October 1, 2012. The budget reflects this increase. Medicaid rates were not adjusted. He said the rate does reflect the SMART Act rate cut of 1.5 percent cut that was implemented on July 1. The SMART Act also included an 18-month delay in the implementation of RUGS IV, which is the new Medicaid reimbursement system for Illinois skilled nursing facilities. This was a significant change from the original July 1, 2012 implementation date. Based on estimates by the State, the new Medicaid rate will increase CCNH's Medicaid revenue by over \$1 million annually. Due to the efforts of the for-profit nursing home lobbying group, the revenue increase will not be seen until January of 2014. Gima said private pay rates would be increased by five percent. Gima explained wages were increased by one percent for all employees. Health insurance and IMRF employer expenses reflect county budget increases.

Finally, Gima said non-labor expenses were increased by one percent, except as noted in the budget report to the Board of Directors. Agency costs have steadily declined over the past few years and management will continue to work on additional reductions. A three-year review of non-labor expense trends identified a number of opportunities for cost reductions that are reflected in the budget.

MOTION by Kibler to receive the Nursing Home Budget report and place on file; seconded by Langenheim. **Motion carried with unanimous support.**

Public Safety Sales Tax Fund

Busey explained there were four department budgets within the Sales Tax Fund. She explained the summary gives an overview of the entire fund. Sales Tax revenue is budgeted at a 2.5% increase over FY2012 projected revenues, which are currently 3.5% ahead of FY2011. She said \$112,993 is budgeted for software maintenance for the Courts Technology system (JANO and New World systems); \$69,384 is budgeted to be transferred to the Capital Asset Replacement Fund for

technology needs of the criminal justice system offices; \$228,380 is budgeted as the 5% of FY2012 revenue designated for delinquency programming. Busey explained this funding had been frozen in FY2010 through FY2012, but is restored to full 5% funding with the FY2013 budget. She said \$825,000 is budgeted for transfer to the General Corporate Fund to offset the utilities costs for the public safety buildings. This is a decrease of \$114,909 over the original FY2012 budget for this expenditure. Busey said this reimbursement for utilities costs from Public Safety Sales Tax Fund was increased in FY2010, 2011 and 2012 as a result, of loss of revenues to the General Corporate Fund due to the recession, and is now being gradually decreased back to its pre-FY2010 levels. She said \$3,325,989 is budgeted for debt service on bonds issued for the construction of the Courthouse and Juvenile Detention Center. The fund is revenue positive for FY2013 for \$123,240.

Quisenberry entered the hearing at 7:38 p.m.

Alix asked about the language in the original document regarding the use of the Public Safety Sales Tax Fund for post detention programs. He was concerned because the ACCESS Initiative program seemed to focus on prevention programs. Betz said his concern was that the funding for ACCESS Initiative would run out.

GIS Fund

Busey explained several municipalities and government entities participate in the GIS Consortium. However, the main source of revenue comes from County recording fees paid by all the residents of Champaign County. She said the recording fees revenue for GIS averaged \$285,284 in the 5-year period from 2007 to 2011. The lowest revenue year was in 2011, when the revenue dropped to \$252,634. Busey explained in FY2012 the real estate market anticipated revenue for the year is currently projected at \$279,826, and the projection for FY2013 is \$280,000, which is just slightly under the 5-year average. The expenditure budget covers \$7,500 for mapping software licensing and maintenance for the County Clerk and Supervisor of Assessments Offices; \$258,987 to pay the County's annual membership fee to the GIS Consortium; and \$10,700 for a special project to be completed in FY2013 for the County's EMA. This project has to do with county addressing. Most of the money from this fund goes to the GIS Consortium Fund.

Debt Management & Capital Projects Funds Nursing Home Debt Service Fund

Busey explained the Nursing Home Debt Service Fund was for the repayment of \$19,925,000 in general obligation bonds issued in FY2003 to finance the replacement of the Champaign County Nursing Home. The debt will be re-paid from property taxes over a twenty-year period. She said in 2005, the County approved the advance refunding of \$7,425,000 of bonds due 20132 through 2019 to receive savings from a lower interest rate and again in 2011.

Highway Facility Debt Service Fund

Busey explained this budget was for the repayment of \$1,480,000 in general obligation bonds issued in FY2007 to finance part of the Highway Facility construction. This fund would be paid off in 2017.

Public Safety Sales Tax Fund-Debt Service

Busey said this fund is sales tax revenue required to be set aside for repayment of the \$28,797,290 in bonds issued for the construction/remodeling of the Courthouse and construction of the Juvenile Detention Center, and the \$5,955,000 in bonds issued for the Courthouse exterior masonry renovation and Clock and Bell Tower restoration projects are deposited in this budget.

Busey stated that in 2004, the County approved the advance refunding of \$1,520,000 of the 2000 bonds due 2007 to 2012 to achieve savings from lower interest rates. In 2005, the County approved the advance refunding of \$18,440,000 of the 1999 bonds due 2010 to 2029 to achieve savings from lower interest rates.

Busey said in 2007, the County sold additional bonds-\$5,955,000 General Obligation-Public Safety Sale Tax Alternate Revenue Source Bonds 2007A, for the exterior renovation of the original Courthouse and for restoration of the Clock and Bell Tower.

ERI Debt Service

Busey said this budget was for repayment of \$2,450,000 bonds issued in 2006 to repay an IMRF Early Retirement Incentive debt.

General Corporate Fund Debt Service

Busey explained this budget was for the repayment of two different bond issues. The first was \$4,000,000 in general obligation bonds (general sales tax alternate revenue source) issued in FY2006 to finance additional costs of the Nursing Home Construction Project. The alternate revenue source for repayment is the County's 1% sales tax. In FY2010, the Nursing Home operating budget assumed responsibility for the debt service on this bond obligation and continues to do so. The County continues to set aside the sales tax revenue as required by the bond covenants. Busey explained the second was \$700,000 in general obligation bonds (general sales tax alternate revenue source) issued in FY2007 to finance a portion of the County Highway Fleet Maintenance Facility.

Courts Construction Fund

Busey explained this fund was created in 1999 as the capital projects fund for the construction and remodeling of the Courthouse and the Courthouse Addition. She said this fund has a projected balance at the end of FY2012 of \$858,000. She explained these funds were left over in the construction fund. This fund received donations from citizens for the Clock & Bell Tower project. These funds could be used to pay some of the debt service or could be earmarked for the Courthouse building maintenance until the funds run out. Exterior maintenance is scheduled for FY2013. Jay asked that these funds be identified for Courthouse maintenance and nothing else.

Highway Facility Construction Fund

Busey said this project was complete except for an issue with one contractor and so the fund cannot be closed out until then. When the project is completed, the funds would revert to County Motor Fuel Tax Fund.

202 Art Bartell Construction Fund

Busey said this project should be completed this year and the fund can be closed out at that time. Petrie asked if that meant the funds would be depleted. Busey indicated this was correct.

IMRF Fund

Busey said the FY2013 IMRF Rates for Regular IMRF and SLEP increased over the FY2012 rates. Regular IMRF increased from 10.07% to 10.3% of payroll and the SLEP rate increased from 20.91% to 21.35%. She said the Elected County Officials rate also increased from 72.46% to 73.9%.

Social Security Fund

This fund is the employer portion of the Social Security program. The FICA remained stable at 7.65% resulting in a 2.36% in the property tax funding for the General Corporate Fund obligation in FY2013.

Tort Immunity Tax and Self-Funded Insurance

Busey explained this was a property tax based revenue fund and funds the General Corporate Fund's share of premium payments and claims to the Self-Funded Insurance Fund. An actuarial study determines what General Corporate should pay. The claims payments are determined based on the most recent actuarial study recommendations. Since property tax is the only revenue stream for this fund, the tax caps applied to the property tax have not allowed the revenue to keep pace with the annual required contributions. In FY2013, the property tax would have to be increased by 32% to meet the actuarial and premium expenditure demand. The Self-Funded Insurance Fund has excess revenue because the actual claims paid have been less than anticipated by the actuary.

Courthouse Museum Fund

Busey explained there is a small balance left in this fund and is available for specific purposes to be identified by the Lincoln Legacy Committee.

Solid Waste Management Fund

Busey explained this funds programs and initiatives by the Champaign County Solid Waste Management 5 Year Update. The revenue comes from the licensing of waste haulers in Champaign County. The revenue is stable at \$1,700.

County Board

Busey said the revenue remains stable at approximately \$39,000 and these funds come from Licenses and Permits. Per Diems are going up however; there will be fewer Board members. Attorney Legal Services has a balance of \$14,000 for the Intergovernmental Agreement regarding the Clinton Landfill. These funds would need to be re-encumbered if they are not spent in FY2012.

McGinty asked where funds would come from if the County Board chose to hire a parliamentarian. Busey said the funds would come from the County Board budget. McGinty urged the next Board to take action on this. Betz urged the Board to consider attending NACO. Busey said if the Board chose, she could increase the budget.

Administrative Services

Busey said this budget has seen little change. Total revenues are down and this is due to a decrease in vending machine revenue.

Extension Education

They have downsized and asked to keep the same budget as the previous year.

Veteran's Assistance Commission

Busey explained this is a new budget coming to the Committee of the Whole in September. These funds have already been approved by the VAC Committee. If the Board approves this, the Commission will begin on December 1, 2012.

General County

Busey said this was not a County department. It is the budget for receipting general revenues and appropriating general expenditures. She explained the property tax revenue for FY2013 is budgeted at a 5.08% increase over FY2012. The actual increase allowed under the Property Tax Extension Limitation Law (PTELL) was 4.19% or a \$330,019 increase. The IMRF and Social Security levies did not require the full PTELL property tax increases, so the balance of levy authority was transferred to the General Corporate Fund for an additional \$70,056 in property tax revenue for the General Corporate Fund.

Busey said that based on the current economic environment and revenue performance, the 1-cent sales tax is budgeted at a 0.5% increase over anticipated income for FY2012; and the 1/4 cent sales tax is budgeted at a 2.5% increase over anticipated income for FY2012. The income tax is also budgeted at a 2.5% increase over the anticipated revenue to be received in FY2012. The State eliminated the revenue sharing agreement with counties for Inheritance Tax resulting in a \$250,000-\$300,000 annual revenue loss. The State also cut the County's share of the Corporate Personal Property Replacement Tax, which results in a \$50,000 decrease in FY2013.

Busey listed the expenses included in the FY2012 and they are: \$76,000 for the Outside Auditor Contract; \$5,000 for Attorney Fees; \$36,000 for Soil and Water Conservation; \$24,500 for the Urbana Free Library Archive; \$2,250 as a grant to the Children First Program; \$700 for Fees on General Corporate Fund Bond Debt Service; \$22,248 as a grant to Senior Services; \$123,278 to the Capital Asset Replacement Fund for General Corporate capital needs; \$33,500 for Special Assessment for the Scottswood Drainage Project; \$2,761,128 for Employer Contribution to Employee Health Insurance for General Corporate Fund Employees (this is still in negotiations); \$72,000 to County Highway Fund to reimburse salary and fringe benefit costs of the Highway Mechanic responsible for fleet maintenance of the General Corporate fund Vehicles; and \$0 in the General Corporate Fund Contingent Line Item.

Busey noted that the Urbana Free Library performs a great service for the County in their archive department. Quisenberry felt that the Circuit Clerk should include some of the expense in their budget. Busey said she would discuss this with the next Circuit Clerk.

Busey said the total revenue for FY2013 is \$32,496,745 and total expenditures are \$32,682,912 for a deficit of \$186,167. This deficit is less than 1%. This does not include a single program change request.

Capital Asset Replacement Fund Summary

Busey explained this has been in place for 10 years. However, the County has been unable to fund it for the last 4 years and this trend will continue in FY2013. At this time, the County is not saving for items that need to be replaced in 2014 and beyond.

OMNIBUS MOTION by Betz to receive all of the budget reports presented by Busey and place on file; seconded by Kurtz. **Motion carried with unanimous support.**

ADJOURNMENT

The hearing adjourned at 8:32 p.m.

Respectfully submitted,

Kay Rhodes
Administrative Assistant

Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.