

CHAMPAIGN COUNTY BOARD
BUDGET HEARING MINUTES

LEGISLATIVE BUDGET HEARINGS

Wednesday, August 28, 2013

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

MEMBERS PRESENT: Christopher Alix, Astrid Berkson, Lloyd Carter, Lorraine Cowart, Aaron Esry, Stan Harper, Josh Hartke, Stan James, John Jay, Jeff Kibler, Alan Kurtz, Ralph Langenheim, Gary Maxwell, Jim McGuire, Diane Michaels, Max Mitchell, Pattsy Petrie, James Quisenberry, Michael Richards, Giraldo Rosales, Jon Schroeder, Rachel Schwartz

MEMBERS ABSENT: None

OTHERS PRESENT: Leanne Brehob-Riley (GIS Director), Deb Busey (County Administrator), Catherine Emanuel (Nursing Home Board of Directors Chair), Scott Gima (MPA), Kay Rhodes (Administrative Assistant)

CALL TO ORDER

County Board Chair Kurtz called the hearing to order at 6:02 p.m.

ROLL CALL

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

APPROVAL OF AGENDA/ADDENDUM

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

Rosales and McGuire entered the hearing at 6:06 p.m.

BUDGET PRESENTATIONS

GIS Consortium

Leanne Brehob-Riley, Director of the GIS Consortium presented the GIS Consortium budget. Brehob-Riley explained that the Consortium was created in 2002 through an Intergovernmental Agreement between the City of Urbana, the City of Champaign, the University of Illinois, the Village of Mahomet, the Village of Savoy, the Village of Rantoul, and the County of Champaign. As

per the Intergovernmental Agreement, a GIS Policy Committee was created to provide oversight of the GIS Consortium.

Brehob-Riley explained that on December 1, 2012 the Lead Agency responsibilities of the GIS Consortium transitioned from the Champaign County Regional Planning Commission to Champaign County. She explained that the majority of the funding for the Consortium comes from the entities named in the Intergovernmental Agreement. She stated that additional funding comes from some outside contracts, for example a contract with Piatt County to build applications.

Brehob-Riley explained that due to the shift in the County fiscal year, the FY2014 budget expenditures exceed revenue. While the annual member contributions remain unchanged, the requirement for a 13-month budget in FY2014 presents incoming revenue timing issues, which cause this situation. As approved by the GIS Consortium Policy Committee, money from the fund balance will be utilized to cover the expenditures during the transition period.

Brehob-Riley pointed out that there will be a revenue increase at the end of FY2013 due to cost savings realized by switching Lead Agency responsibilities from the Regional Planning Commission to Champaign County. An expenditure of approximately \$25,000 is planned in FY2014 to purchase equipment for aerial photography. The fund balance will grow in FY2015 and FY2016 due to the return of a 12-month budget and because an annual aerial photography assessment would be collected from each of the member agencies.

Alix pointed out there were many other additional agencies who utilize the GIS Consortium, such as the U-C Sanitary District and the Drainage Districts, and these are also a source of revenue. Petrie asked how the Consortium membership is calculated. Brehob-Riley explained that a base amount was established and then a per capita calculation was made. Busey explained that the calculation is slightly different because the County has the benefit of collecting the recording fee for GIS, which is paid by the entire County. Busey stated that the County portion is the largest because of this and that is why Champaign County is the Lead Agency.

Jeff Kibler entered the hearing at 6:10 p.m.

Nursing Home Fund

Gima introduced Ms. Emanuel, Chair of the Nursing Home Board of Directors. Gima highlighted the main budget assumptions for the Nursing Home fund and these were census/program development, reimbursement rates, salaries, and non-labor expenses. He said the current year-to-date census as of July 2013 was 186.7 residents. Gima stated the census projection for the FY2014 budget is 195 residents and Medicare does not drive this, the increase is driven by an increase in Medicaid and private pay census.

Carter and Cowart entered the hearing at 6:15 p.m. Richards entered the hearing at 6:22 p.m.

Gima stated that Medicaid rates would increase by \$4.52/day. He said the current Medicaid rate, including the intergovernmental transfer, was Private pay rates would increase 5% and Medicare would increase 1.8% effective October 1, 2013. He stated the current census is 17.7 for Medicare residents. Gima explained that his higher census projections for FY2014 were because the average number of admissions per month this year is tracking at a higher rate than FY2012. He said the higher numbers in

June and July point to the changing referral pattern and that Carle Clinic is adding additional resources to the nursing home.

Gima said that private pay rates would increase by 5%. Medicare rates would increase by 1.4%. Gima stated that the current Medicaid rate is \$150.57 per day. The 2014 rate is projected at \$155.09, which is the expected rate under the new Medicaid reimbursement system. The \$4.52 per day rate change will add \$155,000 in annual revenue.

Gima listed the following assumptions used to project the FY2014 expenses: all wages increased by 1%; health insurance increased by 12%; and IMRF employer rate dropped from 21.35% to 20.87% of wages; however, the budget does not reflect this decrease in expense. Most non-labor expenses were increased by 1%.

Gima said he did not include capital items in FY2013. The capital items included in the FY2014 budget are Electronic Health Records - \$75,000; Adult Day Care Outpatient Rehabilitation Equipment - \$50,000; Dryer lint remediation system- \$50,000; and Dietary equipment - \$50,000.

Gima stated that the Champaign County Nursing Home had improved its relationship with the provider community and increases in admissions reflect this. June and July showed a record-breaking number of admissions of 39 and 38 respectively. There was also an introduction of financial incentives for acute care providers to work with better performing Skilled Nursing Facilities: to reduce re-admissions – INTERACT; improved medical management. The Medicare-Medicaid Alignment Initiative Program in 2014 will provide additional opportunities to be a strong Skilled Nursing Facility provider in the program.

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 2.0% increase over FY2013 projected revenues, which are currently 2.0% ahead of FY2012 actual. She said \$121,183 is budgeted for software maintenance for the Courts Technology System (JANO and New World); \$128,142 is budgeted to be transferred to the Capital Asset Replacement Fund for technology needs of the criminal justice system offices; \$230,613 is budgeted as the 5% revenue designated for delinquency grant funding. She said \$891,000 is budgeted for transfer to the General Corporate Fund to offset the utilities costs for the public safety buildings. She said \$6.2 million is budgeted for debt service, which means this budget is a deficit budget because the County will make two annual principle payments on the debt that is paid by the Public Safety Sales Tax Fund and three semi-annual interest payments.

Alix reminded everyone that this is a draft of the FY2014 budget and the final budget is pending the results of the ILPP Assessment Study. He felt that the expenditures from the Public Safety Sales Tax Fund should reflect the intended purpose more closely. He did not think that utility costs were in-line with the intended expenditures. Some new items, such as personnel cost for the Sheriff for the new Inmate Classification Program.

Busey stated that the tentative FY2014 budget was status quo and reflected past budget preparation. Busey understood that changes would be made after the ILPP final report, but pointed out

that the FY2014 budget as presented is revenue positive in the amount of \$9,540. The budget was consistent with County Board policy and balanced. Discussion followed regarding the need to set aside monies to implement new programs based on the ILPP final report, expected in September 2013.

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 projection for FY2013 is conservative at \$275,000. The expenditure budget covers \$7,500 for mapping software licensing and maintenance for the County Clerk and Supervisor of Assessments Offices; \$255,790 to pay the County's annual membership fee to the GIS Consortium; and \$14,375 which is the County's contribution toward aerial photography.

Capital Asset Replacement Fund

Busey said this fund had been established in 2002 so the General Corporate Fund departments of the County could amortize the cost of capital assets and create a 5-year replacement plan for technology, vehicles, furniture, and office equipment. In 2006, Capital Improvements was added to this fund as well. She explained this fund worked well from 2002-2007; items were replaced and maintained on schedule. However, since 2008 the County has been unable to fund the replacement of items. Every year the amount of funds needed to replace capital assets has grown more and more. The only exception was in 2010 when the County deposited the ILEAS rent payment into the Capital Fund. Last year the County budgeted \$123,000 from the General Corporate Fund to in order take care of replacement needs. In FY2014, \$246,000 is budgeted for replacement needs. Busey said that pursuant to direction from the County Facilities Committee \$750,108 for facilities projects was budgeted.

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. This fund, like all debt service funds, will have two annual principle payments and three semi-annual interest payments, which creates an additional payment in the FY2014 budget of approximately \$1.25 million.

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. The alternate revenue source for repayment is the County quarter-cent sales tax.

Busey explained that because of the 13-month fiscal year that is included with FY2014, there would be 13 months of safety sales tax revenues posted, and the semi-annual bond payments due on January 1, 2015 will actually be paid out of the FY2014 budget, because those payments are made in December. The revenue line reflecting reimbursement from the Nursing Home Fund for the actual bond payments made increased as well.

Public Safety Sales Tax Fund-Debt Service

Busey said the additional payment is \$2.8 million and monies for these debt payments are accrued in the Public Safety Sales Tax Fund.

ERI Debt Service

Busey said this budget was for repayment of bonds issued in 2006 to repay an IMRF Early Retirement Incentive debt and the final payment will be in December.

Highway Facility Debt Service Fund

This fund is for the repayment of \$1,480,000 of bonds issued in 2007 to pay for a portion of the construction of the Highway Facility. The additional payment in FY2014 is \$175,000 in principle and \$11,794 in interest.

Courts Construction Fund

Busey said the only project scheduled to be paid for out of this fund is the exterior masonry renovation and repair of the Courthouse and annex. She said \$179,000 is budgeted in FY2014.

Highway Facility Construction Fund

Busey said the goal is to close this fund out in FY2014. There is \$155,500 left in this fund, which will be transferred back to the Motor Fuel Tax Fund.

202 Art Bartell Construction Fund

Busey said she would like to close this out in FY2014. The current balance is \$37,946 and there is one issue with the easement so that is why the funds are still there but after this is addressed, the County Board can decide what to do with the remaining funds.

IMRF Fund

Busey said the FY2014 IMRF Rates for Regular IMRF and SLEP decreased slightly over the FY2013 rates. Regular IMRF decreased from 10.3% to 9.92% of payroll and the SLEP rate decreased from 21.35% to 20.87%, which is a 2.2% decrease rate. She said the Elected County Officials rate also increased from 73.9% to 157.63% of payroll. The increase is driven by the fact that two eligible elected officials retired at the end of 2012, which leaves only two elected officials salaries upon which the ECO rate is applied in FY2014.

Social Security Fund

This fund is the employer portion of the Social Security program. The FICA remained stable at 7.65%. The 13-month budget causes an 8% increase in the total expenditure. The General Corporate Fund portion of the total Social Security budget is \$1,757,388 and is paid through a property tax

levy. The allowable increase in levy for FY2014 under the "tax caps"/ PTELL (Property Tax Extension Limitation Law) calculation is 2.76% resulting in a \$43,576 increase. To cover the required , the tax caps applied to the property tax have not allowed the revenue to keep pace with the annual required contributions. The property tax would have to be increased by 19.9% to meet the actuarial and premium expenditure demand. However, it is improving. In 2012, there was a shortfall of revenue to expenditure of \$408,957, and by FY2014, the shortfall is cut in half to \$204,328. The Self-funded Insurance Fund has a \$3.9 million projected balance at the end of FY2013. The combination of these two funds creates a very healthy fund balance.

Health Insurance

Busey stated the current budget is an estimate and they would receive the final numbers on health insurance next week, however she was comfortable with the estimate.

ADJOURNMENT

The hearing adjourned at 8:05 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.