

**MINUTES OF A SPECIAL MEETING/BUDGET WORKSHOP OF THE ZION CITY COUNCIL HELD ON MONDAY, JULY 31, 2018, AT 3:02 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS**

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Mayor Hill called the special meeting/workshop meeting to order.

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

Also present: Police Chief Steve Dumyahn, Fire/Rescue Chief John Lewis, Public Works Director Ray Roberts, City Administrator David Knabel, Building & Zoning Director Richard Ianson.

**VARIANCE/HEIGHT LIMITS/ZION BENTON TOWNSHIP HIGH SCHOOL**

Director Ianson stated Zion Township High School, District #126, is seeking a variance from Section 102-203 of the Zion Municipal Code for a theater for the Performing Arts. The current zoning is R-10, Single Family, with a maximum permitted height of 35 feet. The proposed theater stage loft has two options; one with motorized equipment at 55 feet and another with non-motorized equipment at 60 feet. At the July 5, 2018 meeting Planning & Zoning Commission meeting, they voted to approve with the condition not to exceed 60 feet. Commissioner McDowell stated this item was tabled at the July 17<sup>th</sup> meeting due to questions regarding the funding of the project. The Architect was unable to answer the Council's questions concerning the availability of funds and where the funding was coming up.

Chris Clark, Superintendent Zion Township High School, and Audrey Liddle, Chief School Business Official were present to answer questions. Chris Clark stated the funding is available. The District has been stowing away money for ten years for capital improvement projects. Bonds or a referendum were not necessary. Commissioner McDowell asked if the District levied the capital improvement fund. Audrey Liddle stated funds were transferred into to the fund. Mayor Hill stated it was questioned if the project would have an impact on taxes. If there was a bond issue that came to an end and extended it would be a concern, but that is not the case. Ms. Liddle stated if the money could not be saved they may have considered other funding but the project was fully funded from savings.

It was moved by Commissioner McKinney, seconded by Commissioner Fischer to approve the variance request from Section 102-303 of the Zion Municipal Code to allow for a theater for the Performing Arts with a maximum height limit not to exceed 60 feet for property at 3901 W. 21<sup>st</sup> Street (Zion Benton Township High School) and that an ordinance be prepared accordingly. The vote on roll call was: Commissioners Fischer, aye; McDowell, aye; McKinney, aye; DeTienne, aye; and Mayor Hill, aye. Motion carried.

**SPECIAL SERVICES/EMS FEES/AMBULANCE BILLING**

**Resident Billing for Ambulance Charges**

Chief Lewis stated in recent budget workshops there has been discussion regarding balance billing for residents as well as non-residents. The City's billing vendor Andres Medical Billing (AMB) would seek reimbursement from residents utilizing series in the same manner as they do for non-residents. Andres Medical Billing looked at the City's billed and received amounts for 2017. AMB proposed that by balance billing the City could have brought in an additional \$76,000 through AMB and additional \$10,000 from a collection agency for a total of \$86,000 in additional billing revenue. Mayor Hill stated in the past Zion has had resident billing by billing the insurance company only and not balance billing the resident. He asked what would happen if a resident receives a bill for service and the insurance will not pay. Chief Lewis stated if the resident does not pay, they will be forwarded to collections. He stated resident taxes do not cover City services any longer. Mayor Hill stated he cannot ask residents to pay more in fees and taxes when \$43,000 goes to Fireman pensions. Chief Lewis stated they are asking residents to pay for City services. Mayor Hills stated fireman pensions are breaking the City. Chief Lewis stated nothing can be done about the pensions as they are State regulated. Mayor Hill stated the City must some concessions and look at other ways. He stated fireman must go to their lobbyists in Illinois and let them know they are making municipalities unsustainable. Administrator Knabel stated there has been talk about changes but nothing has been done. They have talked about going to a 401k option for different tiers. Police and Fire lobbyists are so strong down state. He stated union members must go to their lobbyists to help get something done policy wise. Mayor Hill stated pension costs will increase next year and does not know what the City will do.

Non-Emergency Special Service Fee

Chief Lewis stated due to the increasing number of “invalid assist” calls for non-emergency service, as well as its misuse by a limited number of residents who have resisted addressing their in-home healthcare issues, the fire department is proposing implementing a special service fee for these types of calls after the third incident within any twelve month period. While most calls for an invalid assist are typically only one or two requests from individuals, other residents have used the fire department multiple times in lieu of obtaining appropriate home healthcare. A breakdown was provided for three or more calls for an invalid assist. Similar programs have been implemented by other communities in the Chicago-metro area as well as nationwide among the fire service and municipalities. Commissioner McDowell asked if the invalid assist applies to assisting in nursing homes. Over the past three years most of the calls for fall assists have come from Grove at the Lake and the Barton Senior Center. He stated residents rely on the fire department for help after a fall to get picked up. Commissioner McDowell asked if an agreement with the nursing home facilities would be necessary. Chief Lewis stated he has researched other communities and some charge a yearly fee of \$25.00. Most contract with private ambulance services. Commissioner McDowell suggested bringing the discussion back to the August 7<sup>th</sup> Council meeting.

**BUDGET/FISCAL YEAR 2018/2019**

Administrator Knabel stated at prior meetings it was discussed that there is a \$655,000 deficit in the general fund. The ending deficit is actually \$1,055,000 (a 400,000 deficit from last year including a \$655,000 deficit for this year). This includes \$140,000 in health insurance savings if passed and implemented. If the insurance is not accepted, the deficit will be \$795,000. At that point, they may have to consider going to referendum to issue bonds which would require paying interest on the bonds. Another option is to borrow from the water fund at 0% interest. Commissioner Fischer asked if a loan is taken from the water fund, how much would be left in the fund. Administrator Knabel stated there would no longer be any reserves to go to. It would basically be the same as living paycheck to paycheck. Commissioner McDowell stated they could borrow from the water fund to give them time to decide how to proceed. The City could try a referendum for home rule authority. Administrator Knabel stated the water fund loan would be necessary for funds needed for this budget year as the referendum funds would not be available until February or March of 2019 if passed. The City would have to ensure there was a plan for May 1, 2019. There will still be a deficit and the levy will not be able to be increased as much next year. They have been plugging the holes for years. There is eight months to figure things out. There will be a significant budget shortfall next year if the referendum does not pass. Mayor Hill stated they must look a minimum of at least two years down the road. There will still be a beginning balance of \$400,000 and another \$700,000 payback of the water fund and \$400,000 for next years’ pension funds. Administrator Knabel stated this budget includes no raises. Commissioner McDowell asked if the money is borrowed from the water fund what would happen if there was an emergency water main break. Administrator Knabel stated there is a small budget for those types of emergencies. Mayor Hill stated the infrastructure is old and if a large main break occurred they may have to issue tax anticipation warrants to cover it. Commissioner McDowell stated he is in favor of the insurance adjustments. He stated they will be setting up negotiations with the unions soon. Administrator Knabel stated he is working with the Local 150 unions to keep the contract flat or possibly have the employees start contributing towards their insurance. Commissioner McDowell stated if the bargaining units do not agree with the terms then the City will have to do layoffs per the contracts. Chief Lewis stated employees work hard for the City. Increasing health insurance is tough for employees to handle. Employee morale is low. He understands they need come up with ways to increase revenue. They must try things to see if it will work. He stated he is doing his due diligence by coming up with \$86,000 in new revenue. Commissioner McDowell stated residents also feel the burden of taxes. He asked the Department Heads how they feel about the proposals. Director Roberts stated it will be hard to deal with furloughs. He stated morale is an issue. Snowplowing season will be difficult. The impact will be on the residents. Administrator Knabel stated furloughs or layoffs will surely impact City services. Staff is already falling behind every day with less staff. Furloughs or layoffs may be the tipping point. The Council will have to be ready for resident complaints if the services are impacted. Commissioner McDowell stated they should put question to the voters. A 1% sales tax increase would mean an additional \$2.2 million for the City. Commissioner Fischer stated they should push for home-rule and sales tax on a referendum for November and in April. Mayor Hill stated his opinion is to try for home-rule in November and if it does not pass then put a sales tax referendum on in April. He stated they must discuss a strategy to explain things to residents. Residents are afraid of their property taxes being raised. The City will not be able to put any money into a referendum. Anything that would come from a referendum would not start until 2019. The Council must discuss what to do for 2018. He is still hoping for marijuana and spent fuel rods compensation to come to Zion, but that has not happened yet. They must address the \$1 million deficit. They must make the commitment to pay back the water fund. There cannot be any wage increases this year or next year. Borrowing from the water fund will only address this years’ deficit. He suggests borrowing from the water fund with possible layoffs. Commissioner McDowell

stated he does not believe the Council has a choice. Administrator Knabel stated there is \$350,000 in the budget for a water main project. He stated that amount can be cut from the budget deferring the infrastructure another year. Director Roberts stated they can push the project off another year. He suggested possibly increasing the water rates. He stated Zion is among the lowest in the area. He stated 38% of the water mains were built in 1926. He stated it is not a case of if the mains will fail but when. He stated deferring the project for a year will give the Council another year to look at other options other than layoffs. Administrator Knabel stated increasing sales tax appears to be the option most agreeable.

It was the consensus to get an ordinance for home rule on the agenda for the next meeting.

Commissioner Fischer stated Winthrop Harbor is also placing a home-rule referendum on the ballot for the November election. He stated there is a lot of misconception about home rule amongst the voters. Administrator Knabel stated the City can ask for home-rule authority for everything but property taxes.

It was suggested to look into the possibility of giving out parking tickets during plow season and increase the “no parking” fees with repeat offenders being towed. He also suggested charging a fee to overloaded garbage trucks. They are destroying the alley ways and the roads. They know Zion does not have scales. Other communities have fees for overweight vehicles. Mayor Hill asked Chief Dumyahn what the officers’ response is to ticketing during snow conditions. Chief Dumyahn stated officers’ ticket but do not tow. He stated they will knock on a resident’s door and ask them to move their car. Administrator Knabel stated the perception is that we are not doing it. He stated he will look at weights from Advanced Disposal trucks and scales. Commissioner asked what the best case scenario was for the budget. Administrator Knabel stated taking money from the water fund is not a good practice but if the Council chooses the option they must have a plan for next year in place by May 1, 2019. There will be no funds to borrow from as all the reserves will be used up. An audience member asked if there was a chance of becoming home-rule and implementing a 1% sales tax. Administrator Knabel stated it depends on how bad residents want to the City to address the problems. Mayor Hill referred to document outlining per employee costs. He stated they must look at the numbers and make the proper decisions from the information provided. Administrator Knabel stated he suggested borrowing the money from the water fund and addressing the future as soon as possible. The water fund is a stop gap measure only. The funds from the water fund will hit the reset button but they must look at layoffs, furloughs, and insurance. He also suggested passing an ordinance before August 20<sup>th</sup> to get home-rule on the November ballot. If the referendum for home-rule fails by a landslide then they will know how the residents voted. Commissioner Fischer agreed trying for home-rule status was the best option. Mayor Hill stated he is in favor of borrowing from the water fund and forgoing the infrastructure water main improvements and look at layoffs now if the referendum does not pass so there is something in place. Commissioner McDowell asked if layoffs could be a contingency if home-rule does not pass. Commissioner Fischer stated a thirty day notice is required to the bargaining unions concerning layoffs. Mayor Hill suggested considering layoffs now to address next years’ deficit.

The consensus was to borrow \$1,050,000 from the water fund. Administer an HRA savings plan for insurance and offer 0% wage increases. If the wage increases or HRA is not accepted, layoff letters will go out to the unions. It will be the Councils discretion if the employees will be union or non-union employees that will be laid off.

Mayor Hill stated he is embarrassed that as Mayor for four years and this is where the City has ended up. He hopes the future for medical marijuana and compensation for spent fuel rods will come to fruition. He would like to leave the City in the best financial state he can.

### **ADJOURN**

There being no further business to come before the Council at this time, it was moved by Commissioner McDowell, seconded by Commissioner Fischer and unanimously approved the workshop meeting be adjourned at 4:40 p.m. Motion carried.

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City Clerk