

MINUTES OF A SPECIAL MEETING/WORKSHOP OF THE ZION CITY COUNCIL HELD ON THURSDAY, NOVEMBER 29, 2012, AT 4:02 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

.....

It was moved by Commissioner Flammini, seconded by Commissioner Shantal Taylor, that Commissioner DeTienne be appointed as Temporary Chairman. The vote on roll call was: Commissioners Shantal Taylor, aye; Flammini, aye; and DeTienne; aye. Motion carried.

Commissioner DeTienne called the meeting to order at 7:02 p.m.

On call of the roll the following answered present: Commissioners Shantal Taylor, Flammini, and Temporary Chairman DeTienne. Mayor Harrison and Commissioner Jim Taylor were absent.

PROPOSED 2012 TAX LEVY

Temporary Chairman DeTienne stated that this meeting was informational only and no formal action would be taken regarding the 2012 tax levy. A public hearing during which the City Council will receive comments from the public regarding the levy will be held on December 18, 2012 at 7:00 p.m.

Finance Director David Knabel stated that the tax levy is the amount of money that will be collected from Zion taxpayers to fund the City of Zion functions which are not funded by other revenue sources. The City is allowed to increase the levy to a certain level but such an increase would result in higher taxes for residents. City of Zion taxes represent 15% of a resident's entire tax bill. He stated that all references made during this meeting refer only to the City's portion of the bill. Mr. Knabel presented four options, noting that the differences between Option 1 and 2 are in the Police and Fire pension funds.

Option 1 -- Total levy is frozen resulting in no increase in tax bills to residents. Due to shifting of funds having limits, the City would generate \$177,475 in additional revenue to non-pension funds. The City would levy the minimum required in the Police and Fire pension funds rather than the actuarially suggested higher amounts. The City would leave approximately \$200,000 of "money on the table" by freezing the levy.

Option 2 -- Total levy would bring in \$368,058 more tax revenue to non-pension City funds than the prior year. The City would levy the minimum required in Police and Fire pension funds rather than the actuarially suggested higher amounts. The additional levy would increase the City portion of the residents' bills by approximately 3% which compounds the existing problem of high tax rates.

Option 3 -- Total levy is frozen resulting in no increase in tax bills to residents. The City would levy what is recommended by pension fund actuaries to bring the City toward full funding of the pension funds. The levy would result in approximately \$200,850 less revenue in non-pension City funds than last year. The City would leave \$182,051 of "money on the table" by freezing the levy.

Option 4 -- The City brings in approximately the same amount of tax revenue to non-pension City funds as the prior year. The City levies what is recommended by pension fund actuaries to bring the City toward full funding of the pension funds. The additional levy would increase the City portion of residents' bills by approximately 3% which compounds the existing problem of high tax rates.

Director Knabel recommended Option 1.

Commissioner Shantal Taylor asked if Option 1 would mean the tax levy would be the same as last year. Director Knabel stated it would be the same.

Commissioner Shantal Taylor asked what the Council would be facing at budget hearings and if some restructuring would need to be done. Director Knabel stated, that all things equal to last year, but with fewer revenue sources, the City could face an estimated \$1,000,000 deficit. Mr. Knabel stated that he

continues to research and implement new revenue streams and expense cuts, however, it is difficult to predict the impact these the new revenue and expense reductions would have on the budget.

Commissioner Shantal Taylor asked if freezing the levy would help in the long run. Director Knabel stated that short term financial restraints would bring long term benefit and help retain businesses and residents and help level off the drop in EAV and the downward financial spiral.

Director Knabel stated that a display ad must be published in the newspaper on December 6 advertising the tax levy public hearing. The tax levy figures must be included in this ad.

Temporary Chairman DeTienne stated that Zion has the highest taxes in Lake County, which he believes is a tragedy, however, the City keeps striving to provide the highest level of services to the public.

Commissioner Flammini stated that the Township Assessor stated that, if the tax levies for all Zion taxing bodies stay the same, the City taxpayers would still face a 15% increase in the tax rate next year. He stated that two of the taxing bodies have already taken action to increase their levies. He stated that he would support Option 1.

It was the consensus of the Council members present to support Option 1 as presented by Director Knabel.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner Shantal Taylor, seconded by Commissioner Flammini and unanimously approved the meeting be adjourned at 4:20 p.m. Motion carried.

City Clerk