

**MINUTES OF A SPECIAL MEETING OF THE ZION CITY COUNCIL HELD ON MONDAY, SEPTEMBER 1, 2020, AT 5:30 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS**

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Mayor McKinney called the Special meeting to order.

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

Also present: Police Chief Kirk Henderson, Fire/Rescue Chief John Lewis, Public Works Director Ray Roberts, City Administrator David Knabel, Building & Zoning Director Richard Ianson and City Attorney Jimmy Visselli.

**AGENDA CHANGES**

It was moved by Commissioner Holmes seconded by Commissioner McDowell to approve the Agenda as presented. The vote on roll call was: Commissioners Fischer, aye; Holmes, aye; Frierson, aye; McDowell, aye; and Mayor McKinney, aye. Motion carried.

**CITIZEN COMMENTS**

There were no citizen comments.

**FINANCIAL AND BUDGET DISCUSSIONS**

A memo (20-DOC-59) was received from Administrator Knabel regarding the City's finances. He stated the meeting will have a very open forum to discuss revenue projects currently ongoing, the current financial state, the financial state of the near term (1-2 years), potential staff restructuring and negotiations. He hopes to have a series of meetings on how to proceed with the budget deficit. He has been working on different revenue streams. He understands each Commissioner may have different levels of knowledge of the details of each item but they have not had a chance to discuss the items as a group. He would like everyone to have the same information moving forward. He stated the goal is to come up with a plan before the finish line. He is hoping they will know something in the next 6-8 months. He does not want to wait to start talking about a plan if the possible revenue items do not come to fruition. Even if any of the revenue items to come through, it may take time to be put in place. He stated he is running out of ideas. He has sat down with the Department Heads and made all the cuts they could. The City continues to provide services with less and less. He stated ideas can be presented, or they can brainstorm. No idea will be considered a bad idea. In the end, they can make a list of actionable items. He would like to be able to avoid the end result of no plan which may result in defaulting on everything. This would mean the City would cease paying employees, default on all debt and go into receivership. If that were to happen, the State will take over everything.

Administrator Knabel stated at this meeting he will be providing more details on the items included in his memo:

- Stranded Act Status
- CARES Act Status
- Heroes Act Funding
- Census results
- Cultivation center license status
- Cannabis dispensary license status

He invited the Council to give input at any time or stop him for questions. Once he has recapped the big picture, they can decide on how often they would like to have meetings. He would like to invite State Legislators and Financial Advisors to come to the next meeting.

Stranded Act – They have been working on this bill for six years trying to get it into Federal Legislation. This bill is to compensate municipalities for being a spent fuel rod storage site. Until the Department of Energy figures out what they want to do with the spent fuel rods, the City continues to be a site. They drafted the Act along with the other taxing bodies in the community and the share the costs associated with item. This bill could provide \$15 million a year for 7 years to all taxing bodies. As a stand-alone bill it been proven hard to pass or gain support. The bill is currently in committee in the House and the Senate. Recently a group of co-sponsors wrote a letter to Nancy Pelosi asking for the bill to get out of committee. They reached out to Pelosi to call more attention to the bill. She actually had a sit down meeting with the co-sponsors of the bill to ask her to call the committees and get it to the floor. The bill will still need to go to the Senate. Sen. Duckworth is pushing hard for the bill. Sen. Collins is a Republican in Maine and a co-sponsor of the bill. They are all working behind the scenes to get movement on it. The immediate plan is for Sen. Murkowski of Alaska to attach the bill as part of the energy bill that she introduces every year. Speaker Pelosi has indicated that she will try and get the bill approved it. Administrator Knabel is not sure how hard it will be pushed. The best strategy to get the bill passed will be in late September. If not, nothing will happen until after the election. Plan B- If Biden wins the election he will introduce it on the energy bill in early 2021 and make it a priority. They may have to start over with a new Congress. Mayor McKinney stated he was sent an article about a community that sued the Federal Government for being a spent fuel rod storage facility and the government settled for \$6 million. Plan C – Look at suing the Federal Government in early 2021. Commissioner McDowell stated this is the farthest that this has ever gotten. Administrator Knabel stated they get a little farther every year but they are still trying to be realistic.

Cares Act – This is the first stimulus package. There are three phases of stimulus.

1. Stimulus – this is a reactive bill and has already been disbursed. Nothing was allocated to municipalities unless the population was over 500,000.
2. Heroes Act – this includes \$1.13 trillion of emergency supplemental appropriations to federal agencies as well as economic assistance to governments at the state, local, tribal and territorial levels. It is intended to supplement the earlier CARES Act stimulus package.
3. Recovery bill – this will help figure out how to dig out of the pandemic.

Administrator Knabel stated Lake County received \$121 million and they were directed to make sure municipalities received their allocations. They ended up allocating \$20 million. Zion's allocation is \$762,000. Lake County has allocated far less than other counties in the State. The primary issue with the allocation is that the money can only be used for specific things related to COVID. He submitted documents for payroll and individuals who had an exposure to the virus or contracted it. Other expenses submitted were Public Safety and First Responders, laptops, infrastructure, legal fees associated with the pandemic and the fees for the Tax Anticipation Warrants. He also submitted presumptive costs for November. The total amount submitted was \$1.2 million. Administrator Knabel shared an email received from Mandi Florip, Executive Director of Lake County Municipal League indicating they have started their review of all reimbursement request documentation for compliance with the County's program guidelines. They are reviewing the submittals in order in which they were received and checks will be issued and mailed beginning Friday, August 28<sup>th</sup>. Administrator Knabel stated he has submitted all the necessary documentation but has not heard anything back yet. He is hoping they will receive a check as it will be a great deal of the deficit. He stated the Heroes Act would change the way the CARES Act funding can be used. A lot of the funding for the CARES Act has not been spent due to the strict guidelines. Commissioner McDowell asked if there was any indication what the County will do with the rest of the money that they are not allocating. Administrator Knabel stated he believes it may go for food and housing services or be held in escrow to see if there will be a second allocation. Commissioner McDowell asked if there could be more pressure put on the County to allocate the funds. Administrator Knabel stated other counties have allocated a larger percentage to municipalities. He has reached out to Senator Bush and she is aware of it. He stated the funds may be put out in phases. Mayor McKinney

stated this past week he had a conversation with Sandy Hart, Lake County Board Chair and is waiting for a call back. Attorney Vasselli stated he will be having lunch with a State Representative and will bring it up. Mayor McKinney stated they have been trying to attack this when they found out the County was in receipt of the money by submitting the necessary documentation.

Heroes Act – This is the second round of stimulus. He read an email received from Congressman Brad Schneider’s office giving an update on his work for Zion. The House passed the Heroes Act, which represented significant resources for municipalities in his district. It now awaits consideration in the Senate. Administrator Knabel stated he believes that municipalities have been carved out of the Act. Since then there has been talk of negotiating between the House and Senate but he does not have any information. There is a chance they may meet in the middle. If passed, the City stands to receive \$3.9 million in 2020 and \$1.9 million in 2021. He is not sure if anything will happen until after November but it likely they will continue the unemployment and stimulus checks.

Recovery Act – Senator Duckworth spoke with Democratic Leader Schumer and he has jumped on board by being a co-sponsor of the Stranded Act and hopes to add it to the Recovery Act. Now that Nancy Pelosi has knowledge of the Act, she will look to add the Stranded Act on to the Recovery Act in the third round. Commissioner McDowell asked how much of the budget deficit and COVID expenses could they make up with the additional money from the County. Administrator Knabel stated they will not incur any more costs for COVID. He has submitted all expense they had and what they will incur if there is a Phase 2. Commissioner McDowell asked if any money received would be considered new income. Administrator Knabel stated yes, that money is not currently in the budget as a revenue item. Commissioner Frierson asked if there has been any additional cost incurred due to COVID. Administrator Knabel stated they have had direct costs such as PPE, laptops and legal. He has already budgeted COVID expenses and revenue hits which is a big part of the \$1 million deficit. In part by not doing layoffs as services could not be cut during the pandemic. Chief Lewis did a report for COVID related costs for the GEMT reimbursement. Mayor McKinney asked if they could include any overtime costs. Administrator Knabel stated they did a separate grant for overtime for those who had issues related to COVID. There really has not been clear guidance on how to submit expenses. He hopes his submission meets the criteria.

Census results– The Census will affect a lot of revenue the City will receive and what they can do operationally. The Census has been extended until October. He was hoping to have the numbers so they may implement items by the end of the year. The final numbers may not be known until 2021 which means they will not see any revenue until the next fiscal year. Zion is still behind in response rates at 62.1%. In 2010 at this time the response was at 64%. Beach Park has a response rate of 75.5% and Winthrop Harbor has an 81% response rate. Commissioner McDowell asked how they know what the numbers are. Administrator Knabel stated they know by which addresses have responded. Commissioner Frierson asked if they go by homes that have responded. Administrator Knabel stated they will put 2.5 people per household has a guide. The City can look at the numbers and can compare by looking at water records if they believe more people live in the home and can challenge the numbers. The more the City has to challenge the numbers the more work it will be. Commissioner McDowell asked when they will receive the addresses. Administrator Knabel stated sometime in October and there will be a deadline if there is a challenge. Mayor McKinney stated the County has been making additional efforts to get better results. Representative Joyce Mason got word of the City’s incentive program and asked for information regarding any events in the City. He suggested coordinating efforts with the schools and will disseminate the information to them. Commissioner Frierson asked how the Census contest was going. Administrator Knabel stated he did a snapshot of the numbers prior to the program and they were at 60% and now they are at 62%. The numbers are trending up and they are starting to get good responses for the drawings. They have put flyers in the water bills. There will be two more drawings in September and October. Chief Henderson stated CSOs have been delivering flyers to the businesses. Commissioner Holmes asked how they came up with demographic numbers. Administrator Knabel stated they were the numbers from the last Census in 2010. After the current Census is completed, they will get new numbers for demographics. The more population the City has the better it looks to businesses.

Cultivation center license status – The medical cultivation center set to move to the property by BC Automotive is still waiting to be heard by the Supreme Court. They are hoping to hear a ruling in September. The agreement with Flat Rock Holdings LLC has the City receiving 3% of all revenue as well as 2% for a community foundation. To date since Medical marijuana licenses were awarded, the City would have received \$1.1 million in revenue in 2020, \$1.4 million in 2021 and \$1.36 million in 2022. The City will have lost over \$4.9 million over the next 4 years. This is the reason the City is being so supportive in Flat Rock’s efforts. That amount of income could cover the entire deficit.

Cannabis dispensary license status – The State has delayed the dispensary licenses due to the pandemic. They are hoping to get answers on the licenses soon. There are 5 ready waiting for State approval, 3 that are scheduled for the Planning & Zoning meeting and 2 that are waiting to be scheduled for a Planning & Zoning meeting. Director Ianson stated the State is reaching out and requesting additional information from applicants which he believes is a positive sign. Administrator Knabel stated the deadline was in March. They would benefit from local tax receiving about \$200,000 in revenue in addition to the creation of several jobs.

Administrator Knabel stated the budget deficit is \$1.4 million. He will continue to try and work on things. They issued Tax Anticipation Warrants back in May. They may have to consider this again in November or December and this will start a cycle that will carry over the debt over to the next year and \$1.4 million becomes \$2.8 million. Commissioner McDowell asked if they carried over a deficit balance of \$2 million making the actual deficit \$3.4 million. Administrator Knabel stated the goal is to come up with as many ideas as they can. If they borrow, it must be enough to cover the deficit. He asked that if the Council has any ideas they can speak with him before the next meeting. He believes that discussions with others tend to trigger ideas within himself. The round table discussions will be beneficial and now idea is a dumb idea. He will come to the meeting with a few ideas but see if they are feasible. Commissioner McDowell asked if they should discuss the ideas prior to the meeting with Administrator Knabel. Administrator Knabel stated it was up to each individual. It may be easier to hash things out in advance. He can put together a log of ideas and see what the impact will be. They may have to schedule a Closed Session to have discussions regarding negotiations and what the Council wants presented to the unions. He asked the Council how often they wanted to have meetings. He would like to keep things going. He suggested not meeting on the Township meeting nights. Commissioner McDowell felt that Council meeting nights were a good option. Mayor McKinney asked Administrator Knabel if he could provide the Council with parameters on what would make sense. Administrator Knabel stated anything that brings in money is an option. It is hard to set parameters until he hears the ideas. Commissioner Frierson suggested meeting again at the first meeting in October at 5:30. He asked that Administrator Knabel send the Council an updated summary to break down the \$3.4 million deficit.

### ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner McDowell, seconded by Commissioner Frierson and unanimously approved the meeting be adjourned at 6:34 p.m. Motion carried.

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City Clerk