

CHAMPAIGN COUNTY BOARD
BUDGET HEARING MINUTES

LEGISLATIVE BUDGET HEARINGS

Wednesday, August 27, 2014

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

MEMBERS PRESENT: Christopher Alix, Aaron Esry, Stan Harper, Josh Hartke, Stan James, John Jay, Alan Kurtz, Ralph Langenheim, Gary Maxwell, Jim McGuire, Diane Michaels, Max Mitchell, Patsi Petrie, James Quisenberry, Giraldo Rosales, Jon Schroeder, Rachel Schwartz

MEMBERS ABSENT: Astrid Berkson, Lloyd Carter, Lorraine Cowart, Jeff Kibler, Michael Richards

OTHERS PRESENT: Leanne Brehob-Riley (GIS Director), Deb Busey (County Administrator), Scott Gima (MPA), Kay Rhodes (Administrative Assistant)

CALL TO ORDER

County Board Chair Kurtz called the hearing to order at 6:00 p.m.

ROLL CALL

Rhodes called the roll. Alix, Esry, Harper, Hartke, James, Jay, Kurtz, Langenheim, Maxwell, McGuire, Michaels, Mitchell, Petrie, Rosales, and Schwartz were present at the time of roll call establishing a quorum.

APPROVAL OF AGENDA/ADDENDUM

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

Quisenberry and Schroeder entered the hearing at 6:07 p.m.

BUDGET PRESENTATIONS

Nursing Home Fund

Gima stated that the FY2015 budgeted revenue was based on the resident census and the Medicare, Medicaid, and Private Pay rates. The FY2015 revenue budget assumes a census of 200 residents. He explained that the YTD Medicaid census was over stated and the private pay census was understated because a large number of Medicaid conversion days occurred during June.

Gima was optimistic about the getting more referrals from the VA and budgeted this census slightly higher. He explained that they were seeing an increase in VA referrals on both the nursing home and Adult Day Care sides. The nursing home is the only facility in the County that has a contract with the VA.

Gima stated that there were no significant changes to the payer mix. Private Pay rates have been increased by 4%. There was no justification to raise the Private Pay rates any higher given the recent food service issues. CCNH rates remain well below other Champaign-Urbana facilities.

As of July 1, 2014, the Medicaid rate is \$154.63 with the inter-governmental rate add-on. This reflects the rate increase of \$5.11 Medicare rates would increase by 3% effective October 1, 2014. Revenue from Adult Day Care had diminished over the last few years. It is expected to cause a deficit of \$40,000 in FY2015. However, the Adult Day Care Program has always been structured as a “feeder” program to the Nursing Home and not necessarily a standalone profitable enterprise. In 2012, at least seven nursing home residents came from the Adult Day Care Program. In 2013, there were at least seven and so far this year there have been three admissions from the Day Care Program to the Nursing Home. Gima said one Medicaid resident of the Nursing Home would generate approximately \$50,000 in revenue. This revenue helps to offset the losses experienced through the operation of the Adult Day Care Program.

Additionally, the Nursing Home has experienced significant interest in the Adult Day Care Program from the Veteran’s Administration, the Health Alliance and Molina Healthcare care plans. They had also expressed an interest in utilizing an outpatient therapy program operated through the Adult Day Care. The estimated costs were included in the FY2015 budget proposal.

Michaels asked if the outpatient therapy program would produce enough revenue to offset the debt. Gima explained that the aim was to demonstrate to the care plans that the nursing home could provide good quality care and attract more Medicare Part A and Medicaid referrals to keep the Nursing Home beds filled. He did not expect the outpatient therapy program to create very much revenue.

McGuire asked on what basis the use of contract nursing was decreased for the FY2015 budget projection. Gima said he reduced the agency costs because he hoped to get these costs under control and would like to see them reduced back down to those in FY2013, approximately \$487,000. Currently there is a deficiency in the number of night-shift CNAs and they are attempting to address the issue. However, it is difficult to obtain exit interviews for those leaving employment of the nursing home. Hartke added that language in the new AFSCME contracts would help to dissuade employees from calling in on weekends. This would help to reduce the use of contract nursing as the nursing home is able to better manage the employee absence.

Gima listed the FY2015 major projected expenses including the capital items as 2% wage increase for all employees, 12% increase to health insurance, a drop in the IMRF employer rate from 9.92% to 8.97%, professional services increase reflected the fees for the Health Care Services Group, electronic health records, Adult Day Care outpatient rehabilitation equipment, dryer lint remediation (lack of this system has caused significant issues with the nursing home boilers), computer replacement, Medicare certified room furnishings, and resident room furnishings. The replace-

ment facility budget did not include room furnishings required by the Illinois Department of Public Health.

MOTION by James to receive the Nursing Home FY2015 proposed budget and place on file; seconded by Maxwell. **Motion carried with unanimous support.**

GIS Consortium

Leanne Brehob-Riley explained that the Champaign County GIS Consortium (CCGIS) was formed in September 2002 in order to secure the benefits of data collection and analysis at a county-wide level and to share the cost of implementation, maintenance, and data acquisition. Currently, there are seven members of the CCGIS: Champaign County, City of Champaign, City of Urbana, Village of Rantoul, Village of Mahomet, Village of Savoy, and the University of Illinois. Three other entities within Champaign County participate in the consortium as Principal Data Clients: the Champaign-Urbana Mass Transit District (CUMTD), the Champaign-Urbana Public Health District (CUPHD), and the Urbana-Champaign Sanitary District (UCSD). Participation is open to both public and private sector organization. Champaign County is the lead agency for the Consortium.

There were no significant changes to the budget from FY2014 to FY2015. A 2% membership increase was approved by the GIS Policy committee for FY2015. Expenditures are projected to decrease by \$2,000 in FY2015.

MOTION by Jay FY2015 proposed budget and place on file; seconded by Langenheim. **Motion carried with unanimous support.**

GIS Fund

Busey explained that the GIS Fund is a result of fees charged by the Recorder of Deeds office and disbursed for the advancement of the county-wide GIS System. The projected recording fee revenue for FY2015 is on a downward trend at approximately \$10,000 less than the FY2014 budget.

The expenditure budget covers \$260,906 to pay the County's annual membership fee to the GIS Consortium and \$15,875 for future ortho-photography scheduled to be done in FY2017 - all GIS Consortium members pro-rate the total cost of the tri-annual ortho-photography, and deposit annually an amount equal to the anticipated one-third of their share of that future project. This eliminates budget spikes for the member agencies in the 3rd year in which the ortho-photography is updated.

Busey added that in the past they had utilized the GIS Fund to pay for ESRI software for the Supervisor of Assessments, Planning & Zoning, and the County Clerk's offices, which amounted to \$7,500. Busey indicated that the General Corporate Fund would now pay for these software licensing because she believed that it was not sustainable to continue funding through the GIS Fund and maintain their commitment to the GIS Consortium.

MOTION by Alix to receive the GIS Fund FY2015 proposed budget and place on file; seconded by Esry. **Motion carried with unanimous support.**

Kurtz explained that three budgets would be discussed that were not covered at the August 26, 2014 Legislative Budget Hearing due to time constraints.

County Board

Busey stated that County Board revenue and expenditures remained stable going into FY2015. Petrie wanted to see an increase in expenditures to provide more training opportunities to County Board members.

Busey indicated that this decision was entirely up to the County Board. Busey explained that a cost analysis was performed to identify the minimum amount of funding required to send one County Board member to the upcoming NACO conference to be held in North Carolina and the cost would be approximately \$1,675 in case the County Board wished to make changes to this line item for the FY2015 budget.

Administrative Services

Vending machine revenues had declined slightly. These revenues are used to pay for the annual employee recognition event. The budget remains stable.

General County

This fund contains most of the revenues which are not fee related and expenditures which are typically not departmental. The property tax revenue for FY2015 is budgeted at a 3.58% increase of \$307,120 over FY2014. Based on the current economic environment and revenue performance, the one-cent sales tax is budgeted at a 2% increase over anticipated income for FY2014; and the quarter-cent sales tax is budgeted at a 2 % increase over anticipated income for FY2014. The income tax is budgeted at a 3.5% increase over the anticipated revenue to be received in FY2014.

Expenses currently included in the FY2015 General County Budget are \$80,000 for Outside Auditor Contract, \$30,000 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, \$2,000 for Fees on General Corporate Fund Bond Debt Service, \$22,807 as a grant to Senior Services, \$485,051 to the Capital Asset Replacement Fund for General Corporate capital needs, \$33,500 for Special Assessment for the Scottswood Drainage Project, \$3,119,634 for Employer Contribution to Employee Health Insurance for General Corporate Fund Employees, \$82,000 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, \$169,620 equal to 0.5% of the FY2014 General Corporate Expenditure Budget in the General Corporate Fund Contingent Line Item, and \$100,000 as grant funding for Re-Entry Program.

MOTION by Jay to receive the County Board, Administrative Services, and General county proposed budgets for FY2015 and place them on file; seconded by James. **Motion carried with unanimous support.**

Public Safety Sales Tax Fund

Busey explained that the ¼ cent Public Safety Sales Tax is the primary source of revenue for this fund. The FY2014 revenue receipts are flat against FY2013 revenues at the end of the third quarter of the fiscal year. The FY2015 revenue is projected with anticipated growth of 1.5% - which is reflective of the fact this sales tax has historically increased at a lower rate than the County's general XA cent sales tax. The difference between the two is that the Public Safety Sales Tax is not assessed on the sale of any vehicles licensed through the State.

The expenditure highlights for FY2015 are \$121,153 is budgeted for software maintenance for the Courts Technology system, \$185,531 is budgeted to be transferred to the Capital Asset Replacement Fund for technology needs of criminal justice system offices, \$230,747 is budgeted as the 5% of FY2014 revenue designated for delinquency prevention grant funding in FY2015 and an additional \$83,251 of previously unspent revenues for delinquency prevention grant funding is also appropriated in FY2015 - coming from fund balance, \$2,100 is budgeted for the payment of annual fees on the debt service covered by the Public Safety Sales Tax Fund, \$80,246 is budgeted for transfer to General Corporate Fund/Corrections Budget to offset the salary cost of one lieutenant dedicated to Classification system oversight and development in the Jail, \$8,230 is budgeted for transfer to General Corporate/General County Budget to cover the annual health insurance contributions for the Lieutenant noted above, \$40,000 is budgeted to pay for the final phase of the Gorski-Reifsteck Sheriffs Operations Master Plan, \$100,000 is budgeted for Transfer to General Corporate Fund for continued funding of the Re-Entry Program contracted by the County to Community Elements, \$59,919 is budgeted for transfer to the Specialty Courts Fund for the salary and benefits of the Specialty Courts Coordinator position, \$441,586 is budgeted for transfer to the General Corporate Fund to offset the utilities costs for the public safety buildings, and \$3,551,526 is budgeted for debt service on bonds issued for the construction of the Courthouse and Juvenile Detention Center.

Busey explained that the total budget for the Public Safety Sales Tax Fund is a deficit budget in the amount of \$218,318; \$83,251 of which is appropriated from fund balance for delinquency prevention grant funding monies not spent in previous years, leaving the actual deficit at \$135,068.

MOTION by James to receive the Public Safety Sales Tax Fund proposed FY2015 budget and place on file; seconded by Langenheim. **Motion carried with unanimous support.**

Capital Asset Replacement Fund

Busey said that the FY2015 budget includes all required contributions for items that will be purchased in FY2015 and for the scheduled future reserve for all other items. This results in a 32% increase in revenue contributions in FY2015 for a total increase of \$296,633 over the budgeted revenues for FY2014. The impact of not funding future reserve since 2008 is demonstrated in the diminishing fund balance of the Capital Asset Replacement Fund. Returning to the full funding model for both current and amortized annual contributions for future replacements would begin to restore the fund balance to the stated fund balance goal of \$ 1 million.

The additional transfer from General Corporate of \$532,261 in FY2014 was approved for capital facilities projects, as the County Board began implementation of planning and budgeting for a Capital Infrastructure Plan for the County's facilities. At this time, the FY2015 contribution is held at the same level as the FY2014 contribution - at \$532,261 for facilities projects in FY2015. More explanation regarding the Facilities Capital budgeting is documented in the Capital Asset Replacement Facilities 105-059 budget document.

Busey indicated that the Facilities Director would present a much greater budget for the Facilities Capital Infrastructure Plan at the next Facilities Committee meeting. Once the Facilities Committee receives the recommendation it would go on to Finance for further determination.

Quisenberry asked about the County Clerk's Capital Asset Replacement Fund. Busey stated that the County Clerk did not have one anymore. Hartke asked if the budget included funding for a new accounting software system. Busey indicated that these funds were not in the budget and typically new purchases were funded from another source and once the purchase is made it is then amortized in this fund for future replacement. Quisenberry volunteered that it was typically the automation funds that make this type of purchase. Busey agreed, however neither the County Board nor the Auditor have an automation fund.

MOTION by Langenheim to receive the Capital Asset Replacement Fund proposed FY2015 budget and place on file; seconded by James. **Motion carried with unanimous support.**

Debt Management

There was no discussion regarding the Debt Management Budget. **MOTION** by Alix to receive the FY2015 Debt Management budget and place on file; seconded by Esry. **Motion carried with unanimous support.**

Capital Projects Funds

Busey explained that in 2013, the Courts Construction Fund was used for a masonry maintenance project on the courthouse. In FY2015, \$215,000 is budgeted to replace all the windows in the original portion of the courthouse and \$40,000 is budgeted for courthouse parking lot improvements.

Busey indicated that the remaining funds in the Highway Facility Construction Fund would be moved into the Motor Fuel Tax Fund later this year because the project is complete. Similarly, any remaining funds in the 202 Art Bartell Construction Fund would be transferred to the General Corporate Fund as this project was complete as well.

MOTION by Langenheim to receive the Capital Projects Construction Fund FY2015 budgets and place on file; seconded by Esry. **Motion carried with unanimous support.**

IMRF Fund

Busey stated that all of the County's IMRF rates were scheduled to decrease with the FY2015 budget. This, in addition to the fact that the FY2014 budget was required to cover 13 months of

IMRF benefits, enables the IMRF levy to decrease with the FY2015 budget. The total decrease in the required levy is \$222,012 or a 6.9% decrease. The additional appropriation authority for the IMRF levy has been assigned to the Liability Insurance (Tort) Levy for FY2015, which levy previously experienced an annual deficit and can now be balanced with this re-appropriation of levy authority.

The FY2015 IMRF Rates for Regular IMRF and SLEP (Sheriffs Law Enforcement Pension) experience the following decreases over the FY2014 rates. Regular IMRF decreases from 9.92% to 8.97% of payroll - a decrease of 9.6% in the rate. The SLEP rate decreases from 20.87% to 20.72% - a 0.7% decrease. The ECO (Elected County Officials) rate also incurs a decrease in FY2015 - going from 149.98% to 131.15% - a 12.5% decrease in rate.

Social Security Fund

Busey said the Social Security Fund for FY2015 budget drops slightly due to the 13-month FY2014 budget. **MOTION** by James to receive the IMRF and Social Security Fund proposed FY2015 budgets and place on file; seconded by Esry. **Motion carried with unanimous support.**

Tort Immunity

Busey explained that over the years the County did not have enough funds to cover its contribution towards Tort Immunity through the property tax. However, the savings from the IMRF and Social Security funds can be appropriated to the Tort Immunity Tax Levy for FY2015 in order to balance. There will still be a negative fund balance, but it would not increase. In addition, this negative fund balance is offset by the Self-Funded Insurance Fund.

The Self-Funded Insurance Fund has a healthy balance in the amount of \$4.3 million. After absorbing the \$1.78 million projected deficit of the Tort Immunity Fund, the combined fund balance is projected to be at \$2.55 million, which is considered an appropriate amount for the County's Self-Funded Insurance Program.

MOTION by James to receive the projected FY2015 budget for the Tort Immunity and Self-Funded Insurance Funds; seconded by Jay. **Motion carried with unanimous support.**

ADJOURNMENT

The hearing adjourned at 7:20 p.m.

Respectfully submitted,

Kay Rhodes
Administrative Assistant

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