

The proceedings of the County Board of DuPage County at a Special Call meeting held at the DuPage Center, 421 North County Farm Road, Wheaton, Illinois, on Tuesday, September 15, 2009, at 8:00 A.M. pursuant to the following call notice read by Paul Hinds, Chief Deputy County Clerk:

TO:            Gary A. King  
                County Clerk

FROM:         Robert J. Schillerstrom, Chairman  
                DuPage County Board

RE:            Special Call Meeting of the DuPage County Board  
                Tuesday, September 15, 2009 at 8:00 a.m.

DATE:         September 9, 2009

In accordance with 55 ILCS 5/2-6006, I call a Special Meeting of the DuPage County Board on Tuesday, September 15, 2009 at 8:00 a.m. This meeting will be held for the following:

Chairman's FY2010 Budget Presentation

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Meeting called to order with Chairman Schillerstrom presiding.

On roll call, Members Curran, Eckhoff, Enger, Fichtner, Gonzalez, Healy, Kurzawa, McMahon, Michelassi, Olson, Puchalski, Redick, Sheahan, Zay and Zediker were present. Members McBride and O'Shea were not present at the time of roll call. One vacancy.

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Chairman Schillerstrom gave the following Fiscal Year 2010 presentation:

Good morning members of the County Board, Elected Officials, staff, members of the press and my fellow DuPage County residents.

Over the past 18 months, our State and Nation have been rattled by an economic crisis that has seen high unemployment, massive home foreclosures and consumer confidence shaken.

In what many have characterized as the worst economic crisis since the Great Depression, the current recession has been severe and long-lasting.

Our local economy was also significantly impacted by the recession, which saw plummeting automotive and home sales, causing a ripple effect here in DuPage County.

County revenues have also been affected by the economy.

Fiscal Year 2009 sales taxes, income tax distributions, and income relating to the housing market, such as home sales transfer fees, building permits and charges for water and sewer have come in below anticipated levels, which had already reflected lower income levels due to the recession.

And while most units of government have had to be "reactive" to events, DuPage has been "proactive" in dealing with these conditions.

Recognizing the economic climate last year, the Fiscal Year 2009 budget provided spending controls against deeper than projected recessionary impacts: in particular, we allocated \$6 million that could be used for either a bond program or as a hedge against lost income.

Due to our sound financial planning and responsible fiscal management, we have been able to weather the economic downturn in good financial condition.

And thanks to the leadership of this Board, unemployment in our County remains lower than State and National levels. In fact, we are creating jobs, as we did recently by supporting Navistar's relocation to the vacant Lucent Building on Warrenville Road in Lisle. This initiative will create over 2000 high-paying jobs in DuPage County.

Those are real results.

That initiative demonstrates that by working together with organizations like Choose DuPage, the private sector and our local community leaders, we can enhance our economic growth and have a positive impact on our economy.

Aside from creating jobs in this economy we have been able to improve our General Fund cash position over the past few years.

The Fiscal Year 2008 ending cash balance came in above County projections, and as a result, \$7.5 million of cash was utilized in Fiscal Year 2009 to fund one-time capital projects on a pay as you go basis, including \$5.2 million for transportation.

The projected Fiscal Year 2009 year ending cash balance of \$37.2 million is still well within the County's cash balance policy. Based on current trends and spending controls, the ending cash balance for this current Fiscal Year is projected to exceed this level.

During Fiscal Year 2009, the County Board, demonstrating their fiscal responsibility, established a Strategic Reserve account within the General Fund. The Reserve currently is \$4 million, and can only be accessed by express approval of 2/3rds of the County Board.

It is to be used to stabilize operations in the event of emergency or severe economic event. Although revenues, particularly sales taxes have fallen below projections, we do not foresee the use of this reserve in the present situation, or in the upcoming fiscal year.

Lately, there have been signs that the current economic crisis is abating and that the economy is coming out of recession. Sales tax receipts are beginning to climb again and have risen 26 percent since the low point in May 2009.

The high educational and skill levels of residents, the diversity of the business sector, an improving business climate and great location all position DuPage well during this recovery.

This morning, I am presenting our \$450.9 million Fiscal Year 2010 budget, which is \$30 million (or 6.2 percent) less than Fiscal Year 2009.

This budget includes \$171.7 million for the General Fund, which is \$3.9 million, or 2.2 percent less than this year's budget of \$175.7 million.

Even in these current economic conditions, this budget is \$18 million below Fiscal Year 2004 levels.

This budget assumes relatively modest overall economic based growth affecting sales taxes, income tax distributions, and income from housing starts and sales.

The General Fund budget is based on natural revenue growth and localized fee increases. Non-general funds rely on combinations of revenue growth, available cash balances or inter-fund transfers from the General Fund.

There are NO tax increases in this budget; in fact property taxes are slightly reduced; continuing our efforts to minimize the burden on the taxpayer, especially in these difficult times.

I believe it is important for our residents to note that property taxes levied by the County last year totaled \$68.6 million, which was just 3 percent of a total \$2.3 billion collected for all taxing entities within DuPage County and lower than we leveled in 1995.

We are doing more with less, and we are not putting the burden of County services on the back of our hard working residents or their money.

In short, the Fiscal Year 2010 budget is a fiscally conservative budget, which is very appropriate for these difficult economic times.

Most non-personnel budget line items have been held at or below Fiscal Year 2009 levels.

Staff levels are unchanged from FY 2009, except for certain approved grants under the federal American Recovery and Reinvestment Act (federal stimulus grants).

We have left no stone unturned and continue to maximize our ability to secure Federal Stimulus money. To date, we have received \$19 million in ARRA Grants, including \$3.6 million for Transportation, \$9.4 million for job training and \$6 million for community services.

This Budget maintains the strategic initiatives we have implemented over the past 2 years, and reflects our commitment to ensuring our communities are safe.

This budget includes funding for the pre-trial program implemented early in FY 2009.

It also maintains the additional 15 Sheriff's Deputies that were added in March 2009 to implement the recommendations put forth in our jail study, which called for the reinstatement of the Sheriff's Work Alternative (SWAP) Program, double bunking, and shift changes to avoid and minimize jail overcrowding.

These initiatives instituted by the Sheriff's Department are saving us money and keeping our jail population down. I commend the Sheriff for his hard work and leadership on this issue.

We are also committing \$1 million for the County's human services support grants to community agencies, which provide a lifeline to those most in need, and most affected by the current economic downturn.

Another area we are doing more with less is at our Health Department.

I want to congratulate the Health Department for the efficiencies they have been able to create through their strategic business process, which they've been undertaking over the last three and a half years.

Through the development of scalable service delivery models, their proposed budget is reduced by \$2.5 million, which is \$343,000 below Fiscal Year 2005 spending.

What does this mean? It means the Health Department will not need any additional County funding.

In fact, County funding for the Health Department has been reduced by \$4.5 million, or 20 percent, since Fiscal Year 2004.

They are able to enact these efficiencies, while also continuing to increase the number of clients served on a daily basis.

I cannot think of any other County department in this state reducing their budget while at the same time increasing services, can you?

The State and other governments should follow this philosophy and lead when it comes to delivering health services.

This budget also reaffirms our commitment to the County's Convalescent Center.

This year, we received a report from a Blue Ribbon Panel recommending that we continue to fund this oasis of care for those most in need.

I fully support the recommendations made by the panel and want to let the residents of the Center know that we support them 100 percent. We understand and appreciate that it is their home.

DuPage also remains committed to easing traffic congestion and fighting gridlock so that commuters can spend more time with their families and less time on roads.

This budget contains \$1 million for J-Route and circulator for transit initiatives, should other local matches become available.

The FY 2009 budget had originally had \$2 million set aside, but municipal and RTA budget shortfalls meant this program could not get off the ground, and will unlikely be able to do so before the latter part of next year.

Still we want to make sure our share is available when our other government partners are ready to move forward with these important public transit projects.

Another byproduct of the economic downturn has been the loss of jobs. County government, however, has been able to avoid any job losses, and thanks to the dedicated men and women who come to work every day, we've continued serving the public without interruption.

We were able to avoid any job losses due to the stream-lining we did in previous years, again showing the wisdom and foresight of this Board. In fact, our headcount is 71 less than it was in Fiscal Year 2004 and over 150 less than in Fiscal Year 2003.

This budget does not provide for any job loss or reductions that other governments have unfortunately experienced.

However, given the financial realities we face today, this budget does not include general compensation increases for employees, nor does it contain funding for additional headcount requests or funding for new program initiatives requested by departments.

We have been able to ensure County government continues to operate because of the leadership in this room, but unfortunately, leadership isn't something we find at the State level.

The failure of leadership at the State Level has had a direct impact on DuPage County.

Their inability to come up with sound financial planning has put our communities at risk.

Their plan to fund critical capital improvement plans with revenue from video poker was a gamble that we stood up to and said "not in our neighborhoods."

Our quality of life is not for sale.

Due to their inability to lead, our budget does not fill breaches in grant funds resulting from state budget cuts or shortfalls.

Such grants are apparently discretionary at the state level and ultimately most were restored to 90% of 2009 values.

In certain cases, such as homeless prevention and supportive housing, the County will use additional grant funding under the Federal American Recovery and Reinvestment Act (ARRA) will make up shortfalls.

There are other actions the State has taken, or not taken actually, that are affecting DuPage as well.

The major impacts of state cuts to date have been to Probation and Youth Home.

Reimbursement and grants have been cut over 50 percent.

I believe these cuts are unacceptable and we must find an alternative to this lack of funding.

One approach to that would be a regional youth detention center, by which we could charge other counties for housing kids here.

I am currently working to convene a meeting of various County probation and Youth Home officials within the Chicago Metro region to begin working on this issue.

Local governments should not be forced to pick up the slack for state funding. If we start paying for state obligations now, we'll be paying for them forever.

We cannot let the state balance the budget on the backs of County and municipal governments.

Another important issue facing us is IRMF.

By law, we participate in the Illinois Municipal Retirement Fund (IMRF) program.

It is a defined benefit program and benefits are statutorily set, as are employer pay in requirements.

In 2008, IMRF investments lost 25 percent of value. When combined with return requirements for full funding, overall IMRF pension loss was 32 percent.

For DuPage County, combined IMRF plan assets dropped \$68.5 million or over 19 percent, and its funded liability dropped from 84 percent to 66 percent. Unfunded liability more than doubled to \$81.4 million.

The impact of these losses must, by law, be made up by the employer.

Earlier this year, I, along with Health Department President Linda Kurzawa, met with IMRF officials to discuss strategies to mitigate the budgetary impacts of recovering funded liability.

As a result of this meeting and input from other units of government, IMRF developed a capped 10 percent increase "phase-in" option, under which IMRF rates will grow 10 percent annually per year, based on anticipated investment returns, until programs return on a normal path to be 100 percent funded at the end of the 30 year amortization period.

The County's Fiscal Year 2010 budget incorporates this option, and it is carried throughout the 5 year outlook.

As I mentioned earlier, last year's budget set \$6 million aside as annual debt service for a portion of the program should bonds be issued. The \$6 million could also be used as a hedge against lost income. Unfortunately, economic conditions required use of most of the set-aside in this latter capacity.

However, the Recovery Zone provisions of the Federal American Recovery and Reinvestment Act, passed in early 2009, authorized the use of two new types of tax-preferred bonds that may be

issued by state and local governments for areas designated as "Recovery Zones".

Recovery Zone Development Bonds are federally subsidized via a 45 percent credit reimbursement on interest costs for bond funded public activity (public infrastructure) programs initiated by the County.

The bottom line is the Federal Government will pay 45 percent of our interest payments, up to \$46 million of bond, which must be issued before January 1, 2011.

Given the County's outstanding credit rating and this pledged subsidy, the result is long-term financing rates hovering around 3.5 percent.

Given the need to move forward on critical capital projects and the excellent, but time limited low cost of money, the FY 2010 budget contains a revised bond-funded program of approximately \$77 Million to address many of the most pressing capital issues originally identified last year.

These include, but are not limited to, campus emergency generators, general renovation of the Convalescent Center kitchen, acquisition of a modern County-wide information technology reporting and planning system, and several large transportation projects to provide transportation relief - which has been a major strategic objective of the County.

Annual cost of debt, net of the federal subsidy, will be \$4 million.

Although the cost of financing will never be lower, I think it is prudent in these economic times to not over commit ourselves.

I suggest that we only commit to approximately \$2 million in debt service at first, in order to cover core capital projects, and then let some time pass before we decide, based on how the economy improves as to whether we want to commit to the remaining \$2 million in debt.

The projects outlined in the budget book are of course subject to County Board consensus; however, I believe it is imperative that the core projects, such as the kitchen in our Convalescent Center, campus emergency generators, our I.T. system upgrades, deferred maintenance projects and other important projects get done first.

The other form of Recovery Zone bonds are tax-exempt private activity bonds (called Facility bonds). Businesses qualifying for allocations under this provision will be able to seek financing tax-exempt equivalents of their rated bonds or credit costs, realizing substantially cheaper costs of borrowing, and

would help promote larger scale private sector economic activity within the County.

DuPage's allocation under the RZ Facility bond program is \$69.1 million, and bonds must be issued before January 1, 2011.

The County would not be legally liable for such debt issued, and there is no County appropriation authorization requirement. Applications for private businesses to avail themselves of program will run through the County's private-public partnership Choose DuPage, who will make recommendations specific project allocations to the County Board.

For purposes of utilizing these provisions, the County declared itself a Recovery Zone in August of 2009.

The recession we experienced has touched the lives of many in our County.

Whether it's a business that has closed its doors, a family member who has lost a job, or a loved one who has lost their home, no one has gone untouched.

In DuPage County, however, the affects have been lessened thanks to the leadership of this body in taking the necessary steps and to prepare our County for the downturn we saw coming.

Because of our commitment to fiscal responsibility, our cash position is strong, with a dedicated reserve, and in fact it has even grown in the face of a recession.

We are also able to maintain, thanks to our long term planning, core programs and strategic initiatives.

While this budget may only be a maintenance budget, in spirit this budget is a success story.

We also have the opportunity this year to share this budget with our residents, those directly affected by the actions we take.

Over the coming weeks, we will be holding budget hearings in Naperville, Downers Grove and Addison.

These hearings will provide us with a great chance to hear directly from DuPage families on what issues they believe are most important to them and their loved ones.

I look forward to hearing their input, and in working with all of you in passing this budget.

We have demonstrated that during these difficult economic times, proper planning and sound management can ensure our County remains a great place to live, work and raise a family.

I have no doubt we will continue on that course.

Thank you.

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Member Healy moved, seconded by Member Kurzawa, that the meeting of the September Session is adjourned to Tuesday, September 22, 2009 at 10:00 A.M. for passage of the Property Tax Levy, pursuant to 35 ILCS 200/18-10. On voice vote, motion carried.

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County Clerk