

DEKALB COUNTY GOVERNMENT

NARRATIVE FOR FY 2006 BUDGET

Adopted November 16, 2005

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1. The departmental requests are accepted as presented in the FY 2006 Budget Workbook and distributed to the County Board, with the highlights and exceptions as noted in the following paragraphs and on the attached schedules A through C. A balanced budget is presented with the spending plan set at \$58,616,000, up \$5,376,500 (10%) over FY 2005. This amount is higher than normal because when the FY2005 spending plan was approved, health insurance increases (25% rather than the 12% budgeted) and final employees raises (an additional 1.6% mid-year) were not included.
2. The Equalized Assessed Value (EAV) for the County is expected to increase by 9.5% overall, to \$1,680,000,000. This includes about \$70,000,000 (4.6%) in new construction. The average homeowner in the County will see an increase in assessed value of 4.9%. This would take the market value of a \$200,000 home to \$209,800. Using those changes in market value, the county property taxes for that property are expected to increase from \$578.57 in 2005 to \$597.97 in 2006. That is an increase of \$19.40 or 3.4%. If the assessment on that home did not increase, the county property taxes would actually be expected to decrease to \$570.04, a drop of \$8.53 or 1.5%.
3. The property tax increase called for in this budget fully complies with the "Tax Cap" (officially called the Property Tax Extension Limitation Law, or informally called, P-TELL) approved by the voters in April, 1999. It was first effective for DeKalb County with the 2000 Tax Year which was Fiscal Year 2001. The limiting factors for the law in FY2006 is a cost-of-living-adjustment (COLA) rate of 3.3%, plus new construction, currently estimated at 4.6%, for a total of 7.9%. No referendums were approved to increase the limiting factor for this year. This budget maximizes the tax levy within this limiting factor, which can be seen on Attachment A (Property Tax Levy Schedule) under Column I, "Adopted Legal Notice Publication".
4. The Health Department has proposed several fee increases as part of their annual review to match costs with fees and are recommended for approval. Their budget request includes increases for dog licenses, restaurant permits, potable water, sewage, and vital records, all of which will generate approximately \$27,000 in additional revenues.

5. This budget provides for a continuation of the pay plan in effect for non-union employees. Employees will receive a 3.3% Cost-of-Living-Adjustment (COLA) effective with the pay period beginning November 27, 2005. In addition, employees who have a hire date prior to December 1, 2005 are eligible for a mid-year merit increase of up to 2%, effective with the pay period beginning May 28, 2006. The salary ranges will increase 3.3%, reflective of the tax cap COLA adjustment. The Exempt employee pay plan calls for the above COLA plus, for those who qualify, a matching step increase of 3.3% for the November 27, 2005 pay period.
6. The Court Services labor agreement is open for negotiation with an effective date of December 1, 2005. Two separate labor unions have sought recognition to represent some of the employees of the County Highway Department. We await word from the Illinois State Labor Relations Board as to who will represent whom and when bargaining might commence. Both AFSCME units will begin their second year of a four year contract. The contract for the MAP Union (representing Sheriff's personnel) was settled during 2005 and it is a four year agreement beginning December 1, 2005.
7. Increases in Health Insurance costs for County employees has become a major budget challenge. In 2005, the budget anticipated a 12% increase. Unfortunately, the increase, because of high utilization of health care services by employees, turned out to be 25%. This created an overall budget shortfall in 2005 of \$100,000 just for the General Fund. That amount, plus increases for 2006, must now be incorporated into the budget. Utilization trends for 2005, though only current from the provider through April, would indicate that a projected increase in premiums of 15% (from 2005 to 2006) would be appropriate. That increase is included in the balanced budget that is presented. With employees paying 25% of premium costs, these annual increases are creating financial challenges for employees, particularly for the ones at the lower end of the pay scale. As is the case with County employees who bargain collectively, beginning with this budget year and continuing for the next three consecutive years, individual annual increases for non-union employees are limited to 15% per year. The 75% County and 25% Employee split will continue to the extent annual premium increases will allow it. Even with this "protective cap" on increases, the County may well have to revisit this issue in the near future as part of a comprehensive review of its compensation policies.
8. An Open Enrollment period for Health Insurance is authorized for the 2006 Plan Year. For employees eligible for Health Insurance but choose rather to participate in the Insurance Buyout Program, the payment to those employees will remain the same at \$1,500.
9. As of January 1, 2006, term Life Insurance coverage for employees is raised to \$40,000, up from \$39,000, with no change anticipated in the rate per thousand dollars of coverage.

10. The Paid-Hours-Off (PHO) System, which provides paid vacation, sick leave, and holiday time to employees is recommended for change: (a) for employees hired on or after December 1, 2005, the leave accrual for the first service period of six months to four years is changed to 28 days from 33 days, and a second service level is inserted in the schedule for years 5 through 8 at 33 days per year; (b) part-time employees hired on or after December 1, 2005 will no longer be eligible for earning PHO benefits, unless they fill a budgeted part-time position of 50% or more of a position's normal hours per week.
11. As the Illinois Municipal Retirement Fund (IMRF) experienced investment losses and returns below the standard target, rates for 2006 will again be higher than in prior years. Unfortunately, this trend will continue for a few years as a five year "averaging" is used in setting rates. As the County anticipated this sharp increase in rates, a reserve fund had been set-up to be used in the future years to keep the rate at a more moderate increase. Consequently, departments will be charged a 7.0% rate, even though the anticipated rate will be 9.40%. The difference will be paid by the "Rate Stabilization Fund" that is set up in the Retirement Fund. The overall goal is to eventually charge departments the IMRF "ideal" rate of 8.70% and then add or subtract from the "Rate Stabilization Fund" as the investment market changes over time and effects the actual rate charged each year.
12. The Sheriff's Law Enforcement Personnel (SLEP) retirement program will also have another increase in the rate, from 16.52% in 2005 (14.54% in 2004) to a projected 16.89% in 2006. Based on the projected payroll for 2006, the SLEP pension cost will be \$900,000, up from \$840,000 (7%) in the FY 2005 budget.
13. The Sheriff has requested the addition of eight correctional officers at a cost of around \$510,000. This request comes in conjunction with the request to move the Jail monitoring function from the Communication Center to the Jail floor. The request is reflective of the needs identified when the jail referendum, which failed, was presented in 2004. However, as the referendum did fail, the monies needed to meet the Sheriff's request, both for staff and capital, are not available. With limited new monies that are available for the next fiscal year, one Correctional Sergeant and one Correctional Officer are approved as of December 4, 2005 at a total cost of \$150,000. Additionally, \$30,000 is allocated for more part time hours in Corrections to bring part-time hours up to the equivalent of 2 positions, without benefits. While far below the need as viewed by the Sheriff, it is a continued effort (two Correctional Officers were also approved for FY2005) to improve staff size for security and employee safety, balanced against the public's decision not to approve the Public Safety Sales Tax referendum.

14. The Supervisor of Assessments (SA) has requested an additional staff person (Administrative Clerk C at the AC6 pay grade) at a total cost of \$36,000. In explaining the request, the SA cites additional responsibilities and workload. Rather than adding additional staff, we recommend that some of the workload be shifted to, and absorbed by, another department. With the start of the new assessment year, January 1, 2006, the mapping responsibilities of the Mapper/Appraiser I position may be shifted to IMO and the Mapper/Appraiser I position is reassigned within the Assessment Office, at the same pay grade (AA7), to address the needs as outlined in the SA's staffing request. This shift is optional by the Supervisor of Assessments, but if desired, her wishes must be made known by December 1, 2005. The IMO Director is reserved the right to review the work that will be shifted to make sure it can be accommodated, though it should be given reasonable consideration as an organizational priority.
15. Several small staffing level changes have been requested. The Supervisor of Assessments has requested the upgrade of the Office Assistant A (pay grade AC5) to that of Administrative Clerk C (pay grade AC6) at a total cost of \$2,000. The Finance Office has requested increasing the hours dedicated to WebMaster activities (Secretary B) by 8 hours per week and hours dedicated to the Tort & Liability Insurance Program (Administrative Clerk B) by 5 hours per week at a total cost of \$12,000. Finally, the County Administrator has requested to add an Intern position to assist with research projects at a cost of \$20,000 per year. Each of these requests are approved with an effective date of January 8, 2006.
16. The State's Attorney has requested the addition of one full-time attorney for his office, noting the high caseload that each current attorney has to handle without adequate staff. The State's Attorney makes a solid argument for a larger staff, and funding is approved for one Felony Attorney (effective January 8, 2006 at a total cost of \$74,000). This additional staffing is approved with the understanding that office space is extremely limited for the State's Attorney, but that no remodeling or space rental costs will be incurred.
17. There are several miscellaneous salaries that the County sets for various appointed Boards and employees: the part-time ESDA employee remains the same at \$2,600; the allocation for part-time Coroners increases from an aggregate of \$32,000 to \$34,000; Conflict Attorneys from \$18,000 to \$19,000 per individual; ESDA Director from \$31,500 to \$33,000; the County Historian remains at \$6,500 and a stipend for a primary assistant is added at \$800 per year; the Board of Review is increased from \$7,800 to \$8,000; the per diem for the Merit Commission remains at \$60; Jury Commissioners remain at \$2,500 per individual; and the Farmland Assessment Review Board per diem remains at \$50.

18. This budget continues with the County's policy to self-insure the risk normally covered under General Liability Insurance and Worker's Compensation Insurance. Provisions are made within the Tort & Liability Insurance Fund to cover claims against the County. The County will continue to buy Property insurance to cover those related risks.
19. The Asset Replacement Fund is used as a way to set aside monies out of an operating budget each year until enough funds are available to replace a certain item. This concept originally started for a systematic process of replacing squad cars for the Sheriff's Office. This process has become more important with the advent of the Tax Cap law as the "smoothing" of expenses from one year to the next is the goal. The limits of a tax cap prevent spikes in expenditures from one year to the next. For FY 2006, the Asset Replacement Fund is being expanded to include more technology items which have significant price tags. \$100,000 has been added to three operating departments in the General Fund (IMO, Finance, and Sheriff) to address network equipment and software replacement over a four to five year period. Also, \$6,000 has been set-aside for future vehicle replacement of the two Animal Control trucks that are paid by the General Fund.
20. The County Clerk has indicated that the lease agreement is up for voting machines and we now have the option to either purchase equipment or enter into another lease agreement. It is estimated that purchasing the 42 machines that would be required would cost \$209,000. If the County purchases machines rather than leases them, we would save \$21,000 per election in lease costs. This would take 10 elections (7 years, through 2012) to break even. Given the speed at which technology changes, it would seem more prudent to continue the lease arrangement rather than buy a technology which could easily be replaced in a few years.
21. The Health Department will receive \$292,000 (up from \$265,000 in FY 2005) to offset IMRF and FICA charges for their non-home care employees. This amount is based on the 7.0% department charge for IMRF and 7.65% for FICA. The money will come from the County's General Fund annual operating budget.
22. The Court Services Director, in her budget documentation, appropriately notes that the Intergovernmental Agreement (IGA) with Kane County will soon expire. That IGA provided up-front funds to Kane for Juvenile Detention of up to seven beds per year until our original contribution of \$1,000,000 is used up. Current projections show that the monies will be used up in FY 2007. During 2005, a new long-term agreement was reached with Kane County to provide for guaranteed space at a daily rate below amounts charged to entities without an agreement. As the County will now be paying that charge on an annual basis, that annual amount has been incorporated into the annual operating budget for Court Services.

23. Department Heads did a great job in staying within Administrative Guidelines when submitting their budgets. A pricing guideline was given for equipment requests and a target increase of 3.3% was issued for Commodities & Services. By and large, all departments were able to submit budgets within those guidelines or sufficient documentation was included outlining why a larger increase was warranted.
24. Funding is continued in FY 2006 for several entities: Economic Development Corporation is increased from \$35,000 to \$40,000; Court Appointed Special Advocates (CASA) remains the same at \$25,000; Ag Extension is increased from \$23,000 to \$26,000; Soil & Water Conservation District is increased from \$16,000 to \$18,000; the Joiner History Room is increased from \$8,000 to \$9,000; the Health Department will receive \$20,000 (as requested, but down from \$23,000 last year) for the Animal Control Program; and Community Services will continue to receive \$6,000 as their administrative fee for managing the Senior Services grants.
25. In 2004, the County did contribute \$2,300,000 to the City of DeKalb to retire their obligation to the Illinois Tollway system for the west access ramps at Peace Road and I-88. The County made that contribution by borrowing money from the Rehab & Nursing Center. This internal loan is being repaid over a ten year period at 4% interest with the first annual payment made on July 1, 2005 in the amount of \$285,000. Monies to repay this loan come from sales tax monies from retail sales at the former County Farm and County Home sites. The money is shared revenue with the City of DeKalb from a sales tax increase of ½ cent by the City effective January 1, 2004. That agreement also precludes the City from seeking any share of any future Public Safety Sales Tax that the voters may approve for a Jail Expansion project.
26. The loan to the Forest Preserve District of \$323,750 for the Potawatomi Woods Forest Preserve acquisition comes due on November 30, 2006. Beginning with Fiscal Year 2007, the open-ended, interest-free loan that has been in place since 2002 is changed to stipulate that the Forest Preserve must make annual payments of at least \$50,000 with interest of 4% charged on any declining, unpaid balance. This new payment schedule will allow for the timely return of County funds to be used for other projects and should satisfy a concern from the outside auditors that this money will in fact be repaid and can therefore be carried on the County's books as a note receivable.

27. The Opportunity Fund derives its money from sales tax monies generated from the County Farm property, the east side of Sycamore Road. The County receives 1.25% in sales tax from this property, with 0.75% going to the Opportunity Fund. (0.25% goes to the General Fund for operating expenses and 0.25% goes to the retirement of the loan which paid for the contribution to the City of DeKalb for the Toll-way Access Ramps). This 0.75% is estimated to generate \$1,200,000 for FY 2006. As the name implies, the Opportunity Fund is used to pay for expenses which will create the opportunity of either generating future revenues or significantly reducing future expenses. It also may be used for experimental programs to determine their value before becoming a part of the County's operating costs. The monies may also be used to take advantage of opportunities where timing does not permit the expense to be incorporated into the normal budget cycle. Because the source of the money is not permanent in nature, it is desired that the expenses from this fund would not be re-occurring from year to year. With the above background in mind, uses for the Opportunity Fund for FY2006 include the possible acquisition of properties around the Sycamore Campus should any become available, funding for a pilot project with a Drug Court (see Item #28 below), funding for a pilot project with a Federal lobbyist (see Item #29 below), and a loan for renovations in the Public Safety Building (see Item #35 below). As this fund looks to the future, it would certainly be a candidate for providing funds for any space needs associated with the Judicial System (see Item #37 below).
28. The Judiciary has asked for the creation of a Drug Court and that has previously been identified by the County Board as one means of helping to not only ultimately reduce the jail population, but to provide for a safer and more productive community. A Drug Court is an expensive undertaking and will take the pooled efforts of many people and organizations to be successful. While there is hope that grant funds will be secured to launch such a Drug Court in DeKalb County, this budget provides some funding to obtain and augment those grant dollars. An appropriation of up to \$100,000 per year for two years is made from the Opportunity Fund for this pilot project. In addition, we seek collaborative efforts from the Community Mental Health Board to also make a three-year commitment of using funds available for pilot projects to assist with appropriate treatment programs.
29. This budget allocates up to \$120,000 per year for two years to hire a lobbyist to secure Federal dollars back to DeKalb County. This is a pilot project that will be funded by the Opportunity Fund. If the pilot project proves to be successful, future budgets will begin to incorporate this expense into the operating budget so that it may continue for as many years as possible where new revenues exceed the expense of the lobbyist.

30. The Home Care Unit of the Public Health Department is currently housed in space rented from the hospital on Sycamore Road. In addition to that, both the Community Mental Health Board and the Regional Superintendent of Schools are housed in rented spaced. The Veteran's Assistance Commission, the County's newest department, is anticipated to be housed in temporary space within the Health Department starting in FY2006. An external study has shown that in the long-run, it is cheaper for the County to own property rather than to rent. Consequently, we recommend that the Board of Health, in cooperation with the Public Building Commission, should go ahead with the \$5.1 million, 21,000 square foot building on the Health Facility Campus as outlined in a recent study by Wold Architects. The size and cost would be accordingly down-scaled if any of the potential occupants choose not to participate. Funding would come from several sources: (a) contribution of \$2,000,000 from the Public Health Department Fund Balance, (b) contribution of \$250,000 from the Community Mental Health Board, (c) contribution of \$850,000 from the Veteran's Assistance Commission, and (d) \$2,000,000 from revenues from the County Home retail development. It is noted that not all sources of funds would be available at the start of the project, but internal borrowing of funds, including with the Public Building Commission, at 4% interest, is authorized. This project is approved for architectural drawings and bid documents in FY2006, with construction authorized for FY2007.
31. Three areas are emerging where additional support is sought from the taxpayers. While referenda are not easily embraced, a referendum does provide the opportunity for voters to weigh in on matters of public concern. Because we anticipate that other taxing bodies throughout DeKalb County may also be contemplating referenda for their own needs, we feel it is prudent to lay out the County's schedule as soon as possible. This allows plenty of time for education on the issues and to allow planning by other jurisdictions on how to best meet their needs. This budget sets in motion the planning and preparation for three issues to be placed on the ballot: (a) for the March, 2006 ballot, a three cent increase to be used for the Veteran's Assistance Commission; (b) for the March, 2006 ballot, a yet-to-be-determined property tax increase for the Forest Preserve District to be used primarily for land acquisition; and (c) for the November, 2006 ballot, a half-cent Public Safety Sales Tax with the primary focus to be building and staffing a jail expansion.

32. In August, 2005, local Veteran's organizations petitioned the County Board to formally recognize a Veteran's Assistance Commission. With the petition being properly filed, that body is now in existence and it is up to the County Board to provide operating funds. As indicated in Item #31 above, a referendum is recommended to be placed on the March 21, 2006 ballot to provide for a three cent property tax levy for this purpose. However, it is important to begin to provide basic services to Veterans before that date, so this budget allocates a loan of \$50,000 from reserve funds to provide the initial seed money. It is anticipated that a supplemental budget will be compiled after the referendum and then a complete budget would be presented during the FY2007 budget process, once the scope of services and the extent of the needs are more completely understood.
33. Funding of \$200,000 is allocated to the Five Year Special Projects Program from the General Fund. Major projects for FY 2006 include an Impound Lot for confiscated vehicles, a fee study, a database system for the State's Attorney, an update to the communication infrastructure for the Sheriff, new controls for a panic alarm system for County offices, and continuation of a Digital Patroller System for the Sheriff.
34. This budget recognizes the on-going lease with the Public Building Commission for the maintenance of the Sycamore Campus, as well as with the Five Year Renewal & Replacement Program for that Sycamore Campus. The maintenance budget is approved at \$1,335,700 with a supporting tax levy, through the Public Building Commission Lease Fund, of \$1,325,000. A request of \$20,000 for an aerial lift is not approved, but additional monies have been placed in the budget to meet sharply rising utility costs. Funding for the Sycamore Campus Renewal & Replacement Program is provided by the County at \$150,000 plus interest earned by the PBC, estimated at about \$50,000. Noteworthy projects include a continuation of the carpet replacement at the Courthouse, replacement of the boiler at the Administration Building, seal and stripe the older parking lots, and caulking of the Administration Building.
35. Even though the Public Safety Sales Tax referendum failed in the Spring of 2004 for expansion of the current jail, that building still is in need of much repair and updating. The repairs and updates were estimated to cost \$1,000,000. This budget is the second of a four year commitment to allocate \$250,000 each year to bring the facility up to a satisfactory operational level. The Sheriff and the Facility Manager are encouraged to each year put together a priority list of projects and to complete the projects in conjunction with the Public Building Commission. Projects being considered are an update to the Fire Alarm System and a new system for Jail Door Security Controls. This second year of funding at \$250,000, as with the first year of funding at a like amount, will be provided as a loan from the County's Opportunity Fund to the PBC.

36. The Health Department will receive \$185,000 for building maintenance costs for the fiscal year. This amount is part of the annual PBC Lease levy and includes utilities, general maintenance, and janitorial expenses. The amount also anticipates sharply rising utility costs. The amount for the Renewal & Replacement Program is increased from \$125,000 per year to \$150,000. No major projects are anticipated in FY2006, but monies are being saved for when major updates will be needed.
37. The Debt Service Fund will provide monies for three important projects. \$80,000 will be used for lighting and landscaping of the two new parking lots on the Sycamore Campus. \$100,000 will be used to provide for the installation of modern office and storage systems for the Circuit Clerk. The project should create more usable and efficient work space as that Office has operated in an extremely crowded condition for several years. The third item, a space needs assessment for the Judicial System, at \$50,000, is described more fully below (see Item #38).
38. Offices related to the Court System are in need of more physical space to provide for a work force that is increasing because of service demands. The most efficient space for offices for the Circuit Clerk, State's Attorney, Court Services, and Public Defender (plus related activities such as Jury Commission, CASA, Children's Waiting Room, Bailiffs, Security, Court Reporters) would seem to be a part of, or close to, the Courthouse itself. We believe that a "Judicial Center" immediately adjacent to the existing Courthouse would be the most effective and efficient solution in the long-run. While architectural assessments would need to be made, with input from both the legal and historical community, we suggest, as a point of launching the discussion, that such a Judicial Center could be placed immediately north of the Courthouse. What the final solution would ultimately be for a project that could cost between \$7 and \$10 million is hard to say, but the process needs to begin. This budget allocates \$50,000 from the Debt Service Fund to find the best location, the appropriate size, and an estimate of the cost, for a suitable Judicial Center that should meet the County's needs for many years. No monies are allocated beyond this exploratory stage as the feasibility and options need time to be fully explored and contemplated.