

MINUTES OF A SPECIAL MEETING OF THE ZION CITY COUNCIL HELD ON MONDAY, DECEMBER 9, 2013, AT 1:00 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

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Mayor Harrison called the meeting to order at 1:00 p.m.

On call of the roll the following answered present: Commissioners DeTienne, Hill, Flammini, Taylor and Mayor Harrison.

RENEWAL/PROPERTY & CASUALTY INSURANCE

An Insurance Program Proposal for the City of Zion (13-DOC-114), effective December 15, 2013 to December 14, 2014, January 1, 2014 to January 1, 2015, was presented by Director Knabel. He stated that quotes were received for the renewal of the City's property and casualty insurance coverage. He stated that the City's broker, Assurance Agency, went to market on the City's behalf, and has determined that the City's current provider/s offer the best price for the same coverage. The increase for the property and casualty overall coverage would be 5%. Director Knabel stated that the Council previously approved the worker's compensation coverage at a 2.9% increase. He stated that the annualized expiring premium for property and casualty coverage is \$894,622. The annualized renewal premium would be \$925,512.

It was moved by Commissioner DeTienne, seconded by Commissioner Taylor to accept the proposal of Assurance Agency for the renewal of property and casualty insurance, effective December 15, 2013 to December 14, 2014, January 1, 2014 to January 1, 2015, for the annualized renewal premium amount of \$925,512. The vote on roll call was: Commissioners DeTienne, aye; Hill, aye; Flammini, aye; Taylor, aye; and Mayor Harrison, aye. Motion carried.

2013 PROPERTY TAX LEVY OPTIONS

A document (13-DOC-115) was received from Director Knabel in which he presented two 2013 property tax levy options. Director Knabel made a presentation regarding basic concepts of the levy. He stated that the levy is the pre-determined amount the City needs in revenue to operate. He stated that when the EAV (Equalized Assessed Value) goes down, the tax rate goes up in order to receive the same levy amount. If the EAV goes up, the tax rate goes down in order to receive the same levy amount. He stated with a reduced EAV, even with a flat levy, the tax rate goes up. Director Knabel stated that the EAV has decreased by 30% since 2006. He stated that the tax rate has increased by 36% during the same time period. He stated that the City levy has increased by 10% since 2006 or an average of 1.3% increase annually. He stated that the City's portion of the tax bill is 13.27% based on the 2012 tax rate. Director Knabel presented two levy options, a "frozen" option and a "maxed" option. He stated that both options reflect an increase in fire and police pension funds, which do not include the payback or the unfunded liability. With the "frozen" option, other funds would have to be reduced by \$250,000 due to the increase. With a levy increase of 4.9%, the "maxed" option, the high tax problem would worsen. An increase would not be conducive to the attraction of new business, the improvement of the housing stock and the reduction of rentals. Director Knabel recommended the "frozen" levy option but noted that the budget would be tight due to having to reduce funds by \$250,000. He further recommended paying off the pension paybacks early which would save \$500,000 in expenses in next year's budget. The budget would then be \$250,000 "to the good", which would be consumed by contractual raises. Commissioner Flammini asked from what source of funds would the pension funds could be repaid early. Director Knabel stated that approximately \$2 million is owed the pension funds. He stated that the City currently has a \$5.8 million cash balance, not including the recently received ATC funds, a portion of which could be used to pay off the pension debt. Director Knabel noted that the \$5.8 million cash balance must also cover City expenses through May 1, 2014.

It was the consensus of the Council that Director Knabel should present a “frozen” levy for approval at the December 17, 2013 City Council meeting and that he should pursue the early payoff of the pension debt.

Clerk Burkemper stated that the City has historically published a Truth in Taxation display ad in the ZB News and has held a Tax Levy Public Hearing, however, neither action is necessary, according to the State Statute, unless the increase in the levy is 5% or higher. She asked the Council if they wished to continue the practice of publishing the ad and conducting the public hearing regardless of the amount of increase in the levy. It was the consensus of the Council to continue both practices.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner DeTienne, seconded by Commissioner Hill and unanimously approved the meeting be adjourned at 2:05 p.m. Motion carried.

City Clerk

Approved December 17, 2013