

MINUTES OF A WORKSHOP OF THE ZION CITY COUNCIL HELD ON TUESDAY, DECEMBER 2, 2014, AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS

Mayor Harrison called the workshop to order.

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

PROPOSED 2014 TAX LEVY

Director Knabel presented two options for the 2014 tax levy:

- Option 1: maximum levy
- Option 2: "flat" levy (stays the same)

He also presented a rough budget projection that shows the major changes expected for Fiscal Year 2015-2016 including major revenue "drop offs".

Director Knabel stated that the anticipated deficit for 2015 is \$1.5 million due to the following:

- Drop off of \$625,000 in Zion Solutions permit fees (2014 last year)
- Drop off of \$200,000 in MRMC expansion permit fees
- Addition of \$280,000 - first principal payment due on Series 2012 bonds which were issued for general operational expenses
- Addition of \$250,000 in raises and union contractual obligations

Levy Option #1

Director Knabel explained that the Fund Limit was the maximum that could be levied per fund (tax cap). He stated that the Levy Rate was the City of Zion's rate for the levy. He stated that he is assuming only the lower extension of \$6,483,054 rather than the higher extension of \$6,560,890 in case the City does not receive the higher amount. He stated if the maximum was levied, the increase would be \$209,000 plus \$90,000 just to fund pensions per the Statute funding level. He stated that 33% of the levy is pension funds. He stated that the \$1.5 million assumes a maximum levy. He stated that the effect on the taxpayer whose tax bill is \$7,500 would be an increase of \$30, which is equivalent to a 3% increase. He reminded the Council that the City portion of the entire tax bill is only 12%.

Levy Option #2

Director Knabel explained that with a flat levy there would be a \$290,000 reduction in revenue in the General Fund. He stated that the City currently has \$1.2 million in cash reserves, and with a maximum levy, the City would still experience a \$300,000 shortfall. Under this option, the deficit would increase to \$1.7 million.

Commissioner Hill asked what the 10% increase in EAV for the MRMC expansion (\$20 million) would mean for the City. Director Knabel stated approximately \$.5 million.

Commissioner Hill asked what the anticipated revenue for medical cannabis would be for the first year. Director Knabel stated that after three years the City anticipates \$1 million per year, but only \$200,000 to \$300,000 in the first year.

Commissioner Hill asked if the City could create a new revenue stream for the spent fuel rod storage at the nuclear plant. Director Knabel stated that federal representatives have been contacted and there is a possibility at the State level in a year or two. Commissioner Hill stated that the land value at the Zion plant is \$2,000 per acre. He asked about the possibility of getting lakefront property value such as they do in

communities like Glencoe where the lakefront land value is approximately \$150,000 per acre. Director Knabel stated that Assessor Wicketts is working on it.

Commissioner Hill asked if early retirement incentives could be investigated for offering to long time and high salaried employees in order to cut personnel expenses. He stated that replacing these employees with employees who make 20% less than the current employees could be a savings to the City in five years. He asked for an analysis to determine which employees would be eligible. Mayor Harrison stated that the incentive must be offered to all employees not just the high salaried employees. Director Knabel stated that 75% of the City's total budget is personnel salaries and benefits.

Commissioner Taylor stated that the cash reserves have been reviewed and he favors spending reserve cash to keep the levy flat.

Commissioner Hill stated that he is startled at the money spent on attorneys' fees, Nostalgia Days and Jubilee Days.

Commissioner Flammini arrived at 6:37 p.m.

Commissioner Taylor stated that the City may need to explore alternate operational methods in order to cut service costs. Director Knabel stated that it may become necessary to cut back on any premium services, reducing them to standard municipal services.

Commissioner Hill stated that the Council should consider spending a portion of the cash surplus coupled with cuts in expenses.

It was the consensus of the Council that Director Knabel present three options at the Tax Levy Public Hearing on December 16, 2014: 1) a maximum levy using cash surplus and cutting \$300,000 from the budget, 2) a flat levy using cash surplus and cutting \$500,000, and 3) a levy half way between flat and maximum. Director Knabel was also directed to determine the impact on the taxes for a \$100,000 home.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner DeTienne, seconded by Commissioner Hill and unanimously approved the meeting be adjourned at 6:50 p.m. Motion carried.

City Clerk

Approved December 16, 2014