

LEE COUNTY CITIZEN ADVISORY COMMITTEE

REPORT TO

THE LEE COUNTY BOARD OF SUPERVISORS

Introduction

The question to Lee County taxpayers is what type of county government do you want? Do you want a government where the mandated county services are delivered in a reliable, cost efficient manner for all residents? Or do you want a county government that does not take costs into consideration, but looks primarily at the convenience for some of the county residents? Do you want decisions to be made on emotions and feelings, or on prudent financial management of tax revenues?

To address these questions, the committee considered three scenarios. They were 1, Return Drivers license to Keokuk 5 days per week, 2, All services at both locations, 3, Consolidate services in a new courthouse. The base case to compare the various scenarios to would be the current operation with split services. All cost estimates for the three scenarios are incremental over the base.

Scenario 1 – Return Drivers License to Keokuk 5 Days per Week

Returning drivers license to Keokuk on a 5 day per week was chosen over the option of two days per week. Based on information from the Treasurer's office the two day per week option at both locations is very confusing for the public to know where to go and not very workable.

The total incremental cost for returning driver's licenses to Keokuk for five days per week is \$171,264, with the ongoing annual costs of \$165,604. Since there is no space currently available for driver's license in Keokuk, we included office space rental of \$9,600 to provide space. Of the ongoing expenses, \$106,354 would be from general basic levy, and \$59,250 from general supplemental levy. There would be no additional revenue produced by adding this service. For the 2012/2013 fiscal year, Lee County received \$64,659 for providing this state service. Projected future revenue is expected to decline by 30 to 40%, since the state allows some driver's licenses to be renewed online.

Our assumption is that driver's licenses would also be available in Ft. Madison on the five day per week basis, so there would be no cost reductions in the Ft. Madison office. The cost breakdown for scenario 1 is given in the appendix, exhibit #1.

Driver's license is a state function, and not a mandated county service. When considering where to cut in order to balance future budgets, our recommendation would be to eliminate driver's licenses before cutting any mandated county services. Lee County residents have the option of getting their driver's license at the state operated facility in

Burlington. Another option might be to offer driver's license on Fridays and Saturdays at one location or to make driver's license more accessible, change the office hours to 9:30-6:00.

Scenario 2 – All Services at Both Locations

This scenario would require increasing the staffing by seven fulltime positions and 2 part time positions at an initial cost of \$435,306, with the ongoing annual cost of \$384,056. Ongoing costs would be \$196,551 from general basic levy, \$120,505 from general supplemental levy, and \$67,000 from assessor funds. This does not include the cost for the elected official to travel between the offices, and the loss of operational efficiency. Whenever one of the department deputies is out of the office, the elected official will have to be in the office without the deputy present. This option adds costs to the county operation with no additional revenue produced.

This option is not possible without finding cuts in the budget to free up funds in general basic fund. The county is limited to a maximum tax levy of \$3.50/1000 of valuation, which the county is currently at the maximum rate allowed. Even with cuts in the budget, it is probably not sustainable unless Lee County can find ways to grow the tax base by 3 to 5% per year to generate the necessary funds for the general fund for future increases in costs. The details of the costs for this scenario are given in the Appendix, exhibit #2.

Scenario 3 – Consolidate Into New Building

This scenario assumes a new courthouse built by the current jail, and relocation of the Health Department into the North Office building. The cost for the new building was assumed to be \$7.5 million, with an additional \$1.0 million for renovating the North Office building for the Health Department.

Assuming the county issued \$8.5 million in 20 year bonds, the bond payment would be about \$585,000. Estimated operating costs for the new building for utilities, janitorial, and snow removal would be \$60,742/year.

This option would eliminate the North and South Courthouses, the North Attorney's Building, and the Health Department Rental. The savings on utilities, janitorial, snow removal and rent would be \$145,791. We did not have a way to estimate the twenty year cost of maintenance and capital improvements for these building. We did use the historical costs, with averages \$41,376/year. Appendix, exhibit #3. We think this significantly understates the future costs considering anecdotal information supplied to the committee during the building tours. The known maintenance items for these building, as well as the North Office building is included in the Appendix, exhibit #4(a) (b) (c) & (d).

The net cost for a new courthouse based on the above assumptions would be the bond payment of about \$585,000 less the savings of \$126,425, for a net cost of \$458,575 per year. What was not been estimated are the costs for the projected repairs required to the

existing building. Our opinion is that the costs will be significantly higher than for the past twenty years. Also what will be the costs for future security in the courthouses and what about the Health Department if no new courthouse?

We think the security issue will be a major issue that will need to be addressed sometime in the future. With two old buildings this could prove to be very costly, with significant ongoing operating costs. A new building would address many of these issues and significantly reduce to costs, as well as the ongoing operating costs.

The Health Department would need a new 10,000 square foot building. The cost of the new courthouse with parking lot is estimated at about \$2.00/square foot. On this basis, the cost of the Health Department will likely cost about \$2 million and require a bond payment of \$137,650/year.

Conclusions

The committee thinks most Lee County residents want an efficient county government at the lowest possible operating costs. The best way to do this is with a single courthouse like the rest of the 98 other Iowa counties. With the changes in technology, most residents will have no need to go to the county courthouse, except when called for jury duty. Most everything else can be done online or by mail. Assuming Lee County continues to issue driver's licenses, they may go to the courthouse to get their license, or go to any of the other locations in the state that issue driver's license.

Based on the cost information for Scenarios 1 and 2, we do not see how the required funding from general basic would be there without a significant increase in the current tax base, or cuts in spending from somewhere in the budget. Lee County will require a three to five percent growth in its tax base just to cover cost growth for current services. The three percent growth is equal to about \$35 million per year increase in Lee County's tax base.

In our interviews with existing Department Heads, they stated they can run their departments more efficiently with their staff's all at one location. They can cross train their employees within their departments to better cover absences and vacations, as well as assign work duties.

We think most county tax payers would prefer a single county seat. The most likely location for a new courthouse would be at the current county jail location to have all county services at one location. We have a preliminary cost estimate of about \$7.5 million for a new 37,656 square foot courthouse. Mitchell County is currently building a new 30,000 square foot courthouse at a contracted cost of \$6.5 million. If Lee County were to build a new courthouse, the North Office building could be used to house the Health Department, and the two existing courthouses and the north attorney's office sold or demolished.

Recommendations

We recommend Lee County look at the cost of providing driver's license, a state function. With the option of renewing driver's licenses online, the county will be doing this service for the state at a loss. The state currently provides this service at a state run location in a neighboring county. Should the county drop driver's licenses? In a new courthouse, could driver's license have its own room and only offered only on Fridays and Saturdays to reduce costs? (Rest of courthouse offices would be closed and not accessible on Saturdays.)

Iowa State offers a service to look at the efficiency of county government. The study would cost between \$2500 and \$5000. We recommend the Board of Supervisors consider having them do a study.

We recommend the Board of Supervisors put a ballot issue to let the voters voice their desire on a single courthouse versus the current two courthouse option.

The Mitchell County new courthouse verifies our rough cost estimate for a new county courthouse, assuming the square footage is close to correct. We recommend the Board of Supervisors commission a feasibility study to determine the required size for a new courthouse.