

**MINUTES OF A BUDGET WORKSHOP OF THE ZION CITY COUNCIL HELD ON MONDAY, JUNE 28, 2018, AT 6:02 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS**

.....

Mayor Hill called the workshop meeting to order.

On call of the roll the following answered present: Commissioners McKinney, McDowell, DeTienne, Fischer, 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.

**BUDGET/FISCAL YEAR 2018/2019**

Administrator Knabel stated nothing has changed since the last budget workshop. There is a \$655,000 deficit in the general fund. This is basically due to drops in revenue and increases in expenses. Commissioner McDowell stated the ending deficit is actually \$1,056,000 (starting with a \$400,000 deficit and a \$655,000 deficit for this year). It was his understanding that the firefighters are not interested in participating in the City's insurance plan. Administrator Knabel stated the HSA has been removed and HRA has been added for all employees with a savings of \$400,000 a year. The firefighters are not interested in an HSA account vs a HRA account. Commissioner McDowell asked if the firefighters are removed from the City plan would it affect the rates. Administrator Knabel stated there are ninety six (96) total insured in the quote which includes firefighters. He stated it could have an impact. The family rates seem comparable to the firefighters plan. He did not calculate savings with the firefighters going on their own plan. He stated the savings for this year would actually be \$200,000. Commissioner McDowell stated if all Department Heads have reviewed their budgets and submitted their final budgets to Administrator Knabel the only thing left to look at is salaries and benefits. Administrator Knabel stated eighty five percent of City expenses are salaries and benefits. Mayor Hill asked how they can make cuts without having union negotiations. If the firefighters say they are not interested in the City's insurance, what will happen? The firefighters stated they didn't say they were not interested, they proposed alternatives. Mayor Hill stated there was an email that stated the firefighters were not interested in a reimbursement plan and would prefer to stay on their own plan. The firefighters stated they have been waiting a few months for the City to set up negotiations. Administrator Knabel stated there needs to be a budget in order to make any offers and commit to things in the contract. Mayor Hill stated a lot of what is being discussed would mean changing things in the contracts. He stated the reason there have not been any negotiations scheduled is because the City does not have a starting point and does not have any answers without a budget. Chief Lewis stated it would seem like the next step would be to meet with the unions to see if they could help with the budget, if not then the City will be in a catch 22. Commissioner McDowell stated the City is not in a good position and they are talking about ideas but it doesn't mean they will happen. Mayor Hill questioned what the options were. He stated he has considered selling the Water District. Zion has eighty percent of the capital investment and Winthrop Harbor has twenty percent. He is not sure if they can legally sell it and privatize the water. Commissioner Fischer believes the Water District is worth \$65 million and is the plant structure only. He has not heard of privatizing a water plant. Commissioner McDowell stated even if they decided to go that route, it would not affect this budget year. Commissioner Fischer stated the rates are based on operational costs and it not set up to make a profit. Commissioner asked the Department Heads which of their services can be potentially outsourced. Chief Lewis stated the departments have cut as much as they can. He stated some of the burden should be put on the residents. When prices go up, they are put on the consumers. Administrator Knabel stated taxes are capped on a lot of fees. He has considered a public service charge on the water bill to help pay for pensions. This could be about \$1.2 million. It could help fund the pensions and free up money from the levy. Being a non-home rule entity prohibits a lot. He stated they can go out to referendum to seek more funds. The public is getting the benefit of services without actually paying for them. Commissioner McDowell stated putting more of the burden on the taxpayers will cause them to vote "no" on a referendum. The residents do not realize it is not the City with the high tax portion of their bills. Administrator Knabel stated Beach Park privatized their Police. There might be a public outcry with privatization but what are they willing to pay to keep local police? Commissioner McDowell asked what can be privatized. Director Roberts stated privatizing will affect service. Contractors will not provide the same community type of service. There will be more complaints or the City might get charged more. It might not be worth it. Administrator Knabel stated they would have to go out and get quotes. The outsourced the dispatch and it seems to be a wash. He is not sure if it will be a savings. Director Roberts stated it might be a savings for the first year but in two or three years the costs will go up and services will go down. Director Ianson stated they looked into privatizing the Building Department and decided against it as the savings were not significant. Chief Dumyahn stated he has not had a chance to talk with the Sheriff's Department about the Police. He stated they most likely

would not patrol but respond as needed. Commissioner McDowell stated he was not looking at eliminating the Police Department but rather looking into adding additional patrol from the Sheriff. Chief Dumyahn stated they had looked at something simple like contracting with the County for an Animal Warden. It ended up costing more money. Commissioner McDowell stated there was a possibility of consolidation with Beach Park for next budget year. Chief Lewis stated it might not save the City money. Zion is a very homey community and the firefighters know the residents and know how to handle them. Privatizing Fire/Rescue will not know the town or the residents. The dispatch consolidation is a good example. Will it cost more in the future? It ended up being a lot more than anticipated. Mayor Hill stated any privatization will not affect this year's budget. Administrator Knabel stated the residents can make a choice of a decrease in services or an increase in revenue. Mayor Hill stated they can choose to get radical; 1) layoffs 2) furloughs 3) borrow from the water fund 4) not pay the pension funds. He stated he does not know what to do. He stated the numbers are in front of everyone and they know what has to be cut. He stated in some places the numbers are given to the Department Heads and they decide where to make the cuts. Commissioner McDowell stated if they do that then it will come down to personnel because there is nowhere else to cut. Administrator Knabel stated he has talked with Walmart about delaying the sales tax owed (\$125,000) for one year and they were receptive to it. He has tried to contact them but has not heard back. He stated looking at salaries or benefits will ultimately affect service levels and the Council must be willing to take on that burden. Chief Dumyahn asked if there were any City assets that could be sold off. Mayor Hill stated the City tried to sell lots and streets to the hospital but they were not interested. The firefighters asked about the status of the ballfield. Administrator Knabel stated it is used as collateral against the Bonds used to purchase the property. Mayor Hill stated they have been trying to sell the lights but when people come to look at them and see how expensive they would be to move they change their minds. Administrator Knabel stated they have been pushing hard to development on the property to get it back on the tax rolls. Mayor Hill said they are still pushing for spent fuel rods and marijuana. It was brought up that the school districts run on services provided by the City. Can they be asked to contribute to those services? An idea was to meet with District #6 to exchange ideas and talk about the services that are provided and ask about contributing to the services. Chief Dumyahn stated the PD does provide a large amount of services and it ties up the officers for no charge. Administrator Knabel stated the taxing bodies are not charged for property taxes or permit fees. Commissioner Fischer suggested trying a Public Service fee. Administrator Knabel stated the idea would be to include the fee on the water bill. Mayor Hill asked if the fee could be designated for Health Insurance. Director Knabel stated he will look into to it. It may depend on the tax. He will find out what the opinion of the attorneys is. Chief Lewis stated there are a lot of fees out there it just depends how aggressive they want to be. They have been giving services away. Other communities charge for most services. Property taxes may have covered services twenty years ago but not anymore. The fear is that people will complain. They will for a while, but eventually will get over it. Chief Dumyahn stated they may have underestimated the taxpayers. If they are presented with losing police and fire protection, they may be ok with paying for it. Chief Lewis stated it depends on how it is sold to the public. Mayor Hill stated a large part of the public believes it's the City that is raising their taxes. They don't understand the difference between the taxing bodies. Director Ianson stated a lot of property owners do not live in the City. Firefighters asked about charging for parking at the Metra station. Administrator Knabel stated there are a lot of people that come from other communities because the parking is free. If they start charging, they will lose those people and it wouldn't be worth it. Deputy Chief Montellano asked about the use of red light cameras. Chief Lewis stated Gurnee brings in a lot of revenue with the red light cameras. Mayor Hill said he would not have a problem with red light cameras. Commissioner McDowell asked if there is a company that monitors the cameras. Chief Dumyahn stated the company sends the violations to the police and they determine if it a violation or not. Tickets can be run through local adjudication. Commissioner Fischer suggested trying for a referendum for the fall ballot to become home-rule. Administrator Knabel stated it is too late to get on the November ballot, they would have to try for April. Winthrop Harbor is currently working on a referendum to become home-rule. Deputy Chief Henderson stated they tried a referendum to become home-rule once before and it failed. People think the only reason the City wants home-rule status is to raise taxes. Administrator Knabel stated things like having our own housing authority gives the City more control of the properties. A referendum can put it in the residents hands. Do th

Mayor Hill stated they talked about a high deductible plans that could be a significant cost savings to the City. He stated once beyond the deductibles, the coverage would be an 80/20 in lieu of a 90/10. He stated they have also asked the broker to look at an HMO plan. He stated the unfortunate part of the HMO is that Blue Cross Blue Shield requires all primary care physicians to be in Illinois. He stated the HMO providers list is a small pool. He stated the local physicians group at Aurora Clinic is part of the Aurora hospital in Kenosha. He has asked the broker to review the numbers from the Fire union. The numbers from the broker projected a large savings for 96 employees which differed in the amount presented by the IAFF. He stated they will have insurance options to look at. The Fire proposal is not reflected in the budget.

Administrator Knabel stated the amendments are as follows:

Cost recovery is projected at \$40,000.

Business licenses are increased \$67,000. This is due to a meeting with a company that handles heating and electrical license testing. The City of Zion will administer the licenses resulting from this testing. The contractors will take the exam at the school. The City will not be involved in administering the test only for issuing the licensing on behalf of the company. This could net between \$120,000 and \$150,000 a year. The \$67,000 is half of the expected revenue. Mayor Hill asked Director Ianson if he did his due diligence on the company to check if they were legitimate. Director Ianson stated the company is legitimate.

Permit fees are projected to increase \$50,000 or more. There could be some additional right-of-way fees

Legal fees have been reduced by \$15,000 from last year's defense of high profile cases.

Police and Fire Commission fees are increased due to an increase in legal notices and physical exams.

Credit card processing fees are decreased due to an anticipation of the City's absorbing of the fees for two months as opposed to three.

Police Department has one individual not returning to work. Part time officers have a reduction of \$110,000. Ammunition has moved \$12,000 over to the Drug fund. Money for Tasers and Vests for the tactical response team  
Budget Workshop 5/15/18

has been moved to next year's budget. There has also been a \$2,000 reduction in other equipment the Police Department will do without.

Public Works Street Light Energy could potentially save money by removing every other bulb while still keeping sufficient lighting. High mass bulbs will be kept in place. This could result in \$43,000 of savings in the electric bill. Street light repair can be done with MFT funds. Travel and conference training is reduced.

Building legal fees have been reduced due to more adjudication being handled in house, not utilizing as much attorney time.

Fire Department memberships have been reduced. The ambulance bill fees may go down another \$5,000 as Administrator Knabel has reached out to the company to lower the percentage paid from the City. Travel & Conference, training, uniforms/safety equipment, computers, equipment and building and grounds all have been eliminated to get by for another year.

Commissioner McDowell thanked Administrator Knabel and the Department Heads for coming up with additional savings.

Administrator Knabel stated the insurance savings will be the key to the budget.

Mayor Hill stated there are still some decisions that can be made, but they will not be good ones; borrow from the water fund and not contribute as much to the pension funds.

Commissioner McDowell asked of the possibility of any services that can be outsourced. He asked the Department Heads to think about programs that could be done cheaper.

Administrator Knabel stated last year he approached Walmart regarding the sales tax agreement. He asked about the possibility of reducing the payment in half and extending the agreement. He stated they ran it by their tax department and they are open to the idea. It has taken six months for Walmart to commit to the idea, but it is not a done deal yet.

Commissioner McDowell asked if money could be saved by meeting once a month as opposed to twice.

Mayor Hill stated his concern with outsourcing services. If things go bad, it could be difficult to bring things back to the way they were before. Commissioner Fischer stated outsourcing might maximize profit but could result in a loss in services. Mayor Hill stated the Council has a fiduciary responsibility to the residents to do things as economically

and efficient as possible. He stated there is a question whether local employees would provide better service. He stated it is something to look at. All services would have to be spelled out in a contract.

Commissioner Fischer shared some information regarding an HMO proposal. He stated he himself is on an HMO plan and there is only one physician's group in Lake County; Lake County Physicians. He stated employees could use the Zion Clinic network. Mayor Hill stated when he worked for the Park District they offered a reimbursement package. He stated if an employee chose the HMO plan they paid nothing; no premiums or deductibles.

Commissioner McDowell stated the insurance savings will get the City half way to where they need to be. If the insurance information comes back favorable, instead of accepting the IAFF plan, they could put all employees in the same plan. Mayor Hill stated they are looking to get into a pool with the insurance broker. This could be a possibility for fall open enrollment.

**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 6:10 p.m. Motion carried.

---

City Clerk

Approved June 5, 2018