

**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**

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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 from last year and a \$655,000 deficit for this year). It was his understanding that the firefighters are not interested in the 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 but would prefer 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 a total of ninety six (96) insured included in the quote which includes firefighters, therefore, it could have an impact. He did not calculate savings with the firefighters going on their own plan. He stated the savings for this year would actually be half or \$200,000. Commissioner McDowell stated if all Department Heads have reviewed 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 make changes in the contract. Mayor Hill stated a lot of what is being discussed would mean changes 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. Commissioner 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 would be 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 McDowell asked the Department Heads which of their services can potentially be 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. Traditionally, 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 and the City might get charged more and it might not be worth it. Administrator Knabel stated they would have to go out and get quotes. They outsourced the dispatch and right now it seems to be a wash. He is not sure if there 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 is 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. 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 communities the numbers are given to the Department Heads and they decide where to make the cuts. Commissioner McDowell stated if they choose 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 being 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 for 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 being provided and ask about contributing to the services. Chief Dumyahn stated the PD does provide a large amount of services which ties up the officers all 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 or fee charged. He will find out what the opinion of the attorneys is.

Chief Lewis stated there are a lot of fees out there that can be increased, it just depends how aggressive they want to be. They have been giving services away while 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 and they may 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 even live in the City. It was asked they could charge 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 may 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 open to red light cameras. Commissioner McDowell asked if a company that monitored 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 home-rule referendum once before and it failed. People believe the only reason the City wants home-rule status is to raise taxes. Administrator Knabel stated having our own housing authority would give the City more control of the properties. A referendum can put it in the resident's hands. Do they want to improve or cut services? When there are complaints the City can say it was on the ballot for a vote. Chief Lewis asked if having one Council meeting a month would save on attorney fees. Commissioner McDowell suggested asking the attorney to attend the meeting only when legal advice is required. A question was asked regarding code violation tickets. Mayor Hill stated code violation tickets go out all the time. Administrator Knabel stated the City cannot get people to pay their tickets. It was asked if the City can bill nursing homes and assisted living facilities for non-emergency calls such as a fall. Chief Lewis stated the residents would get billed not the nursing homes. The nursing home may not be aware a resident called rescue. Commissioner McDowell stated it is important that the nursing homes are not using the Fire/Rescue department as their own personal service. It was asked if an impact fee could be charged. Chief Lewis stated it used to be that new developments would pay the City an impact fee. Administrator Knabel stated that the City only gets a small amount of the tax money and that portion is not enough to cover services. Mayor Hill stated the Council can pass an ordinance that will increase fees every year by a certain amount. They can look at the water and garbage bills and increase them every year. It can be a small amount just to help keep up with costs. Small

increase will not be as noticeable. Deputy Chief Henderson stated the demographics of the City are changing. Young families are moving in. The City should bill aggressively for services. Balanced billing becomes a middle class issue. Administrator Knabel stated elderly people get a bill for \$100 and will pay the bill before getting food or medicine. Mayor Hill stated we tend to bill those who will pay and not those who don't.

Commissioner McDowell reviewed the options discussed:

1. Asking District 6 and 126
2. Look into the possibility of red light cameras
3. Pursue home-rule status by referendum
4. Pursue a service fee through the water bill
5. Pursue a possible referendum for specific City services
6. Fire Cost Recovery
7. Billing residents for ambulance service
8. Reduce legal
9. Furlough days
10. Lay offs
11. Pay less to pension funds
12. Borrow from the water fund

He asked if the City is mandated to put in the minimum amount to the pension funds. A law was passed to garnish money if they were not paid. Administrator Knabel stated the town of Harvey was not putting the full amount of the money in their pension funds and the county intercepted their taxes and they were forced to do layoffs. If a partial amount is paid it could buy you time. He presented a list by department for salary, pension and insurance costs for an average employee. It was asked why the contribution per employee for the fire pension is more than the police when the contributions to the pension funds are similar. Administrator Knabel stated it was based on actuarial numbers. The Police Pension may have fared better over the years and the salaries are higher which would be more that goes into the pension. Mayor Hill asked if there would be any advantage to have the pension funds become part of a larger group. Administrator Knabel stated it us up to the Pension Fund Boards to decide what to do with the funds. It was noted that a lawyer in the Fire Pension Fund spoke about combining pension funds and it was determined that it would not save money. It was suggested that with the demographics changing any new ideas or changes should be communicated to the Hispanics by putting the information in Spanish. Mayor Hill stated the City is at a disadvantage by not having a newspaper. A suggestion was made to look into advertising on City vehicles. Chief Lewis stated vendors pay a lot of money to advertise on ambulances and fire trucks. Mayor Hill stated it is not traditional but they can look into it. It was asked if the City receives any profits from CTCA (Cancer Treatment Centers of America). He stated they have the highest property tax business. Mayor Hill stated the City is limited on many things due to Zion being a non- home-rule community. The City must follow State Statues. It was noted the home-rules issue needs to be pushed for a referendum. The Census will be done again in two years so there is time to educate the residents. Administrator Knabel stated the City has registered for assistance from the Census Bureau to help with the Census. Mayor Hill stated they must come up with a long term financial plan. It was asked if the fees for the nuclear storage were still a possibility. Mayor Hill stated they are still pushing for it. He was invited to Korea to talk about nuclear storage and spent fuels rods and there are bills in Congress addressing nuclear storage but not specific amounts of money. He believes nothing will happen until after the November elections. He will be traveling to Washington DC to talk with representatives from communities with nuclear power plants. He stated all power plants will close eventually. He stated they are also still pursuing medical marijuana. He believes marijuana will be legal in a few years and Zion could benefit from it. He stated it can take a long time for things to happen in both cases.

**ADJOURN**

There being no further business to come before the Council at this time, it was moved by Commissioner McDowell, seconded by Commissioner McKinney and unanimously approved the workshop meeting be adjourned at 7:30 p.m. Motion carried.

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City Clerk

Approved July 17, 2018