



Kane County

KC Finance and Budget Committee

Agenda

Government Center
719 S. Batavia Ave., Bldg. A
Geneva, IL 60134

BERMAN, Lenert, Juby, Lewis, Sanchez, Surges, Tepe & ex-officios Pierog (County Chair)

Monday, August 19, 2024

9:00 AM

County Board Room

*****SPECIAL MEETING*****

1. **Call To Order**
2. **Roll Call**
3. **Remote Attendance Requests**
4. **Approval of Minutes: None**
5. **Public Comment (Agenda Items)**
6. **Public Comment (Non-Agenda Items)**
7. **New Business**
 - A. Fiscal Year 2025 Budget - Presentation
 - B. Overview of Regional Transportation Sales Tax
 - C. **Resolution:** Adopting Requests for County Offices and Departments for Proposed Reductions in the Preparation of the FY2025 County Budget
 - D. **Resolution:** Authorizing the Submission to the Electors of the County of Kane by Referendum on the April 1, 2025, General Election Ballot the Question of Imposing a 1% Special County Retailers' Occupation Tax for Public Safety Purposes
8. **Old Business**
9. **Committee Chairman's Comments**
10. **Executive Session (if needed)**
11. **Adjournment**

STATE OF ILLINOIS)

SS.

COUNTY OF KANE)

PRESENTATION/DISCUSSION NO. TMP-24-2789

FISCAL YEAR 2025 BUDGET - PRESENTATION

STATE OF ILLINOIS)

SS.

COUNTY OF KANE)

PRESENTATION/DISCUSSION NO. TMP-24-2802

OVERVIEW OF REGIONAL TRANSPORTATION SALES TAX

OVERVIEW of REGIONAL TRANSPORTATION SALES TAX
As Authorized by the Regional Transportation Authority Act
(prepared 8/15/2024)

This fund source was passed by the Illinois General Assembly on January 18, 2008 at the request of the county transportation departments to better address funding shortfalls and local transportation needs within the Chicago region. KDOT and a couple other county DOT's worked with the RTA, CMAP and our legislators to create the funding to address highway safety, capacity, maintenance, and transit needs for the Counties. The County Board then adopted policies guided by a number of public meetings that included CMAP, construction unions, and our local municipalities.

The Regional Transportation Authority Sales Tax is KDOT's principal revenue which primarily funds maintenance projects such as bridge repair and replacement, other highway safety and capacity projects, bike/pedestrian projects, and Ride-In-Kane. **This important fund source is used for managing cash flow for capital projects and is critical for our local matching commitments in order to receive federal and state funds. The loss of \$4 Million plus annually will require removing projects from the transportation program and reducing the level of service for programs. The anticipated reduction of projects and services are attached.**

ORIGINAL LEGISLATIVE INTENT: Transportation & Mobility

- Public Act 95-0708 (RTA Act) gave certain counties, including Kane County, a ¼ percent sales tax distribution for **“road, bridge, public safety, and transit purposes intended to improve mobility or reduce congestion in the county”**. (Public Act wording attached)
- County DOT agencies with the assistance of the RTA and CMAP sought the sales tax to address significant cost increases (threefold) and to adequately maintain roads, as we were scaling back highway maintenance at the time. KDOT participated in regional meetings and hearings in Springfield to draft the legislation with our legislators and regional partners.
- **Prior to final approval of the RTA Act, DuPage County requested “public safety and”** be added as their highway system was generally built out and they sought flexibility to address public safety finances. KDOT supported their request.
- **CMAP discouraged the change and sent a letter to the counties and other transportation partners that said “diverting transportation funds” for public safety makes it difficult to advocate for needed federal and state transportation funds** (letter attached). Ultimately, legislative compromise included the three additional words in the final bill.
- **CMAP also offered in the letter to help counties with public safety needs if requested.**
- **Will, Lake, McHenry and Kane primarily use the funds for transportation to address the request of the regional agencies** and primarily public safety for DuPage.

RTA SALES TAX FINANCIAL POLICIES PREVIOUSLY PASSED BY COUNTY BOARD:

- Resolution #08-130, Kane County created three (3) funds with the **Transportation Fund receiving 82% of RTA Sales Tax**, the Public Safety receiving 15%, and 3% Contingency.
- Resolution #19-363 reallocated the RTA funds with the General Fund receiving 10% to fund operating costs of Public Safety. The **Transportation Fund was changed to receive 75%.**

HISTORICAL COUNTY BOARD ACTIONS to assist General Fund with Transportation Funds:

- FY2001 – County Highway Fund reduced by about \$1M to assist annual General Fund needs.
- FY2008 – County Highway Fund reduced by another \$1M to assist annual General Fund needs in response to KDOT obtaining the new RTA Sales Tax.
- FY2009 onward – KDOT Levies frozen at \$5.39M with all levy growth to General Fund.
- FY2017 – approximately \$300,000 annually to GF for Informational Technology services and KDOT also funds about half of an IT position for more direct IT/GIS support services.
- FY2019 – **KDOT RTA Sales Tax reduced from 82 percent to 75 percent.**
- **More than \$4 Million annually already shifted from Transportation to assist General Fund.**

USE OF RTA SALES TAX (Transportation & Transit Fund): “KDOT’s Capital Program”

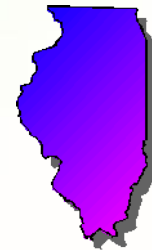
- **RTA Sales Tax is KDOT’s primary capital fund with other fund revenues decreasing and primarily obligated for operations & maintenance.** (Revenue Restrictions chart attached)
- As such, the proposed **decrease to 60% at ~\$4M in FY2025 and in subsequent years in transportation funds will have a severe and immediate impact on capital projects as the County already has limited funds for matching federal grants.**
- The FY2024-2028 Transportation Improvement Program (5-Year Financial Plan) adopted by the County Board on June 11, 2024 **fully utilizes the RTA sales tax funds with a projected shortfall of well over \$110M** within the 5-year fiscally constrained program.
- **With the proposed decrease of funds, KDOT will be required to transition to primarily a maintenance capital program.**
- **Projects & Programs that will be Impacted:**
 - Following projects will need removal from 5-year program
 - Bowes, Corron, and Nesler Roads
 - Burlington Road Bicycle Accommodation
 - Huntley Road - Randall to Sleepy Hollow Road
 - Montgomery Road from IL 25 to Hill Avenue
 - Randall Road at Huntley Road
 - Randall Road at Keslinger Road
 - Randall Road at Prairie Street
 - Signal System Communication Expansion – fiber optic, etc.

- Following projects will need removal from 5-year program except Phase 1 Eng
 - Burlington Road at Silver Glen Road (Phase 1 Eng Only) – safety project
 - Dauberman Meredith Realignment (Phase 1 Eng Only) – safety project
 - Fabyan Parkway at Route 31 (Phase 1 Eng Only) – safety project
 - Fabyan Parkway at Settler's Hill (Phase 1 Eng Only) – safety project
 - French/Harmony Extension (Phase 1 Eng Only) – new road/grade separation
 - Galligan - Freeman to Binnie Road (Phase 1 Eng Only) – safety/capacity project
 - Randall at Highland Intersection (Phase 1 Eng Only) – safety/capacity project
 - Randall at US20 Interchange (Phase 1 Eng Only) – safety/capacity/bridge maint
 - Randall at I-90 Interchange (Phase 1 Eng Only) – safety/capacity/bridge maint
 - Randall Multi-Modal Corridor Study (Phase 1 Eng) – select E2 safety projects
 - Tyrrell Road - Raymond Dr to Mason Rd (Phase 1 Eng Only) – safety/capacity
- No new projects or programs
 - Bicycle & Pedestrian projects – existing projects only
 - Intersection Safety/Operational New Starts – restrict new project starts
 - Ride In Kane – discontinue low-income rides & County program expansion
 - Safety Enhancement projects – only low hanging fruit & federal HSIP at 90%
 - Evaluate potential reductions in current operations, services & programs
- Try to Protect Existing Grants
 - Inadequate matching funds for FY2025 – FY2028; Estimated shortfall of \$33M
 - Limit further grant applications – submit bridge maintenance grants primarily
 - Randall at Hopps Intersection & CNRR Grade Separation greatest concern
- Hope that there are only minor safety & emergency structural repairs.

As shared earlier, the **proposed RTA Sales Tax decrease to 60% will have a severe and immediate impact on capital projects as the County already has limited funds for matching grants.** KDOT will be forced to focus on Asset Management and Operations such as snow plowing, drainage, signals, permitting, and other services. Also, this does not take into account the impact on job creation and economic development.



State of Illinois Mass Transit Reform Sales Tax Increases



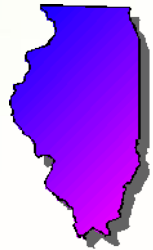
Collar County Sales Tax Increase

- Previous versions of the Bill intended Collar County additional 0.25% sales tax for transportation and transit only.
- Adopted Bill includes public safety at request of DuPage.





Amended Version: Collar County RTA Sales Tax Increase



"...the *County Board of each county shall use those amounts* to fund operating and capital costs of **public safety and** public transportation services or facilities or to fund operating, capital, right-of-way, construction, and maintenance costs of other transportation purposes, including road, bridge, public safety, and transit purposes intended to *improve mobility or reduce congestion in the county.*"



Chicago Metropolitan Agency for Planning

233 South Wacker Drive
Suite 800, Sears Tower
Chicago, IL 60606

312-454-0400 (voice)
312-454-0411 (fax)
www.cmap.illinois.gov

March 18, 2008

Dear Transportation Partner:

The Board of the Chicago Metropolitan Agency for Planning was an early and ardent supporter of the effort to generate additional operating funds for the Regional Transportation Authority and its operating agencies. CMAP's support called for the State of Illinois to provide new revenues for suburban counties to address local transportation needs. While the legislation that passed as House Bill 656 in January 2008 includes public safety as an eligible use of those local funds, the CMAP Board's support was predicated on these revenues being used to meet transportation needs.

The CMAP Board understands and is sympathetic to financial issues faced by counties and municipalities with regard to funding public safety. But diverting transportation funds to other uses at the local level makes it difficult for the region to advocate for additional capital dollars from state and federal sources. While the CMAP Board would be happy to work with local governments to help ensure adequate public safety funding, we urge that new funds made available through HB 656 address the transportation needs of our communities, counties, and region.

Sincerely,

Gerald R. Bennett
Chairman

/stk

Board Members

Gerald Bennett, Chair
Rita Athas
Frank Beal
Alan Bennett
Anthony Calderone
Roger Claar
Zenovia Evans
Elliott Hartstein
Al Larson
Marilyn Micheline
Raul Raymundo
Andre Rice
Rae Rupp Srch
Dan Shea
Nigel Telman

Non-voting Members

Stephen Schlickman
Ian Doughty

Executive Director

Randy Blankenhorn

Transportation Funds – Primary Use

	Fund	Primary Revenue Source	Primary Use
Special Revenue Funds	County Highway (300)	Property Taxes	Personnel, Contractual Services, Vehicles and Equipment
	County Bridge (301)	Property Taxes	Bridge Inspections
	Motor Fuel Tax (302)	Motor Fuel Tax, Transportation Renewal Fund	Personnel, Pavement Maintenance, Matching for Federal Road and Bridge Construction
	County Highway Matching (303)	Property Taxes	Salt
	Motor Fuel Local Option (304)	Local Motor Fuel Tax	Road and Bridge Maintenance, Commodities
	Transportation Sales Tax (305)	RTA Sales Tax	Contractual Services, Paratransit, Debt Service, Road and Bridge Construction
	North Impact Fee (558)	Impact Fees	Capacity Road and Bridge Construction (restricted)
	Central Impact Fee (559)	Impact Fees	Capacity Road and Bridge Construction (restricted)
	South Impact Fee (560)	Impact Fees	Capacity Road and Bridge Construction (restricted)

Revenue Percentage by Fund Source

Estimated New Revenue Percentages (Recurring) for FY2024 Program	
Revenue Source – Primary Fund Use	% of New Revenues
Transportation Sales Tax - Maintenance & <u>Capital</u> Projects	33.1%
Motor Fuel Tax (MFT) – Maintenance Operations & Projects	23.3%
County - Local MFT - Maintenance Ops., Projects & Salt	19.2%
County Tax Levies – Operations & Bridge Inspections	10.1%
Impact Fees - Capital Projects	7.5%
Reimbursements - Federal Maint. & Capital Projects	5.6%
Investments/Other	1.2%
Total	100%

KDOT Proposed FY2025 Budget Revenues & Expenditures – Recurring & New Capital Project Costs *(in millions)*

Recurring	Budgeted Revenues				Budgeted Expenditures			
		<u>2024</u>	<u>2025</u>	<u>%</u>		<u>2024</u>	<u>2025</u>	<u>%</u>
	County Tax Levies	5.39	5.39	0%	Personnel	9.05	9.26	2.40%
	Motor Fuel Tax (MFT)	12.39	13.43	8.41%	Ops. & Proj. Eng Services	27.89	26.74	-4.12%
	County - Local MFT	10.18	10.32	1.40%	Maintenance – Roads	10.31	11.04	7.03%
	RTA Sales Tax – Trans.	18.83	20.16	7.08%	Maintenance – Bridges	3.12	2.51	-19.71%
	Permit, Fees, Other	.46	.38	-17.57%	Other Contract Services	1.61	1.78	11.10%
New Capital					Ride in Kane Paratransit	1.50	3.18	112.00%
					Commodities	3.91	4.25	8.93%
					Bldg Impr, Vehicle, Equip	2.68	3.54	31.75%
	Total	\$ 47.25	\$ 49.68		Total	\$ 60.07	\$ 62.30	
	Reimb/Grants	2.89	16.85	482.6%	Construction – Roads	51.13	28.82	-43.62%
	Impact Fees	5.78	5.55	-3.97%	Construction – Bridges	4.12	3.00	-27.25%
	Investment Income	4.94	4.90	-0.81%	Debt Service	1.72	12.51	627.31%
	Fund Balance Utilization	59.14	33.46	-43.4%	Transfers Out	0.29	0.39	32.19%
					Addition to Fund Balance	2.67	3.42	27.90%
	Total	\$ 72.75	\$ 60.76		Total	\$ 59.93	\$ 48.14	
Total				\$ 120.00	\$ 110.44	-7.97%		
					Total	\$ 120.00	\$ 110.44	-7.97%

STATE OF ILLINOIS)
COUNTY OF KANE) SS.

RESOLUTION NO. TMP-24-2736

ADOPTING REQUESTS FOR COUNTY OFFICES AND DEPARTMENTS FOR PROPOSED REDUCTIONS IN THE PREPARATION OF THE FY2025 COUNTY BUDGET

WHEREAS, the Kane County Finance Committee is responsible for recommending a balanced budget to the Kane County Executive Committee; and

WHEREAS, a draft FY2025 Budget has been presented to the Finance Committee;
and

WHEREAS, the draft FY2025 General Fund budget has \$28,289,520 million more in expenditures than revenues; and

WHEREAS, the Finance Committee recommends that \$15,000,000 in General Fund balance reserves will be used in balancing the FY 2025 General Fund budget; and

WHEREAS, the Finance Committee recommends that the \$4,349,381 budgeted in FY 2025 for transfer from the General Fund to the Capital Projects Fund be cut from the FY 2025 Budget; and

WHEREAS, the Finance Committee recommends that an additional \$4,031,617 in RTA Transportation Sales tax revenue be transferred from the Transportation Department's RTA Sales Tax Fund to the General Fund; and further recommends the County Board and Finance and Budget Committee make any necessary financial policy amendments to incorporate such changes via future resolution to be presented prior to the adoption of a FY25 budget; and

WHEREAS, the Finance Committee has recommended, for discussion, in order to fulfill its obligations in presenting a balanced budget, that certain Offices and Departments in the General Fund should present reduced FY2025 budget in the total amount of \$5,000,000 in order for the General Fund budget to be balanced as represented in Exhibit A; and

WHEREAS, the preparation of the County budget for FY2025 shall follow the process outlined in the Kane County Code and all other applicable Illinois laws.

THEREFORE, BE IT RESOLVED by the Kane County Board Finance and Budget Committee that the Executive Director of the Finance Department is directed to present a revised proposed budget incorporating such changes at its next meeting.

Passed by the Kane County Board on September 10, 2024.

John A. Cunningham, MBA, JD, JD
Clerk, County Board
Kane County, Illinois

Corinne M. Pierog MA, MBA
Chairman, County Board
Kane County, Illinois

Vote:



RESOLUTION/ORDINANCE EXECUTIVE SUMMARY

Resolution No.

Adopting Requests for County Offices and Departments for Proposed Reductions in the Preparation of the FY2025 County Budget

Committee Flow: Finance and Budget Committee, Executive Committee, County Board

Contact: Kathleen T Hopkinson, 630.208.5132

Budget Information:

Was this item budgeted? N/A	Appropriation Amount: N/A
If not budgeted, explain funding source:	

Summary:

Kane County's Finance and Budget Committee recommends that the actions as described in the resolution including use of fund balance, reduction in funding capital projects, and reductions in the budgets of County Offices and Departments as listed in Exhibit A be processed in order to balance the FY 2025 Budget.

WHEREAS, if a 1% tax were approved by a majority of the electors, a consumer would pay an additional tax of \$0.01 in sales tax for every \$1.00 of tangible personal property bought at retail, an additional \$0.10 in sales tax for every \$10.00 of tangible personal property bought at retail, or an additional \$1.00 in sales tax for every \$100 of tangible personal property bought at retail; and

WHEREAS, pursuant to 55 ILCS 5/5-1006.5, the public question for a Special Retailers' Occupation Tax for public safety purposes shall read as follows:

TO PAY FOR PUBLIC SAFETY PURPOSES, SHALL THE COUNTY OF KANE BE
AUTHORIZED TO IMPOSE AN INCREASE ON ITS SHARE OF LOCAL SALES TAXES BY 1%?

THIS WOULD MEAN THAT A CONSUMER WOULD PAY AN ADDITIONAL \$1.00 IN SALES
TAX FOR EVERY \$100 OF TANGIBLE PERSONAL PROPERTY BOUGHT AT RETAIL.

- ☐ Yes
- ☐ No

NOW, THEREFORE, BE IT RESOLVED by the Kane County Board that the following
public question is approved to be placed on the regularly scheduled April 1, 2025, general
election ballot in the County of Kane, in accordance with applicable provisions of law:

TO PAY FOR PUBLIC SAFETY PURPOSES, SHALL THE COUNTY OF KANE BE
AUTHORIZED TO IMPOSE AN INCREASE ON ITS SHARE OF LOCAL SALES TAX BY 1%?

THIS WOULD MEAN THAT A CONSUMER WOULD PAY AN ADDITIONAL \$1.00 IN SALES
TAX FOR EVERY \$100 OF TANGIBLE PERSONAL PROPERTY BOUGHT AT RETAIL.

- ☐ Yes
- ☐ No

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Kane County Board that
the public question as fully set forth above is authorized and shall be submitted to the electors
of the County of Kane at the regularly scheduled election to be held on April 1, 2025, in
accordance with applicable law.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Kane County Board that the County Clerk of Kane County is hereby ordered to certify the above public question, to be submitted to the electors of the County of Kane and to take any necessary action in accordance with applicable law to place the above public question on the ballot of the regularly scheduled election to be held on April 1, 2025.

Passed by the Kane County Board on September 10, 2024.

John A. Cunningham, MBA, JD, JD
Clerk, County Board
Kane County, Illinois

Corinne M. Pierog MA, MBA
Chairman, County Board
Kane County, Illinois

Vote:



RESOLUTION / ORDINANCE EXECUTIVE SUMMARY ADDENDUM

Title

Authorizing the Submission to the Electors of the County of Kane by Referendum on the April 1, 2025, General Election Ballot the Question of Imposing a 1% Special County Retailers' Occupation Tax for Public Safety Purposes

Committee Flow:

Finance and Budget Committee, Executive Committee, County Board

Contact:

Kathleen Hopkinson, 630.208.5132

Budget Information:

Was this item budgeted? N/A	Appropriation Amount: \$N/A
If not budgeted, explain funding source: N/A	

Summary:

In order to pay for the General Fund's approximately \$80 million in FY 2025 public safety, including judiciary, expenses, which represents using 71% of the General Fund's general government revenues including \$28.3 million in fund balance reserves, Kane County seeks to submit a referendum question on the April 1, 2025 ballot regarding the imposition of a 1% sales tax, of which the expected revenues would be \$69 million.