

Approved 12/8/2015

CHAMPAIGN COUNTY BOARD
BUDGET HEARING MINUTES

LEGISLATIVE BUDGET HEARINGS

Wednesday, August 26, 2015

Brookens Administrative Center, Lyle Shields Meeting Room

1776 E. Washington St., Urbana

MEMBERS PRESENT: Christopher Alix, Jack Anderson, Astrid Berkson, Lloyd Carter, Lorraine Cowart, Aaron Esry, Stan Harper, Shana Jo Harrison, Josh Hartke, John Jay, Jeff Kibler, Gary Maxwell, James McGuire, Max Mitchell, C. Patti Petrie, James Quisenberry, Rachel Schwartz, Pius Weibel

MEMBERS ABSENT: Diane Michaels, Giraldo Rosales, Jon Schroeder

OTHERS PRESENT: Deb Busey (County Administrator), Tami Asplund (Deputy County Administrator of Finance), Scott Gima and Gary Winchel (Management Performance Associates), Leann Brehob-Riley (GIS), Andy Rhodes (IT), Linda Lane (Administrative Assistant)

CALL TO ORDER

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

ROLL CALL

Roll was taken with Alix, Anderson, Carter, Esry, Harper, Harrison, Hartke, Jay, Kibler, Maxwell, Mitchell, Quisenberry, Schwartz, Shore, and Petrie being present at the time of roll call establishing a quorum.

Berkson, Cowart, McGuire, and Weibel entered after roll call.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Mr. Carter to approve the agenda; seconded by Mr. Harper. Chair Petrie stated that Mr. Alix would like to change the order of the agenda. Mr. Alix said they would start with the Monday/Wednesday book with the Nursing Home Fund, then GIS. Next would be IT, County Board, Administrative Services, General County, and ADA Compliance from last night, then back to the Wednesday book for the Public Safety Sales Tax, Capital Asset Replacement Fund, Debt Management and Capital Projects Fund, IMRF and Social Security Funds, and the Tort Immunity and Self-Funded Insurance funds. Upon vote, **MOTION to approve agenda as amended CARRIED unanimously.**

Ms. Petrie turned the hearing over to Mr. Alix, the Chair of Finance.

BUDGET PRESENTATIONS

Nursing Home Fund

Mr. Gima stated that the census projections drive revenue. He said for 2016, they have a budgeted Medicare census of 25 and Medicaid of 112. He noted the Medicaid includes 99 traditional Medicaid plus 13 hospice. Mr. Gima said the Medicaid rate is based on the IGT rate, about \$152/day. He noted they do not get the IGT rate for any hospice, so that rate is about \$132/day. Mr. Gima said the private pay census projection is 71 and VA is two, for a total budgeted census estimated for FY2016 of 210. Mr. Gima commented that they have hit 200 residents this year, but the average is 195. He stated the average Medicare YTD through June is 12.6, with the highest being 15 or 16. Mr. Gima explained they are budgeting a census of 25 because of changes they are making in-house. Mr. Gima indicated that they have talked to Christie Clinic about increasing their physician presence. He pointed out that Carle provides two full-time nurse practitioners plus three physicians, while Christie Clinic provides one physician and one nurse practitioner. Mr. Gima felt confident that they are setting themselves strongly strategically to improve Medicare management.

Ms. Petrie asked if there had been any meetings about speeding up payments. Mr. Gima said they had a meeting that identified specific billing issues that need to be addressed. He said Health Alliance had not been reimbursing at the IGT rate. He said Health Alliance's goal is to have processed clean claims within 14 days.

Mr. Maxwell stated that Medicare A&B is projected at almost \$2.5 million for FY2015 but the current projections show achieving only half of that. He wanted to know if that is creating problems now. He also wanted to know how realistic it is to achieve approximately \$3.3 million for next year. He said he is concerned based on projected versus actual for FY2015 that they won't be able to achieve the \$3 million next year and wanted to know the impact. Mr. Gima replied the Medicare census is getting many referrals, but they aren't the quality they used to be. He said what they are seeing now is reflective

of the entire market, is not exclusive to CCH, and felt it was a cyclical event. He admitted that he is concerned but with the marketing they are doing, he feels they can expect to see an improvement in the Medicare census.

Mr. Anderson said that on page 49 the table for the payer mix projections doesn't match the narrative. Mr. Gima said the table is a typo but the narrative has the correct numbers. He explained that the private pay mix is low and the Medicaid is high because of the high number of Medicaid conversion days, about 5,000, they have done year to date. Mr. Gima said that once the applications are approved they have to convert the private payer days to Medicaid days, which overstates the Medicaid mix and understates the private pay mix. Mr. Anderson asked what the last paragraph is supposed to say regarding additional revenue assumptions. Mr. Gima said that is another typo and should have given a history of what the Adult Day Care revenue and expenses have been for the past three years. He said that in the past the Adult Day Care lost money, but made money in 2014 and 2015 because of the increase in the VA census.

Ms. Schwartz asked why the Medicare Part B projection is down. Mr. Gima responded that it is an assumption based on the feedback from their new therapy provider that they will see a potentially lower level of Part B revenue. He also said he may have been too conservative, but it has to do with going with 25 on the Medicare Part A and not pushing it on the Part B. Ms. Schwartz wanted to know why Medicare Part A revenue projection is about three times higher while the census is only double. Mr. Gima replied that it was a combination of traditional Medicare Part A but also Medicare Managed Care. He said they renegotiated the contract with Health Alliance for Medicare Advantage. He said they've also been able to get a better rate with Health Alliance and Molina for the Medicare portion of the Dual Eligible Managed Care program. Ms. Schwartz asked for clarification that the private pay number was going to double, or if it's because the 38.6 isn't realistic due to conversions. Mr. Gima said the private pay number is skewed because of the conversion days.

Mr. Alix asked how the Medicaid conversion days worked. He asked if we were receiving payments in 2015 for care provided in previous years that had converted to Medicaid. Mr. Gima gave the example of someone being admitted in January 2014 who came in as Medicaid pending, but the application wasn't approved until February 2015. He said in March of 2015, they would convert 400 days from private pay to Medicaid. Mr. Alix clarified that it's booked in the month it's paid, not the month it's delivered. Mr. Gima said that is correct. Mr. Alix asked how they were counted last year. Mr. Gima said they would have been private pay. Mr. Alix expressed concern that people were being double counted. Ms. Schwartz explained that as they are converted to Medicare they are taken away from private pay. She felt it would be better if they could get a retroactive restatement of what the actual days were as opposed to adding and subtracting. Mr. Alix felt from a policy standpoint, it's important to understand what's happening with the Medicaid occupancy rate. Mr. Gima said that the actual census each month would be closer to 105-115 on any given day. Ms. Schwartz felt they needed to know how many beds there are and how many are Medicaid unpaid or pending. Mr. Alix felt it is important, going forward, that it reflects the expected information about how we will probably end up being paid for that part of the census. He noted that will let them determine if the level of Medicaid service provided is sustainable. Mr. Gima said he can report what the actual census is and separate the conversion days.

Ms. Berkson asked what rate goes into accounts receivable for unpaid Medicaid and Medicaid pending patients. Mr. Gima answered the private pay rate, which will be converted to Medicaid. Ms. Schwartz felt that someone who won't pay the private pay rate shouldn't be recorded as private pay for the board reporting, but should be reported as Medicaid pending. Mr. Gima said that they have contemplated putting a separate Medicaid pending revenue account on the financial statements.

Mr. Alix moved to the food and noted that private pay rates are lower than other facilities. He wanted to know if increasing the rate and applying it to food service would fix the problem. Mr. Gima said the food service issue isn't financial.

Mr. Gima explained that the budget for wages reflects a 2% increase and reflects full staffing, not actual staffing. He said they added a few activity FTE's but remain static in other areas outside of direct care staffing. Mr. Quisenberry asked why budget an unattainable goal for CNA's rather than using a more realistic number. Mr. Gima replied they can do that. Mr. Alix felt that was a discussion to have with the Auditor and Ms. Busey, but agreed with Mr. Quisenberry. Ms. Busey stated that the County Board had instructed for balanced budgets to be presented. She said this is not close to being balanced as presented. She said if it's not balanced, they should be looking at things to cut or create new revenue. Mr. Gima says he put together a balanced budget and took blame for what was submitted. Mr. Alix asked Mr. Gima to bring a corrected budget to the Finance COW in September.

Ms. Petrie wanted to know how they were going to increase marketing when the advertisement line item is the same as last year. Mr. Gima said that line item is for job advertisement. He said their marketing is currently having their admissions director talking to all the hospitals in person. Mr. Hartke noted there is no current marketing plan but one is needed. He said that when nothing but bad is heard in the news we need to find a way to market the good things about the nursing

home. Mr. Gima said the feedback from the hospitals, Health Alliance, and Molina is very positive. Mr. Alix suggested press releases to get the good out there.

Ms. Harrison asked if any policy changes needed to be made to improve food service. Mr. Gima stated supervision and proper training of new employees needs to improve. Mr. Alix wanted to know if they were expecting too much for the money put in. Mr. Gima replied no.

Ms. Schwartz pointed out that depreciation is included in the nursing home fund but not for other funds. She wanted to know the reason. Ms. Busey said the auditor will not allow the nursing home to budget for depreciation because they do not set the cash aside.

Mr. Alix felt the budget should show more of the expected staffing rather than full staffing. Mr. McGuire would like to see it maintained at full staff. Ms. Schwartz said her preference is to see staffing based on the assumptions for the revenue side. Mr. Alix said that Mr. Gima has been given direction and will have a revised budget at the Finance COW.

GIS Consortium

Ms. Brehob-Riley gave an overview of how the consortium started and who is part of it. She stated they have a Policy Committee with representatives from each of the member agencies. She stated the Policy Committee provides oversight to the consortium. Ms. Brehob-Riley stated the reason their budget is coming to the County Board is that the County is the lead agency of the joint venture. She explained the primary funding comes from the member agencies, but they also have outside contracts. She said the Policy Committee approved the budget in July, and reported that they have increased the membership fee by 2%. She noted this is only the second increase requested in five budget cycles. Ms. Brehob-Riley said the expenditures outside of personnel have only increased by about \$650, because the anticipated ADA consultant fees were offset by reducing commodity expenditures. She explained the fund balance fluctuates year to year due to aerial photography that is done every three years. She said member agencies make an annual contribution towards the photography, with the next photos due in FY17.

Mr. Quisenberry asked what the primary factor is in determining what members pay. Ms. Brehob-Riley said they had a base fee established in 2002, and then there is a per capita fee for each entity. Mr. Quisenberry asked how the base fee was figured. Ms. Brehob-Riley replied that it was per capita based on census. She noted there is an exception with the County and University of Illinois who pay a flat rate. Mr. Quisenberry didn't think the County was based on per capita. She said the County was an established base fee with much of the funding coming from a recorder's fee. Mr. Alix asked if the 2% increase applied to the principal data clients. Mr. Brehob-Riley replied no. Mr. Alix said he would like to see them included in the increase. Ms. Brehob-Riley agreed stating the principal data client fee has been stable for several years and probably should be re-evaluated. Mr. Alix felt they should look at increasing fees each year and making sure the fees are keeping pace with the costs.

Mr. Alix wanted to know about the deal with Piatt County. Ms. Brehob-Riley replied that Piatt County contracts with us to fulfill their GIS needs. She commented they will have a line item in 2017 for aerial photography that Piatt County will share the cost of.

Mr. Maxwell wondered how much it cost to fly every three years. Ms. Brehob-Riley replied just under \$100,000 to fly the entire county.

Ms. Berkson asked what the \$44,000 in equipment maintenance was used for. Ms. Brehob-Riley answered that it paid for software maintenance fees.

GIS Fund

Ms. Busey explained that the GIS Fund is a County fund with revenue coming from recording fees, which are currently \$9.00. She said they have seen a decrease in the recording fee revenue over the past several years. She explained that they used to be able to use that to offset County departments who used the service but they have shifted those costs to the general fund so this fund is only being used to pay the consortium. Ms. Busey said the consortium Policy Committee has hired a consultant to provide a cost analysis study. She said our fee is one of the lowest in the state. She stated that based on the cost analysis study they will probably bring a recommendation to look at increasing the fee. Ms. Busey said to continue moving forward they will have to increase the fee or make some changes because the current funding level doesn't appear to be available any longer.

Mr. Quisenberry asked if we get the recorder fees for Piatt County since we are supporting them. Ms. Busey said they are charged for all the services our consortium provides. Mr. Quisenberry said the only thing showing up is the aerial

photography. Ms. Brehob-Riley said any revenue generated or any fees paid by Piatt County are in the technical services line item.

Information Technology

Mr. Rhodes explained that the increase in equipment maintenance is to cover a full year of disaster recovery. He said they have a vacant position, and are using some of that money to allow a contract with Pixo for an information architecture analysis of the County's website, and to contract with GFOA for the beginning of ERP advisory services. He is proposing the position be kept vacant in 2016 and the salary money be used to get through the issuance of an RFP before the budget cycle for FY2017 for ERP. Mr. Rhodes said some of the salary money will be used to fund the remaining advisory services from GFOA and the remainder of the salary will be used for redevelopment of the County's website based on the templates they will receive from Pixo. He said there are some programs they developed in-house that they will need outside help to redevelop. He said they could probably do if they weren't under the Department of Justice deadlines.

Mr. Rhodes said the County doesn't have any document management system outside of the Sheriff and Corrections. He said that for general county operations they don't have any electronic document management service, and said it is something that comes up more frequently every year. He said various departments are looking at the local records act and are wondering how we manage compliance as it pertains to electronic records. He said they don't have a formalized process for timing aging items to be disposed of when the three, five, or seven years is up so they can dispose of those electronic documents, and an electronic document management system would be useful for that. Mr. Rhodes said that all property record cards are stored in the Assessor's office in file cabinets. He said a document management system would provide a backup for those cards in case of a disaster.

Mr. Rhodes reported that the copier contract is up for renewal in 2016 and they plan to do an RFP. He said he would like to include document management in that RFP, possibly as an additional item to be considered depending on the cost.

Mr. Rhodes said the tax cycle software that they are using is 40 years old and was developed in-house on the IBM platform using RPG programming. He said RPG programmers are extremely hard to find locally. He said their senior business application developer will probably be retiring in 7-10 years and said it's important in the next few years to look at new solutions for the accounting and the real estate systems. He felt that an RFP could be done in two to three years. Mr. Rhodes stated that New World is also on the IBM platform. He said they will no longer do development on the I-series platform and are transitioning to a .net base platform. He said once they decide to pull support for the IBM package the County will have to move to a different jail management package. He anticipates that to take place in the next five to seven years.

Mr. Rhodes said there isn't a lot of a wireless capability in the buildings, which he says is something that comes up consistently. He indicated the jail, as part of the ADA settlement agreement, needs to provide sign language capabilities and is looking at an online system that will require wireless capabilities. Mr. Rhodes said the nursing home is looking at a medical records system that requires wireless access. He said the new systems they will be implementing in the next few years, the expansion of the wireless networking, and the change from the IBM platform to .net-based platforms will require a new skillset on the part of IT staff in the form of more employees. Mr. Rhodes reported that they have also taken over responsibility for technical support at the Nursing Home. He said their finances don't allow for new computers and the current ones require a lot of maintenance.

Mr. Rhodes commented that storage needs continue to grow, in part due to the use of the Sheriff's body cameras. He said those body camera videos need to be kept according to the local records act. He stated the State's Attorney's office receives video evidence from all the police agencies in the County as well as retail and schools, which need to be stored for up to 30 years. Mr. Rhodes said they have been looking at storage area networks to assist in expanding storage as well as backing up the servers.

Mr. Quisenberry asked if the PC application programmer cut came from the County Clerk's office. Mr. Rhodes replied yes, and that he isn't proposing cutting the position but rather not filling it in FY16 while figuring out the ERP system. He said they will need that position back in 2017. He said they are proposing transferring that salary money into professional services. Ms. Schwartz noted this budget is increased rather than decreased. Mr. Rhodes explained the increase is due to the full year budgeting for the DR system for the AS400. He said it was only budgeted from July 1 to December 31 in 2015, but will have a full year of that expenditure next year. Ms. Busey said this budget does not achieve a 4% cut because the money for the salary went into professional services. Ms. Petrie said she assumed the items covered were a 10-year projection of needs and asked if sometime in 2016 that could be laid out for them. Mr. Rhodes replied he could do that. He

said one thing they've been looking at with the City of Urbana is to try to work out some arrangements for sharing IT services. Mr. Quisenberry suggested the storage networks be on the table when they talk to the City of Urbana. Mr. Rhodes said that METCAD has also talked about a storage area network that could be shared with the City of Champaign and other agencies. Mr. Quisenberry stated that guidelines for using cloud storage continue to be flexed toward permitting it and felt they needed to look at that. Mr. Rhodes said that the State's Attorney's office is looking at it as a product to receive video evidence over the internet and it has some cloud storage capabilities. He said they are pricey now but thinks the price will be coming down. He said that for long-term video storage it might make more sense to offload to tape because of price.

Mr. Alix, speaking to Ms. Petrie's point, said he understands there is an ongoing effort to put together a long-term plan for IT.

County Board

Ms. Busey stated that the budget as presented is fairly status quo, but they do anticipate a slight increase in the major revenue source, which is a cable franchise fee. She noted to achieve the cuts they have cut the telephone service line, equipment less than \$1,000 and dues and licenses. She stated the Board Chair does not have a County released cell phone, producing a \$1,500 savings. She said dues and licenses decreased because they will not renew their membership in NACO next year. Ms. Busey said this is a loss and something the Board will want to reconsider rejoining in the future. Mr. Shore asked when the NACO membership would lapse. Ms. Busey said she will find out and let him know. Mr. Alix asked if Ms. Petrie had any comments. Ms. Petrie said she and Ms. Busey had consulted on the cuts and noted it is just short of the 4%. She agreed that NACO should be revisited, but it is \$4,000 a year and felt it was important to make that decrease.

Administrative Services

Ms. Busey said this budget is similarly status quo. She noted the vending machine revenue is dropping slightly. She said they achieved the 4% savings through attrition and salary changes, saving almost \$25,000. Ms. Busey said they have a new contract for professional services for the provider who handles the daily mail. She commented that they have an optimal operations planning document stating that for Administrative Services to operate at an optimal level the County should have a full time HR executive type position. She summarized the reasons for this and said that at the current staffing level it isn't possible. Mr. Weibel asked if they changed mail vendors. Ms. Busey said it's the same vendor but with a new contract.

General County

Ms. Busey commented that General County is the moneymaker for the General Fund. She noted there are assumptions that are described with regard to the sales and income tax revenues. She said the property tax goes up 2.87%, but because they didn't need that level of growth in the IMRF and Social Security Funds they were able to add additional growth to the property tax levy for the General Fund. She said if the State should freeze the property taxes, this budget would take a hit of \$400,000. She said sales tax is budgeted at a 1-½% increase and that income tax is budgeted at a 2% increase, but said income tax is also at risk on the state side.

Ms. Busey summarized the expenditure side. She noted that \$237,195 in capital asset replacement is funding current only. She said the full funding will be mentioned later. She reported health insurance is \$3.2 million, but is down by \$175,000. She stated there is a \$135,000 contingency budgeted.

Mr. Anderson asked why there is a 33% drop on the 1% sales tax for the unincorporated. Ms. Busey replied that they were way over budgeted for FY15 and that sales tax is very volatile. Mr. Quisenberry asked what the value of the contingency amount was for. Ms. Busey said the financial policies say she should present a budget to them with at least \$100,000 in contingent. She noted they will have five AFSCME contracts to negotiate starting January 1, 2016. Mr. Maxwell asked what is spent on conferences and training for Administrative Services, County Board, and General Corporate. Ms. Busey said that will be part of the September 8 report.

ADA Compliance

Ms. Busey explained that this is a new budget just set up to isolate all the expenses the County incurs as a result of the settlement agreement with the Department of Justice on ADA compliance. She said this is a complete guess at this point. She felt they needed an appropriation to get started for next year, so there is about \$175,000 budgeted. She said the architect services and consultant services are the safest estimates because they have already started working with Bailey Edward and Pixo.

Public Safety Sales Tax Fund

Ms. Busey stated the ¼¢ general countywide sales tax is growing at 1.5%, but the public safety sales tax is down 15% based on last month's receipts. She said the best projection is that it will be flat going into 2016. She stated there are three departments in this budget but all the expenditures are listed. Ms. Busey said that Jano and New World software

maintenance are in this budget as well as capital asset replacement fund for the court related offices. She summarized other expenditures. Ms. Busey noted that the re-entry program has been budgeted to be paid out of General Corp for the last two years, but is budgeted here now rather than doing the transfer.

Ms. Busey said the public safety sales tax fund is at a negative \$175,000 because there is no growth. Mr. Alix commented that he hopes the drop is seasonal. Ms. Busey said she didn't think it was. Mr. Alix asked if we were seeing an effect on the sales tax due to the shutdown in Springfield. Ms. Busey answered no.

Capital Asset Replacement Fund

Ms. Busey said if they were fully funding this, meaning the reserve would be funded for future equipment needing to be replaced in the next 2-5 years, they would be funding this at \$589,557 from General Corp and \$211,742 from public safety sales tax. She stated they are only funding what needs to be purchased next year, the difference between what they already have reserved and what the actual cost of the items that need to be purchased next year are. Ms. Busey noted that it's adding to the ongoing decline in the Capital Asset Replacement Fund's balance for future purchases. She pointed out that Facilities is not included in this budget. She said in the Facilities capital budget \$532,261 has been budgeted from General Corporate, which is the same amount as this year and last year. Ms. Busey said they know they need a new roof on the Satellite Jail that will cost \$770,000.

Debt Management Fund and Capital Projects Fund

Ms. Busey said the debt service funds are fairly self-explanatory. She noted they have the Nursing Home debt service fund, which pays for the general obligation bonds. She stated the general corporate debt service fund covers the \$4 million Nursing Home bonds and the Highway Facility bonds. She noted the last payment for the Highway Facility bond is in 2016. Ms. Busey said the public safety sales tax fund debt service is on all of the Courthouse and Juvenile Detention Center bonds the County has.

Ms. Busey said the Courts Construction Fund is budgeted the same as last year, at \$255,000, for any issues that may come up at the courthouse that need to be addressed facilities wise. She noted everything else comes out of Capital Asset Replacement Fund Facilities, but while there is still a fund balance in Courts Construction, they are using those monies for courthouse related facility issues. Mr. Alix asked if that would include the parking system. Ms. Busey said that is equipment but they could include it.

IMRF Fund

Ms. Busey said in FY16 the basic rate decreases and the overall budget is scheduled to decrease due to an overall 8% decrease in salaries and a .4% decrease in IMRF rate. She summarized more of the increases and decreases. Ms. Busey said overall, the property tax, which is how the County pays for the General Corporate Fund share of IMRF, is scheduled to go down slightly. Ms. Schwartz noted the auditor said next year they don't have to have the unfunded pension liability and wasn't sure if this had to do with IMRF. She thought they were fully funded and asked for clarification. Ms. Busey said that is a GASBE requirement. Mr. Alix noted that under the new GASBE standard IMRF might not look like it's fully funded. Ms. Busey felt it would only be an auditing reporting item but not a budget item.

Social Security Fund

Ms. Busey noted that social security is 7.65% of total salaries, and is going down because salaries are going down.

Tort Immunity and Self-Funded Insurance

Ms. Busey said they could not keep a property tax going at the level of contributions and this fund covers for the General Corporate Fund property liability and worker's compensation costs that are paid into the self-funded insurance fund. She explained that last year, by re-appropriating property tax when they had the opportunity, they were able to balance. Ms. Busey stated this year's property tax increase allows it to be kept balanced, but noted that it is dependent on whether the State freezes the property tax or not. She said if they do this will no longer be a revenue positive budget. She noted it is \$5,000 better in 2016, but says they still have a deficit. Ms. Busey reported that everything from Tort Immunity goes into self-funded insurance, which continues to have a positive fund balance. Ms. Busey said the balance is at \$4.8 million at the end of FY16.

ADJOURNMENT

Mr. Alix said they will take the information and work on the combined budget. He said they will get an update on the Nursing Home, with corrections, at the September COW and will hear the Nursing Home's 5-year financial projection at the September Full Board Meeting. Mr. Alix stated that Ms. Busey will bring this back at the Special Finance Committee of the Whole meeting at the end of September.

There being no further business, Mr. Alix declared the hearing adjourned at 8:08 p.m.

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