

MINUTES OF A WORKSHOP MEETING OF THE ZION CITY COUNCIL HELD ON WEDNESDAY, JUNE 24, 2015, AT 5:03 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS

Mayor Hill called the meeting to order.

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

Also present: Chief of Police Steve Dumyahn, Fire/Rescue Chief John Lewis, Public Works Director Ron Colangelo, Building/Zoning Director Richard Ianson, Finance Director David Knabel

2015/2016 BUDGET

Director Knabel presented the following information:

Cash on hand as of April 30, 2015	\$3,850,247.18
Total restricted cash	\$2,653,730.52
Unrestricted cash reserves	\$1,196,516.66
FY 2016 budgeted deficit	(\$1,517,836.00)
Final pension payback – principal only	(\$ 506,179.80)
Cash shortfall for FY 2016	(\$ 827,499.14)
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Deferral of Fire Pension Payment (principal)	211,462.10
Transfer of Water & Sewer Fund cash	646,205.00
Cash Reserves as of April 30, 2016	\$ 30,167.96

Director Knabel stated that this scenario does not include a Police Pension payment deferral in the amount of \$280,000 as the Police Pension Board will not consider it until their meeting on July 8.

Director Knabel stated that in FY 2017 the City would still have a \$1.5 million deficit, plus contracted wage increases, plus pension payment deferral paybacks for a total deficit of \$2,250,000. The City would have no cash reserves and no money available for transfer in the Water Fund in FY 2017.

Commissioner McDowell stated that operations are bigger than the City can afford and cuts will be necessary. Commissioner Taylor agreed stating that aggressive cuts must be made in the budget.

Mayor Hill stated that the City would only gain about \$60,000 if taxes were levied at the maximum. He stated that the pension amounts for which the City must levy are increasing. The funds from an increased levy would go to the pensions and it would generate no additional funds for operational purposes.

Commissioner Taylor asked how much money has been transferred from the Water Fund in past years. Director Knabel stated that \$6.2 million has been transferred over the course of four years.

Commissioner McDowell stated that he cut an additional \$500,000 out of the budget after further review but it still doesn't change the fact that operations are larger than the City can afford. He stated that the only place to make further cuts is in personnel. He stated that too many cuts may hamper personnel from being able to do their jobs.

Commissioner Taylor asked how much the average employee costs the City. Director Knabel stated that the average employee costs the City \$100,000 per person.

Chief Lewis stated that he has cut as much as he can from the Fire/Rescue budget and still be able to provide services. Mayor Hill asked why the City has such a high call volume per Firefighter/Paramedic as compared to other communities' departments. Chief Lewis stated that statistics are based on staff on hand versus call volume. Zion has high call volume and low staff on hand. Zion has a lot of seniors and low income residents, nursing homes, new subdivisions, MRMC guest quarters, and frequent ambulance abusers. He stated that all are billed except Zion residents. Commissioner McDowell stated if the department has cut all it can cut in order to operate as usual, then perhaps the department needs to operate differently. Mayor Hill asked if ambulance services could be contracted out leaving the department to only respond to fire calls. Chief Lewis stated that contracted ambulance services could be used as a supplement but it is always better to maintain your own service. He stated that he could cut more but it would make it more difficult to provide services. Chief Lewis stated that he is investigating the possibility of billing his department employee physicals through the employees' health insurance which would remove that expense from the budget. Current employee health insurance covers one free physical per year. Director Knabel stated that the fact that the City is self-insured should be taken into consideration. He stated that if physicals are submitted through the employee's insurance, the City would receive a 40% discount. Chief Lewis stated that approval from the employees would be required in order to process the physicals through their own insurance. Chief Lewis stated that he is reviewing sick time. He stated that if a Fire/Rescue calls in sick, it's for 24 hours, and he must fill the position with overtime which is paid in 4-hour increments. He is considering not requiring that 24 hours be considered a sick day, and if an employee is able, he can return to work sooner in order to reduce overtime. Mayor Hill asked about moving to 8-hour shifts rather than 24-hour shifts. Chief Lewis stated that 8-hour shifts have not been successful elsewhere and it would require the hiring of additional personnel. Commissioner DeTienne asked how long it would take to create a Fire Protection District. Chief Lewis stated that it would take 3 to 6 months to complete the study. He stated that the City of Zion and Beach Park are heading up the project of consolidation Fire Protection Districts and keeping it moving forward. Director Knabel and Chief Lewis would head up the effort to create a Zion Fire Protection District. Commissioner McDowell stated that creating a District would not eliminate the current budget deficit and pension payback issues.

Mayor Hill asked if the City could provide health insurance coverage for the employee only. He asked what the savings would be if health insurance was not offered to employees' dependents. Director Knabel stated that currently two thirds of employees have Single +1 or Family coverage. The monthly premium for Single coverage is \$800, Single +1 coverage is \$1,500, and Family coverage is \$2,200. Employees contribute approximately 10%. Director Knabel estimated the annual savings at approximately \$1.1 million. He stated that union contracts do state that dependent coverage is available and that any attempt to eliminate them would be heavily grieved by the unions. Commissioner McDowell stated that eliminating dependent coverage would adversely affect morale. Chief Dumyahn stated that eliminating dependent coverage would make it more difficult to attract new quality employees.

Mayor Hill stated it is imperative that new sustainable alternative revenue sources be established. He used video gaming as an example. He stated that Winthrop Harbor earns \$160,000 per year for 9 locations, Beach Park earns \$68,000 per year for 4 locations, and Wadsworth earns \$260,000 per year for 6 locations. He stated that the boot/tow ordinance should be more aggressively enforced. He stated that there needs to be a reduction in the number of ambulance service abusers. He stated that perhaps if a person has more than 3 ambulance calls in a designated time period, they should be billed for any subsequent calls during that period. Chief Lewis stated that Medicare, Medicaid, and the insurance companies would be billed and the resident would be responsible for the balance.

Chief Lewis stated that employees have great cost savings ideas. He stated that some of their ideas could be solutions.

Mayor Hill stated that the deficit could be deferred to FY 2017 if the City uses the time until then to create new sustainable revenue sources. He stated that the City needs to develop a new way of doing things. If that doesn't happen, then it will require reducing personnel and/or benefits.

Chief Lewis stated that the ESDA budget is \$49,000. He stated that they are a volunteer group using City funds and managing a City budget. He stated that ESDA acts like a City department but it is not. Mayor Hill stated ESDA must be treated with appreciation and be made to feel like they are part of something bigger or they won't have any volunteers. Commissioner DeTienne asked if board-ups should continue to be ESDA's responsibility or if the service should be contracted out. Director Knabel stated it continues to be a liability issue. Mayor Hill stated that board-ups should be profitable for the City. Chief Lewis stated that ESDA would be more valuable if they were trained.

Commissioner McDowell stated that if the Council decides to pursue the "stop gap" measures of transferring funds from the Water Fund and deferring pension payback payments, then next year there will be no luxury of cash reserves and difficult and severe cuts will be unavoidable.

Director Ianson stated that he would create a list of City-owned properties that could be offered for sale. He stated that an appraisal of each property would be required prior to establishing a bid price. He stated that six properties would be included. It was noted that if any of these properties are included in the demolition grant, the profits may have to be shared.

Commissioner McDowell suggested that Department Heads review the proposed budget again to make further cuts and be ready to present them to the Council at the July 7th Council meeting. Mayor Hill stated that the expenses should be realistic. Director Knabel stated that Department Heads should be aware of prices and past practice and perhaps seek out less expensive items/services when making purchases. Chief Dumyahn stated that the Police Department budget has been cut, adjusted, and it is real. Director Colangelo stated that the Public Works budget is cut every year and the money goes to another department. He stated that he has lost \$1.5 million in his budget in eight years. He stated that he has no reserve employees to pay overtime to cover employees who are off. There is just no one there to do the work. He stated that he can make further cuts but he needs the full support of the Council while defending the Public Works Department when residents complain that they have been denied services.

Mayor Hill reviewed the revenue line items and noted which could be increased by raising fees, etc. and which could not. Chief Lewis stated that ambulance rates could be raised as Zion rates are in the medium range in comparison to other municipalities. He stated that raising rates could mean an additional \$150,000 in revenue.

Commissioner McDowell reviewed the line items that he believes should be further considered for cuts: Mayor & Commissioner salaries, Public Affairs health care insurance, Public Affairs travel & conference, Economic Development promotional, Nostalgia Days, Jubilee Days, Part time police officers, Part time CSOs, CSO overtime, Animal Warden overtime, Public Works overtime wages, Public Works miscellaneous materials, Part time FF/P, Firemen overtime, and the entire ESDA budget.

Director Colangelo stated that a new communications company, WOW, is seeking permits for the location of equipment in City rights-of-way. He stated that perhaps a franchise agreement should be entered into between WOW and the City in order to generate additional revenue.

Director Colangelo stated that Zion is the only municipality on the Metra line that does not charge for parking. He stated that the agreement with Metra should be reviewed to determine if charging for parking is an option in an effort to generate additional revenue.

Mayor Hill stated that video gaming could be a source of sustainable revenue. Commissioner Taylor is in favor of gaming. Commissioner McDowell and DeTienne are not.

Director Knabel stated that there is a possibility for considerably more revenue, however, he was conservative in the budget. Additional revenue could be realized through MRMC permit fees and landfill host fees.

Chief Lewis stated that perhaps the Building Department could perform plan reviews in-house and charge a fee as is done in the Fire/Rescue Department.

It was the consensus of the Council that Director Knabel will present an updated budget at the City Council meeting of July 7, 2015 to include the transfer of funds from the Water Fund and deferral of pension payments, as well as additional department cuts as will be determined by Department Heads.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner DeTienne, seconded by Commissioner McDowell and unanimously approved the meeting be adjourned at 6:35 p.m. Motion carried.

City Clerk

Approved July 7, 2015