

**MINUTES OF A SPECIAL MEETING OF THE TOWN BOARD OF TRUSTEES HELD MONDAY, JANUARY 9, 2017 AT 6:30 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS**

\*\*\*\*\*

Chairman Neal called the meeting to order.

On call of the roll the following answered present: Trustees Frierson, DeTienne, McDowell, and Chairman Neal. Trustee McKinney was absent.

**PRESENTATION/HARRIS POLICY LABS/OPTIONS FOR ZION TOWNSHIP**

**Introduction**

Chairman Neal stated that she met with the City of Evanston, eight coterminous city-township supervisors, Mayor Hill and Senator Pam Althoff in March 2016. An agreement was made that legislation needs to include a requirement that, prior to referendums being placed on ballots to consolidate or dissolve townships, a third party should provide a cost savings analysis and service impact so that voters can make an educated decision. She stated that she met with several legislators while in Springfield in April 2016. She stated that Senator Althoff’s bill was pulled and Senator Bush co-sponsored legislation with Senator Morrison that did not include this agreement. Chairman Neal stated that she spent a significant amount of time communicating the need and Senator Bush committed to adding an amendment to the bill prior to the vote. She stated that no legislation was passed. She stated that she and Mayor Hill met with Benton Township officials and others for the purpose of discussing the possibility of conducting a third party analysis on four scenarios for the future of Zion Township: 1) remain the same, 2) merge with Benton Township, 3) merge with the City of Zion, or 4) eliminate the Township. She stated that the Metropolitan Planning Council was asked to provide the pros and cons of all four scenarios. She stated that a grant was received and it was recommended that University of Chicago Harris Policy Labs School conduct the study. She stated that students conducted a cost and services study detailing the fiscal and services impact that the consolidation or elimination of the Township would have on taxpayers of the City and Township. She stated that the study addressed the financial advantages and disadvantages of all four scenarios, and identified potential services to residents that could be lost or gained through the various scenarios.

Chairman Neal stated that Hannah Bent, Daniel Gold, and Corey Husak of University of Chicago – Harris Policy Labs, were present to present the findings of their study.

**The Approach**

Hannah Bent presented Zion demographic information including the population (24,292), the median household income (\$50,485), the number of parcels assessed (7,831), the Equalized Assessed Value (EAV) (\$227,123,714), and the EAV per capita (\$9,350). She stated that Zion is more racially and ethnically diverse than other Lake County communities. She stated that the study group considered four scenarios: 1) maintain status quo, 2) merge with Benton Township (horizontal merger), 3) consolidate with City of Zion, or 4) dissolve the township. She stated that the study group’s approach was objective and fair as they have no opinion regarding the issue. She stated that the group specified changes necessary to implement the scenarios. She stated that they assessed legal barriers, reviewed governance structure, analyzed service provisions of general assistance and property tax assessment, explored tax implications, and identified possible fiscal impacts and efficiencies.

**Scenario 1 -- Maintain Status Quo**

Daniel Gold stated that, in Lake County, Illinois, townships must provide property assessment, general assistance and road maintenance services. He stated that under Scenario 1, nothing would change and the Township would continue to provide free services through general assistance and perform property assessments. He presented a current Zion Township organizational chart for the Supervisor and Assessor's offices. He stated that the Township's general assistance workload (49 cases) is on average with its peer townships with the average number of cases managed being 45.2. Mr. Gold stated that the declining EAV in Zion forced the property tax rate to increase and the general assistance expenditure has been steadily declining due to decreasing tax revenue. He stated that the Assessor's Office has three full time employees, the workload appears to be appropriate and the average cost to assess a property in Zion is \$27 as compared to \$32 overall in Lake County. Mr. Gold stated that the Township's EAV is predominately made up of residential properties. He stated that the Township accounts for 2% of the median taxpayer's total property tax bill. He stated that the Township costs the median household taxpayer \$190 per year. Mr. Gold stated that the benefit of maintaining status quo is that Zion Township would continue to maintain its independence and respond sensitively to its residents.

**Scenario 2 -- Merge with Benton Township (horizontal merger)**

Mr. Gold stated that Benton Township residents have higher income and higher property values than Zion Township residents. He compared Zion's median household income of \$50,485 to Benton's median household income of \$74,621. He stated that the number of parcels assessed were similar with Zion at 7,831 and Benton at 7,745.

He stated that the EAV of Zion Township is \$227,123,714 and the EAV of Benton Township is \$253,555,853. The EAV per capita of Zion Township is \$9,350 and the EAV per capita for Benton Township is \$13,305. Mr. Gold stated that Benton has a higher proportion of white residents, while Zion has a higher proportion of Hispanic or Latino residents. He stated that it is unclear whether Lake County has the power to approve a township merger and he cited two statutory references that could possibly support both that it does and that it doesn't. He recommended that the Township pursue legal counsel before proceeding with a horizontal merger. Mr. Gold stated that there is a distinct difference in services between the two townships. Zion Township does not service roads, but budgets \$400,000 more than Benton Township. Zion Township provides \$693,822 in the Supervisor/General Assistance Program compared to Benton Township's \$248,235. He stated that the study group believes that Benton Township's General Assistance can be absorbed into Zion Township's General Assistance. He stated that both townships provide assessment services of similar quality. The study group identified a savings amount of 15% of the combined Townships' budgets in 2016. Mr. Gold stated that the possible savings under a township merger totaled \$217,725 which included: 1) eliminating one supervisor (\$90,225), 2) legal integration (\$12,700), 3) combining physical office space (not including sale of building) (\$47,800), 4) eliminating one assessor and replacing with a deputy, and 5) eliminating one administrative assistant (\$37,000). He stated that property taxes would decrease by \$75 for the median Zion household and Benton households would experience a \$33 increase. Mr. Gold stated that the benefits of a horizontal merger would be additional indirect savings in training case managers, marketing general assistance to residents or improving office efficiency. Benton residents would have increased access to general assistance services by sharing with Zion. He stated that the challenges of a horizontal merger would be a possible tax increase for Benton residents and Zion's debt, unfunded pension liabilities, and differing tax levies and levels of service provisions which may cause a conflict of interest.

### **Scenario 3 -- Consolidate with City of Zion (vertical consolidation)**

Corey Husak stated that current State law does not allow Zion Township and the City of Zion to consolidate. He stated that there is no statutory or legal mechanism which allows for the consolidation of a township into a municipality even if those government units are coterminous. He stated that Evanston and Belleville, Illinois, also conterminous city-townships, drafted legislation specific to their respective situations. Mr. Husak stated that additional legislation would be necessary for consolidation. He stated that the State could pass legislation that would affect all coterminous city-townships in the State. He stated that Illinois State law caps tax rates and levies below those required to maintain status quo. He stated that an amendment could be drafted to State laws that would allow the municipality to inherit the duties, responsibilities, and taxing authority of the township. Mr. Husak stated that if combined, the City would need to add new departments for general assistance (Human Services Department) and property assessments. Property assessments could also be placed in the Building Department. He stated that the possible savings under consolidation is \$157,730 which included: 1) eliminating the business manager position (\$74,000), integrating administrative functions (\$26,350), and 3) combining physical office space (\$57,380). He stated that property taxes would decrease by \$27 for the median Zion household. He stated that the benefits of a vertical consolidation would be that both governments would share the same tax base and one-stop service could be provided to residents in City Hall which can create synergies. He stated that the challenges of a vertical consolidation would be that Zion Township staff may lose autonomy and residents' perception of City government may make general assistance services less approachable.

### **Scenario 4 -- Dissolve the Township into the County**

Mr. Husak stated that under this scenario, Lake County would take over all functions. He stated that a township cannot dissolve individually and county-wide dissolution is unrealistic. He stated that the benefits of township dissolution would be a possible decrease in administrative costs and economies of scale can be employed. He stated that the challenges of township dissolution would include the possibility that Township services may become less tailored for their clients, misuse of services may increase, and it would require massive restructuring of local government. Mr. Husak stated that, in the study group's opinion, dissolution of the Township is not a viable opportunity at this time.

### **Summary**

Hannah Bent stated that both a merger and consolidation would generate tax savings for Zion taxpayers. She stated that the larger actual dollar savings or savings as a proportion of townships' combined budgets comes with a horizontal merger. There would be a greater savings overall but it would be distributed over a larger base. She stated that the total annual savings would be \$217,725 with a savings per capita of \$5.02. She stated that the consolidation would offer more savings per dollar of tax base. She stated that there would be a lower overall savings but it would have more of an effect on each resident. She stated that the total annual savings would be \$157,730 with a savings per capita of \$6.49. Ms. Bent presented an Executive Summary, in chart form, which included all four scenarios and their effect on legal barriers, government structure, physical infrastructure, taxes, and savings.

### CITIZEN COMMENTS

Trustee Frierson asked if the study group had any other general assessment comparisons with communities with populations, EAVs, and median household incomes more comparable to Zion. The group stated that they felt the communities represented were roughly comparable and they had already gathered the data.

Trustee Frierson asked what road services Benton Township provides. Benton Township Supervisor Jan Suthard stated that the Township does not perform the road work themselves, but they contract it out. The Township has a Highway Commissioner who oversees the work and handles complaints, etc. She stated that Benton Township entered into an intergovernmental agreement with Beach Park and Winthrop Harbor regarding road work.

Trustee McDowell asked if there were any non-monetary benefits identified in the study. The study group stated that Illinois has more governmental bodies than any other state in the nation. They stated that, usually, the more taxing bodies there are, the higher the taxes. They said if layers of government could be eliminated, it would be easier for residents and services could be streamlined.

Trustee Frierson asked if the study group had an estimate of legal costs from Evanston. The group stated that they did not. They stated that the initial legal costs are real costs but they are momentary. The group stated that Evanston could be a good model if the consolidation scenario is chosen.

Mayor Hill stated that the Evanston situation was different than Zion's. He stated that Evanston already had a Department of Human Services in place within the municipality. He stated that Evanston did not perform their own property assessments as they are located in Cook County and Cook County does their assessments.

Jerome Cole, Zion, asked if the study showed a positive or negative impact on the schools of both the horizontal merger and the vertical consolidation. The group stated that the schools are governed by a separate and different taxing body and they would not be affected.

W. C. Bremner, Zion, stated that racial figures were taken into account, but there was no mention of age. He asked if the study took into account persons on a fixed income, military income, etc. who receive no cost of living increases. He stated that, to persons in this situation, every dollar received is precious. The study group stated that the "numbers" came directly from the census report and they did not know if fixed income persons were included.

Clyde McLemore noted the population differences between Evanston and Zion and asked why the group didn't consider a more southern community with a more similar population. The study group stated that Evanston was used simply as a guide because it is also coterminous as is Zion. They said that all calculations were Zion based as Evanston is a very different case than Zion.

The study group introduced the University of Chicago professor Dr. Paula Worthington who consulted and worked with them on the study.

**Next Step**

Chairman Neal stated that the Harris Policy Lab study would be an item for discussion on the January 17, 2017 Zion Township Board of Trustees meeting.

**ADJOURN**

There being no further business to come before the Board at this time, it was moved by Trustee Frierson, seconded by Trustee DeTienne, and unanimously approved the meeting be adjourned at 7:32 p.m. Motion carried.

---

Town Clerk