

MINUTES OF A WORKSHOP MEETING OF THE ZION CITY COUNCIL HELD ON WEDNESDAY, NOVEMBER 13, 2013, AT 5:32 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

Mayor Pro Tem Jim Taylor called the meeting to order.

On call of the roll the following answered present: Commissioners Flammini, DeTienne, Hill, and Mayor Pro Tem Taylor. Mayor Harrison was absent.

STRATEGIC PLANNING FOR FUND RESERVES

Director Knabel stated that the City should have a general overall plan for fund reserves. He stated that the Council should determine the level of reserves desired. He stated that the City should move away from one-time revenue and look for investments that provide the City with financial returns. He stated that having a cohesive plan for funds in place prior to receiving them will help avoid chipping away at reserves by using them for operating expenses. Director Knabel stated that he put the \$1.2 million recently received from ATC, and any other over budget funds, aside in a separate fund, therefore, causing the City to live on what was budgeted. It is hoped that this fund will increase with future revenue. He stated that he would recommend revenue stabilization. Mayor Pro Tem Taylor asked about debt services. Director Knabel stated that there is not enough in reserve to pay off the bonds in their entirety which would be necessary in order to realize any benefit. He stated that most of the bonds are from restricted revenue sources only, but paying off debt could be a part of a strategic plan. Commissioner Hill stated that he supports using reserve funds for capital projects, economic development, retiring debt, and addressing housing issues. He stated that specific amounts could be discussed at budget time. He stated that he supports a sustainable revenue stream and not using the reserve fund for operating expenses. He stated that he would like to see the City “generate revenue from revenue”. Mayor Pro Tem Taylor stated that the Council had to make hard decisions two years ago due to severe financial restraints and payroll was even threatened. He stated that he never wants the City to be in that position again. He stated that the City needs to study the level of service which he believes to be very low because currently it has had to be. Mayor Pro Tem Taylor asked Director Knabel if he would be comfortable with the Council making specific recommendations at budget time. Director Knabel stated that he agreed, however, the subject of fund reserves may resurface during levy/budget discussions. He stated that he would “template it out” for budget talks in February. Commissioner Flammini stated that he supports using reserve funds for economic development and capital improvements. He stated that the funds should not be used to pay bills unless it’s for debt retirement. He agreed that specific recommendations could wait until budget time. Commissioner Hill stated that the funds should only be used for debt retirement if it would affect the taxpayers positively. Mayor Pro Tem asked Director Knabel if he had any preliminary thoughts regarding the tax levy. Director Knabel stated that it would be his preference to freeze the levy. He stated that he needs to review and track the budget. He stated that, due to updated actuarial information, \$250,000 more will be needed for the police and fire pension fund contributions. He stated that the extension is approximately \$6.3 million across all funds. He stated that approximate figures on operating expenses were:

\$1.5 million	Police & Fire pension fund contributions
\$1.0 million	Liability insurance (and others)
\$400,000	FICA
\$400,000	IMRF
\$280,000	Street & Bridge Fund (for street repairs)
\$1.5 million	Fire/Rescue combined
\$1.2 million	General Fund

Director Knabel stated that revenue generated by the City equals between \$9 and \$10 million which includes Advanced Disposal host fees, sales and income taxes, replacement taxes, etc. Commissioner Flammini stated that recycling of construction and demo debris could bring in about \$200,000 per year and liquid gas generating could bring another \$600,000 per year in revenue. He stated that the State bans one new item per year from landfills, and a ban on construction debris, which constitutes 30% of the volume in the landfill, could cause the City to lose tipping fee revenue. He stated that 50% of the demolition materials at the nuclear plant must be recycled but it doesn’t have to be recycled in Zion. It was noted that the next closest location was Northbrook. Commissioner Flammini stated that the next item to be considered for being banned at the landfill is carpeting. Carpeting makes up 2% of the landfill volume. He stated that the largest carpet recycler is moving to Zion in a leased space on 16th Street.

Commissioner DeTienne asked about revenue from the peaker plant. Director Knabel stated that currently annual revenue from the peaker plant is \$375,000, however, he expects that to increase due to an underpayment for five years. Based on the three existing turbines, revenue should be up to \$410,000 in June 2014 plus the back payment of \$128,000. He stated that any new turbines would each generate an additional \$125,000 per year. He stated that this is not “one time” money, but an on-going revenue stream. Director Knabel stated that this revenue should help to keep the City levy flat. Commissioner Hill recommended finding ways to help the other taxing bodies so that they can keep their tax levies flat.

It was agreed that the Council would provide specific recommendations regarding the use of fund reserves at budget time. It was further agreed that any funds currently being held in reserve would remain in reserve until such time as a strategic financial plan is in place and, therefore, will not be used for operating expenses.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner Hill, seconded by Commissioner Flammini and unanimously approved the meeting be adjourned at 6:20 p.m. Motion carried.

City Clerk

Approved December 3, 2013