

**DEKALB COUNTY GOVERNMENT  
NARRATIVE FOR FY 2010 BUDGET**

**Administrative Recommendation**

September 2, 2009; Page 1 of 8

1. The departmental requests are accepted as presented in the FY 2010 Budget Workbook that is distributed to the County Board (and available to the public) via the County's web site, with the highlights and exceptions as noted in the following paragraphs and attached schedules A through D.
2. The "rainy day" has arrived. This budget utilizes accumulated funds to balance expenditures. Overall, the budget is increased 1.8% with revenues projected to be \$71.3 million while expenses are budgeted at \$73.9 million. Specifically for the General Fund, the budget increased less than 1%, but it will have a deficit of almost \$1.7 million. Revenues are projected at \$24.4 million and expenses projected at \$26.1 million. With the downturn in both the national and local economies and the subsequent large drop in revenues, the budget recommendation is to not panic or to make sudden shifts in services provided to the citizens, but rather to "stay the course" and use the strong fund balances that the County has purposely accumulated over the last few years to "weather the storm". These rainy day funds should be sufficient to give the County a two year period for the economy to rebound. However, if the revenues remain low more than two years, the County will then need to re-look at making cuts to the expenditure side of the budget.
3. While the County attempts to maintain services during the economic down-turn, it is important to note that resources allocated to providing services are, for the most part, not being increased. When submitting budget requests for 2010, Department Heads were asked to not request increases in capital or non-salary operating costs. Compliance was overwhelming, except in areas where no alternatives currently exist – namely the Jail and Elections. The challenge for departments is now how to do more with the same money.
4. The revenues that have fallen off the most are sales tax, income tax, and revenues which are based on land-sale transactions. General Fund sales tax revenue is expected to be down \$1,200,000 in 2010 compared to the 2009 budget. Likewise, income tax will be down \$300,000 and Revenue Stamps down \$75,000.
5. Ironically, even though the housing market is depressed, the Equalized Assessed Value (EAV) for the County is expected to increase by 4.5%, from \$2.2 billion to \$2.3 billion. This includes about \$20 million (0.9%) in new construction. Assessed values used for tax purposes are still increasing for two reasons: (a) the assessment process lags 18 months (taxes paid in 2010 are actually assessments from January 1, 2009), and (b) assessments on homes utilize market-based sales, but on a three year average, so for taxes paid in 2010 that would be for sales in 2006 - 2008. The tax rate is expected to drop from 85 cents to 82 cents per \$100 of the Equalized Assessed Value. The average homeowner in the County will see an increase in assessed value of 3.6%. This would

take the market value of a \$200,000 home to \$207,200. Using those changes in market value coupled with the reduced tax rate, ***no increase is expected for the average homeowner for County property taxes.***

6. The increase in the Equalized Assessed Value mentioned above does not impact the property tax revenue to the County. Rather, property tax increases are controlled by the “Property Tax Cap” (officially called the Property Tax Extension Limitation Law, or informally called, P-TELL) approved by the voters in April, 1999. The limiting factors for the law in FY2010 is a cost-of-living-adjustment (COLA) rate of just 0.1%, plus new construction, currently estimated at 0.9%, for a total of 1.0%. This budget maximizes the tax levy within this limiting factor, which can be seen on Attachment A (Property Tax Levy Schedule) under Column E, “Adopted Legal Notice Publication”.
7. The Health Department has proposed some fee increases (Attachment #D) as part of their annual review to match costs with fees charged. Their request includes increases for Animal Control, Food Sanitation, Potable Water, Sewage, Immunizations, Lung Clinic, and Vital Records. These increases are approved and are expected to generate approximately \$50,000 in additional revenues.
8. This budget provides for pay increases for non-union employees by granting up to a 2.0% increase effective January 3, 2010. With the Cost-of-Living-Adjustment (COLA) at just 0.1%, the COLA and merit amount are combined into one increase of up to 2.0%. The starting salary ranges will not increase, but the top of the range will be adjusted 2.0%. Likewise, for those Exempt Employees who qualify by completing their annual work and continuing education requirements, a 2% increase will be given January 3, 2010.
9. There are several miscellaneous salaries that the County sets for various appointed Boards and employees: Conflict Attorneys from \$22,000 to \$22,500 per individual; the allocation for part-time Deputy Coroners increases from an aggregate of \$40,000 to \$40,800; ESDA Director from \$40,000 to \$40,800; the part-time ESDA employee remains the same at \$2,600; the County Historian remains at \$6,500 and the stipend for a primary assistant is increased from \$3,900 to \$4,000 per year; the Board of Review is increased from \$9,500 to \$9,700 for the Assessment Year ending April 30, 2010 and to \$9,900 for the Assessment year starting May 1, 2010; 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.

10. The County currently has six labor unions. One contract , with AFSCME employees at the Sycamore and Highway Campuses, expired on November 30, 2008 and is still under negotiation. The contract with the Court Services Teamster Union was settled during 2009 and will expire November 30, 2010. The Rehab & Nursing Center AFSCME Union was also settled during 2009. It is a two year agreement ending December 31, 2010, but it contains a wage re-opener for January 1, 2010. The Highway Department road employees are represented by Local 150 of the Operating Engineers Union and their contract is in effect through November 30, 2010. The AFSCME Union at Public Health is currently under a contract that won't expire until December 31, 2012. The MAP Union (representing most of the Sheriff's personnel, except for clerical staff) is finishing the fourth year of a four year agreement which expires November 30, 2009 and is currently under negotiation.
11. Increases in Health Insurance costs for County employees has become a major budget challenge for most years. The County will spend about \$4,000,000 on health care for employees in 2009, with employees contributing another \$1,000,000. While renewal premiums are yet to be finalized with our provider (Blue Cross / Blue Shield), we have utilized trend information and are projecting a 10% increase over 2009. This budget continues to include a financial commitment to a Wellness Program that will hopefully assist with reducing employees' utilization of the health care system.
12. An Open Enrollment period for Health Insurance is authorized for the 2010 Plan Year. For employees eligible for Health Insurance but choose to participate in the Insurance Buyout Program, the payment to those employees will increase from \$2,100 to \$2,200.
13. As of January 1, 2010, term Life Insurance coverage for employees is raised from \$43,000 to \$44,000, with no change anticipated in the rate per thousand of coverage.
14. The buy-down provision for the "Paid Hours Off" (PHO) system that was available to employees in 2008 and 2009 is suspended for 2010. With the County needing to utilize its fund balances to make up for budget deficits in 2010 (and likely in 2011), it is important not to spend-down this balance any more than absolutely necessary.
15. Pension funds have experience large investment losses across the nation and the County's pension funds through the Illinois Municipal Retirement Fund (IMRF) is no exception. Because of that, large increases are necessary to make up for the lost funds. The County's regular IMRF rate will increase from 8.65% to 11.06% of covered salaries and the Sheriff's Law Enforcement Personnel (SLEP) rate will increase from 18.17% to 21.56% of covered salaries. This results in an increase of about \$750,000. However, IMRF has allowed employers to "phase-in" this rate increase over several years and that will reduce the first year's payment to about \$350,000 with the respective rates of 9.52%

and 19.56%. Additionally, as an internal matter, the County, through its "Rate Stabilization Fund", will further subsidize the rates charged to departments by limiting their percentage for regular IMRF to 9.0%, up from 8.5% for 2009. This is possible as the County several years ago established a reserve fund to allow for more moderate rate increases each year until the rate charged equals the actuarial rate.

16. The County Engineer has requested that a new Assistant County Engineer position be set up and funded on a temporary 18 month basis. This is in anticipation of the County Engineer's retirement during either 2010 or 2011. The annual cost of this temporary position is put at about \$110,000 with benefits. Because of the uncertainty of an exact retirement date for the County Engineer, this temporary position is only approved with a starting date no sooner than nine months in advance of a formal retirement date submitted in writing by the County Engineer.
17. The Community Services Director has obtained additional Federal dollars through the Economic Stimulus Program. These additional grant dollars has allowed her to hire two and a half Case Managers to provide assistance to the County's low income citizens. This budget formally recognizes the creation of those positions and notes that when the Federal dollars expire, the County will not be in a position to fund these additional staff.
18. The State's Attorney is in a period of transition with the previous State's Attorney appointed to be a Judge. The County's Chief Civil Attorney was appointed the new State's Attorney until the time of the next election, which will be the Fall of 2010. The new State's Attorney has decided to contract out for legal work involving the Child Support case load and then continue to handle much of the rest of the civil work himself. This budget recognizes this interim staffing change, enjoys the \$39,000 in anticipated savings, but holds the position of Chief Civil Attorney as an authorized position until after the 2010 elections.
19. The Sheriff has expanded his police contract with Kishwaukee College by adding one additional patrol officer. The college requested this additional safety measure and has paid the entire cost. This budget formally recognizes this change which brings the number of officers on campus from 2 to 3 and notes that should this contract with Kishwaukee College be terminated, these positions would also be eliminated.
20. This budget continues with the County's policy to self-insure the risk normally covered under General Liability Insurance, Worker's Compensation Insurance, and Unemployment 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.

21. The Health Department will receive \$385,000 (up from \$362,000 in FY 2009) to offset IMRF and FICA charges for their non-home care employees. This amount is based on the 9.0% department charge for IMRF and 7.65% for FICA. The Health Department will also receive \$210,000 (down from \$213,000 in FY 2009) for building maintenance costs. Both amounts are allocations from the County's General Fund.
22. Funding is continued in FY 2010 for several entities at the same level they were funded in 2009: Economic Development Corporation at \$45,000; Court Appointed Special Advocates (CASA) at \$35,000; Ag Extension at \$32,000; Soil & Water Conservation District at \$20,000; the Joiner History Room at \$14,000; the Health Department has not requested any funds for the Animal Control Program for the second year in a row; and Community Services continues at \$7,000 for their administrative fee for managing the Senior Services grants. Only the Children's Waiting Room (which comes from a special fee collected for that purpose) will receive an increase from \$20,400 to \$22,800.
23. During the 2009 year, the County decided to once again utilize the services of a Federal Lobbyist. This budget continues to fund a lobbyist out of the Opportunity Fund at a cost of \$50,000 (\$48,000 in fees plus \$2,000 for expenses).
24. The Facility Manager has requested \$13,000 in capital funds so that his staff can accept responsibility for mowing the Sycamore campus rather than contract for this service as has been done the last several years. With assurance that staffing levels are already in place to take on these duties, those funds are approved. The break-even point is less than one year as about \$20,000 is spent each year on the lawn mowing contract.
25. In 2004, the County contributed \$2,300,000 to the City of DeKalb to retire their obligation to the Illinois Tollway 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 was set up to be 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. This payment amount continues for FY 2010. Monies to repay this loan come from sales tax revenue 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 Asset Replacement Fund is used as a way to set aside monies out of an operating budget each year so that when the asset needs to be replaced enough monies are available to do so. 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 2010, the Asset Replacement Fund continues with \$889,000 placed into this fund to cover such items as police cars, computer network equipment, software, and police communication equipment with projected purchases of \$250,000 for 2010. As a “recommended practice” for all Departments, computer purchases which are replacement of existing machines are now encouraged to be done on a 5 year rotation.

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 Tollway Access Ramps). This 0.75% is estimated to generate about \$1,200,000 for FY 2010. 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 FY2010 includes a \$1,000,000 transfer to the Land Acquisition Fund for acquisition of properties around the Sycamore Campus. The intent of this transfer is to substantially fund the Land Acquisition Fund so that the remaining seven properties in the County’s long-term plan can be purchased as they become available. The only other anticipated expenses for 2010 from this fund is \$50,000 for a lobbyist (discussed in Item #23 above) and a non-cash \$6,000 depreciation expense related to fiber cable placed in 2008 for the Health Facility campus.
28. Funding of \$100,000 is allocated to the Five Year Special Projects Program from the General Fund with an additional \$140,000 anticipated in grants and reimbursements. Major projects for FY 2010 include \$76,000 for digital video recording units for squad cars (\$40,000 of that amount to come from grants), \$50,000 for expenses related to services and equipment needed if the County is successful in obtaining a \$13,000,000 Broadband Grant for a county-wide fiber network, \$25,000 for motion sensors and timers to reduce energy usage, \$20,000 to restore monuments at the County cemetery, \$20,000 to participate with other local governments for a bike path along Dresser Road in DeKalb to connect First Street with DeKalb’s new High School and the County’s Health Facility campus, \$25,000 for hazard mitigation should a grant application be successful, and \$100,000 for professional services related to expanding the landfill, though those

expenses will be reimbursed 100%. The total appropriation for FY 2010 is \$360,000.

29. Funding for the Sycamore Campus Renewal & Replacement Program continues under the PBC Lease levy and is provided by the County at \$175,000, the same as in FY2009. Only three projects are anticipated for 2010: \$10,000 for a new roof on the portico at the back of the Courthouse, \$100,000 for hydro-thermal solar panels for the Legislative Center to reduce its high energy costs, and \$40,000 for solar panels for the Maintenance Garage and Parking Lot Lights. This last project has a lengthy payback period (10 to 12 years), but it is seen as experimental for the County in the hopes of learning from this test to expand into other areas where the savings from solar energy will be more substantial. The total to be spent in FY 2010 for all three projects is \$150,000.
30. Even though the Public Safety Sales Tax referendum failed in the Spring of 2004 and again in the Fall of 2006 for expansion of the current jail, that building was still in need of much repair and updating. Over the last five years, almost \$1.6 million has been set aside to address the problems in a Public Safety Building Renewal & Replacement Fund. No new money is being set aside in 2010 as enough funds are on hand to address the two requested projects: \$25,000 for the electrostatic painting of the cell bars and \$13,000 for security fencing. An additional \$12,000 is appropriated for incidental items not anticipated at the time the budget is prepared. The appropriation for FY 2010 is \$50,000.
31. Neither of the Renewal & Replacement (R&R) Funds for the Public Health Department nor the Community Outreach Building are expected to be utilized to any great degree in 2010. Both buildings are too new to need the replacement of major items for a few more years, but it is important to continue to save for the day those repairs will be needed. The Public Health R&R Fund will receive \$250,000 (up from \$225,000 in 2009) and the Community Outreach Building R&R Fund will receive \$50,000, the same as in 2009.
32. While the buildings on the Health Facility Campus are in good repair, the parking lot is in need of repairs and a new surface. The funding for this will come evenly from both the Rehab & Nursing Center and the County Farm Fund. Engineering estimates have not yet been done to determine the extent of the work and hence a solid cost estimate, but preliminary thoughts are that the cost could range from \$300,000 to \$400,000.

33. For the past three years the County has set aside monies in a Building Fund for the Criminal Justice System. The 2009 budget had anticipated that the total monies set aside by the end of the year would be \$2,239,000. However, \$600,000 of that allocation during 2009 was from General Fund sales tax money that was anticipated to be received in excess of what was needed to balance the budget. With the downturn in the economy, sales tax receipts in 2009 have fallen sharply below the amounts needed to balance that 2009 budget. Hence, it is unlikely that the \$600,000 transfer to the Building Fund will occur and the balance for the building set aside will be \$1,639,000 by the end of 2009. Still, this is a very good balance and allows the planning process to continue with the hiring of an architectural firm to design Phase I of the Criminal Justice needs, which would be the Courthouse Addition. An appropriation of \$500,000 is made out of the Building Fund for the purpose of hiring an architect. More detailed plans will be submitted throughout the Fall of 2010 for the financing of the actual construction of both a Courthouse Addition and a new Jail.