

MINUTES OF A BUDGET WORKSHOP OF THE ZION CITY COUNCIL HELD ON TUESDAY, MARCH 30, 2016, AT 6:02 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 DeTienne, Frierson, McDowell, and Mayor Hill. Commissioner McKinney was absent. A quorum was present.

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

BUDGET/FISCAL YEAR 2016/2017

Revenue

Director Knabel stated that this budget discussion will only include General Fund line items. He stated that at the beginning of the budget process, the City was faced with a \$1.6 million deficit in 2016/2017. He stated that he projected a 2.5% increase over the current year's budget. He presented two documents: 1) the proposed budget which included FY16 Actuals projected, the FY16 Budget and the FY17 Budget, and 2) the Total Proposed Personnel/Fee/Revenue Budget Adjustments. Director Knabel stated that all line items that remained flat are a savings over his budget projection, i.e. zero % change equals a cut/savings. He stated that 85% of the total budget is comprised of salaries and benefits. He stated that all seven unions have tentatively agreed to a 0% pay increase for FY 2016/2017. Mayor Hill asked how the original \$609,000 in requested cuts in the Fire/Rescue Department now stand at \$446,084. Commissioner McDowell stated that the cuts were amended by the City Council. He stated that \$42,000 in cuts was eliminated which included the Deputy Chief's furlough days and employees contributing more toward their health insurance premiums. He stated that, even though elimination of the Paid-on-Premise program saved \$150,000, between \$30,000 and \$40,000 may be necessary in overtime costs in order to maintain staffing. Director Knabel stated that the \$478,025 in pledged pension liability was cash pledged up front and it is not available in the budget. He stated that the City levied the maximum this year and is at the levy cap. He stated that property tax revenue should equal \$979,000 this year, but it will decrease to \$761,000 next year, which includes an increase in EAV. The City levied more (\$200,000) for Fire and Police pension costs so \$200,000 had to be reduced from the General Fund. He stated that next year's tax levy can only increase by .8%. Commissioner McDowell asked where in the budget the video gaming revenue was reflected. Director Knabel stated that he would check and be sure it is included in the budget. He estimated that video gaming revenue would be between \$50,000 and \$60,000 in the first year. Commissioner McDowell asked if the Nostalgia Days Commission could be asked to operate on the \$32,000 they collect in fees with no General Fund transfer. Director Knabel stated that such action would not help the General Fund as the transfer must continue to come from the hotel/motel tax funds which has no impact on the General Fund. Mayor Hill stated that he is working with the Nostalgia Days and Jubilee Days Commissions to create a plan whereby the City donates a flat sum to each Commission rather than making up the difference between their revenue and expenses. He has suggested making the donation for these events to the Chamber of Commerce and letting them operate both festivals. Mayor Hill stated that the role of the Police and Fire/Rescue Departments in the presentation of these festivals would need to be considered. He stated that currently the festivals have no impact on the General Fund and that further discussions on this matter will be forthcoming. Mayor Hill questioned the decrease in administrative adjudication fine revenue. Director Knabel stated that the revenue has been reduced substantially due to more compliance. Director Ianson stated that the Council should expect to see an increase in violations written over the next few months. Director Knabel stated that \$650,000 in debt service will be freed up in December 2018 which will be used for road projects.

Expenses

Commissioner McDowell asked for an explanation of Bank Charges (Acct. # 002102142). Director Knabel stated that bank charges include payroll processing, on-line administration fees, and fraud protection. He stated that the Credit Card Processing Fee (Acct. # 1002102141) is an administration fee charged when residents pay bills with a credit card. He stated that by May 1, 2016, the City will offer on-line bill pay for some services which will reduce the City's fees and pass the expense on to credit card users as a courtesy fee.

Commissioner McDowell asked about the tree service in the Public Works budget (Acct. # 1004102162) in the amount of \$50,000. Director Colangelo stated that the City advertises for bids each year for dead tree removal, particularly for ash tree removal. He stated that it would take six or seven years to remove the dead ash trees as there are approximately 2,000 in the City. He stated that clear cut companies are contracted out due to the volume. Commissioner McDowell asked if residents could cut the trees on their parkway in exchange for keeping the wood. Director Colangelo stated that the City Attorney would have to make that determination, but he speculated that they would not be in favor of such a practice. He also stated that most trees are too big for residents to handle and trees located on parkways are often in close quarters making them more difficult to remove. He stated that the Public Works Department does what they can handle with the available personnel and equipment. Director Colangelo stated that the City receives a lower price from contractors due to the quantity and the value of the wood they can salvage.

Commissioner McDowell asked about the increase in Public Works telephone expenses (Acct. # 1004102230) from \$8,000 to \$15,000 with an actual FY16 expense of \$10,881. Director Knabel stated that he is meeting with SpyGlass who has been contracted to evaluate and recommend cost-saving changes on all City telephone services.

Mayor Hill asked about the increase in the Repair Parts line item (Acct. # 1004103620) from \$8,000 to \$27,500. Director Knabel stated that budget increase was based on the FY16 Actual expenses in the amount of \$27,199. Director Colangelo stated that much of the increase is repair parts stock which is necessary to keep on hand in order to efficiently service the aging citywide fleet. He stated that some of this expense is allocated to other departments when their vehicles have been repaired.

Mayor Hill asked about the increase in the Police Department Legal Notices line item (Acct. # 1003102110). Director Knabel stated that this line item includes legal fees and there are some larger cases pending.

Mayor Hill asked about the increase in the Police Department Computer Software line item (Acct. # 1003103545) from \$730 to \$14,850. Chief Dumyahn stated that the Department is purchasing a single program to be used for tracking functions. The IA Pro software will replace software programs created by Computer HelpKey in 2003 which are now obsolete.

Mayor Hill asked about Worker Compensation costs across all departments. Director Knabel stated that there has been a 3.5 to 4% increase in Worker Compensation total premiums. He stated that allocations to departments may swing based on their designated category increases/decreases.

Mayor Hill asked about the Fire/Rescue Department overtime increase for FY2017 (Acct. # 1014101020) from \$157,900 to \$180,000. Chief Lewis stated that the increase is partially due to the loss of the Paid-on-Premise Program, which eliminated the need for some overtime. This elimination will result in call-ins and, therefore more overtime. He stated that he has personnel out on Worker Compensation. He stated that the department is going from 7-man minimum staffing to 6-man minimum staffing. Chief Lewis stated that it is difficult to predict overtime costs as call-ins are based on the number of calls the department receives. He stated that last year, there were 186 incidences of triple-ups (receiving 3 simultaneous calls) which resulted in all personnel being out of the station. He stated this scenario creates the need to call personnel back to work resulting in overtime. Chief Lewis stated that personnel who respond to call-ins and return to work are paid a minimum of two hours of overtime. He stated that, in 2009, the City paid out 4,760 hours of call back time, and in 2010 through 2012, the average hours paid was 2,850. He stated that the department has reduced call-in hours significantly since 2009. Chief Lewis stated that functional consolidation with the Beach Park Fire Protection District may eventually result in a reduction in overtime. He stated that, currently, the department uses mutual aid four to five times per month. Mayor Hill and Commissioner McDowell recommended that the department investigate alternate methods for call-ins and compensation.

It was noted that line items Acct. # 1014103380 Uniforms/Safety Equipment and Acct. # 1014104760 Other Equipment will utilize IPRF grant funds to purchase uniforms (\$20,000) and other equipment.

Commissioner McDowell asked about the increase in Ambulance Billing Fees (Acct. # 1014102221) from \$30,000 to \$45,000. Chief Lewis stated that the increase in billing fees from Andre's Billing Service for rescue calls is due to the increase in ambulance fees.

Director Knabel stated that the City has a balanced budget for FY 2016/2017 with a total Net Income of \$41,216 and an Ending Fund Balance of \$383,216. He stated that a \$400,000 transfer in the 2016/17 budget from the Water Fund to the General Fund will be necessary or the budget will reflect a \$350,000 deficit.

Director Knabel stated that revenue sources in 2016/2017 will include \$300,000 from the MRMC addition, \$300,000 when the TIF closes out, and \$650,000 when the road bonds are closed.

Mayor Hill stated that the City is desperately close to having to reduce services. Commissioner McDowell stated that a revenue increase means higher taxes and businesses and families will not be interested in locating in Zion. He stated that the City is unbalanced toward a high tax rate and that much is beyond the City's control as the City is only a small portion of the total tax bill. Chief Dumyahn stated that the Police Department manpower is currently staffed at 1986 levels. Mayor Hill stated that the quality of life in Zion has deteriorated in the past ten years with regard to crime and housing stock. Director Colangelo stated that the City of Zion has a revenue problem not an expense problem as expenses have been reduced to more than bare bones. He stated that all has been taken from the department budgets that can be taken and the City has had to turn to revenue increases, such as the fee increases, in order to balance the budget.

Director Knabel stated that a budget workshop will be held on Tuesday, April 5, 2016, at 6:00 p.m. just prior the regular City Council meeting. The discussion will include any necessary adjustments to the General Fund budget and all other budget funds. He stated that the FY2016/2017 budget will be placed on the April 5, 2016 City Council meeting agenda for final approval.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner McDowell, seconded by Commissioner DeTienne and unanimously approved the meeting be adjourned at 7:55 p.m. Motion carried.

City Clerk

Approved April 19, 2016