

MINUTES OF A BUDGET WORKSHOP/SPECIAL MEETING OF THE ZION CITY COUNCIL HELD ON MONDAY, MARCH 17, 2015, AT 5:31 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

Mayor Harrison called the meeting to order at 5:31 p.m.

On call of the roll the following answered present: Commissioners Taylor, Hill, Flammini, DeTienne and Mayor Harrison

2015/2016 BUDGET

Finance Director Knabel presented the draft budget (15-DOC-20) showing all City funds. He stated that over the past few weeks, he has met with department heads to review their department budgets, line by line, to track current and historic figures. He stated there is a deficit in the General Fund of \$1,640,000. He stated the City is looking at a grim situation. He stated although today is just a preliminary budget discussion, he wanted to present line by line figures to the Council.

Commissioner Hill asked Director Knabel about the \$1 million worth of outstanding unpaid tickets. He asked if implementing the booting program has been successful. Police Chief Dumyahn stated the program has not been successful so far. He stated they are successful with cars that they do find, but it is a matter of getting the information to the squads. He stated the list is massive and had to be done manually. He stated the initial logistics were very overwhelming. He stated the biggest issue right now is getting the list of vehicles to the officers. Commissioner Hill asked if the Building Department could help while they were out doing code enforcement. Chief Dumyahn stated there is more to it than that. He stated hooking up to the data base is difficult. Commissioner Flammini asked how many cars were out there. Chief Dumyahn stated there are hundreds and people can be transient making it hard to find them. He stated people think by getting rid of their cars the police will not find them, but they don't realize the fines transfer from car to car. He stated this makes it difficult for the Police Department to keep up with the updating of the data base.

Mr. Knabel stated the budget reflects a \$250,000 loss due to the matching funds the City must pay for the Illinois Housing Development Authority grant for demolition of abandoned and dilapidated properties. He stated \$200,000 is shown in next years' budget as an expense but paid out this year. Mr. Knabel stated the City will see a decrease in revenue due to the drop off of the permit fee of \$625,000 from Zion Solutions and the one time permit fee of \$300,000 from CTCA for the hospital expansion He stated the City will see additional expenses from the principal payment on the 2012 bonds of \$285,000 and the 2% increase in salaries. Mayor Harrison asked what the current rate was on the bonds. Director Knabel stated the rates are fairly low and cannot be refinanced for five years. Director Knabel stated the City does have \$1.2 million in cash reserves. He stated the Council must decide how they want to move forward. He stated the options are to use the reserves or to take a look at salaries and benefits. He stated salaries and benefits account for about 80% of the deficit. He stated we must find new sources of revenue. He stated another option is to look into offering early retirement. He stated a study needed to be done to see what is involved and how many employees could take advantage. Commissioner Hill asked about the possibility of raising franchise fees. Director Knabel stated they are capped by state statute which is due to the City not being a home-rule community. Commissioner Hill asked Director Knabel about the effects of the Governor's plan. Director Knabel stated he was concerned. He stated the Governor's plan will cut money to local municipalities by 50%. He stated Zion stands to lose about \$1.2 million. Commissioner Hill questioned future projects in the TIF districts. Director Knabel stated the City is in the last 3 years of the TIF #1, which is the downtown area. He stated there is still money left in the TIF to spend on projects. He stated they will use \$550,000 of the funds to kick-start the comprehensive plan developing Sheridan Road. He stated TIF is a use it or lose it fund. At the end if there is money left, the City must send it back to the County for distribution to the taxing bodies. Mr. Knabel stated the school districts stand to receive the most. He estimated over one million dollars would go to Zion Elementary School District 6. Commissioner asked Director Knabel if there was any new information on the purchase of the K-mart plaza. Director Knabel stated there were compliance issues. He stated the hope is, when the Dunes/Touhy Lumber property is developed, the plaza will be more appealing to buyers. Director Knabel stated another impending expense is from the Lake County Public Water District. He stated five million dollars is needed to address the failure of the water intake pipe that is full of sand. He stated the natural flow of sand was disrupted when the State of Illinois built North Point Marina. He stated Zion, Winthrop Harbor and Illinois Beach State Park pay based on their water usage. Zion pays 85 percent of costs based on its usage. He stated in June, the City will see if there will be rate increases that would go into effect in August. He stated if the rates go up, the City will have to address how to cover the expenses. Director Colangelo briefly addressed the water leakage issues. Director Knabel stated the City loses about \$400,000

from water leakage, which is about 25% of water lost a day, and it is not being billed for. Director Colangelo stated the City needs to come up with a plan to remedy the leakage problem.

Director Knabel stated the numbers presented for the budget are very draft numbers, as he was looking for a place to start general discussion. He stated additional budget workshops will be needed in the coming month.

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 6:33 p.m. Motion carried.

Deputy City Clerk

Approved April 7, 2015