

Response to Questions and Issues Raised at Town Hall Meeting

Dear Residents,

Thank you to those who attended the recent Town Hall Meeting regarding the Home Rule referendum on the April 4th ballot for the Village of Bull Valley. The Trustees appreciated hearing the variety of perspectives. The purpose of this communication is to respond to the comments and questions raised. This became a somewhat longer response than originally anticipated but the benefit of the Town Hall meeting is that this response reflects more in-depth research into Home Rule.

The Trustees continue to support a vision for the Village which is and faithful to our shared history of preservation and peaceful enjoyment of our open spaces and natural resources. We are all volunteers who serve without compensation and want our community to maintain our quality of life. To do that we must maintain fiscal discipline and be deliberate about any new spending and the financial cost for our residents.

If you vote to approve the referendum on the April 4, 2023 ballot, the Village would anticipate using Home Rule's flexibility to seek other sources of revenue and avoid raising property taxes, if at all possible.

Many of you asked for more details about the Anticipated Benefits if the Village were to be Home Rule, including our Home Rule Plan. Some of you asked for the current budget.

1. Anticipated Benefits of Home Rule:

- Many potential Home Rule powers enhance municipal self-governance and self-determination. Home Rule would give the Village the ability to be creative with local solutions to our local issues as well as allow for some alternative revenues. Some of the things we would be able to accomplish with Home Rule would result in revenue savings rather than revenue increases.
 - The impact of increased flexibility in financing: Home Rule municipalities are able to negotiate better rates when financing capital improvements and stretch payments out for longer periods of time thus reducing payments. Nevertheless, all financing is limited by the credit rating of the Village and the negotiability of the instrument used. Under Home Rule, the Village may be able to use a bank loan to obtain financing for a much needed new snow plow truck and keep the payments lower with Home Rule than we would without. More information about the snow plow truck is included in the section below on The Budget.
 - The impact of annexations: Tax revenue from annexations alone is not sufficient to raise revenues significantly, but is an important addition to the stabilization of

our tax base. Each new annexation brings the Village closer to other properties, many of which could also be annexed. In addition, each annexation increases the Village population, thus increasing the amount of state shared funds and grants that are based on population. Many whom enjoy the amenities and protection of the Village are not annexed, are not paying their fair share of property tax and are not counted in the population base, causing the Village to lose money to which it would otherwise be entitled. Residents can help by encouraging non-annexed neighbors to annex.

- The impact of flexibility in contracting: Home Rule municipalities are not restricted by the state requirement to award contracts to the lowest responsible bidder, if that bidder is not the most suitable one for the job. This could be important not only to assure the best use of available funds, but in contracts for the historic restoration process of the Stickney House where specific qualifications for the job will be paramount.
- The Impact of unfunded mandates: Unfunded mandates are state laws that place requirements on municipalities, but do not provide any funding to pay for them. Home Rule communities can “opt-out” of unfunded mandates unless specifically restricted or preempted by the state saving the expense of staff time and materials required for compliance and reporting.

Many unfunded mandates actually result in benefits to you, the residents. Those are mandates we do not want to opt out of. The Village supports the Illinois Municipal League efforts to require the state to pay for these mandates. The Village actually was ahead of two recent unfunded mandates when Chief Dickens applied and was awarded a grant for police body cameras two years before the state requirement, and when the Village started consulting with a mental health expert on some of the Village police calls.

2. The Budget

- The Village operates on a balanced budget from year to year. Our budget for Fiscal 2023-24 is in process and is based on the following assumptions:
 - Illinois law imposes a cap on property tax increases of the lower of 5% or the annual Consumer Price Index (CPI). Anything higher has to be approved by voter referendum. Between 2008 and 2018 the Village held its property taxes level, with only minor increases attributable to normal residential growth. As a result, in 2018 the Village was operating with a 2008 budget. In 2019, the Village started taking its allowed increase. The CPI ranged between 1.3 and 2.8. This year because of inflation the CPI is at 8% so the Village increase will be 5% under the cap. In dollar amounts, that brings an additional \$21,657.00 that will be added to our budget.

- In spite of these fiscal constraints, the Village intends to continue its road resurfacing plans, focusing this year on some of our subdivision roads. We have been able to put over \$8 million into roads since 2008, with an aggressive grant program and one-third of our operating budget.
- No increases in staff, salaries or other expenses are envisioned as related to Home Rule. The Village President and Trustees are volunteers and receive no compensation.
- Our fiscal year 2023-24 budget will be available when finalized. Attached is our 2022-23 budget. It's a very lean budget, as it has been for years and we adhere to it strictly. But there are increased expenses over the past ten years that we can no longer absorb. We anticipate the 2023-24 budget will be very similar to last year's. However, without additional revenue we will need to consider cutting services or the employees that deliver them and delay or forego the opportunity to develop Living With The Land and the Thompson Road Farm Park.
- Our budget will also be constrained by the need to consider the cost of a new snow plow truck. Maintenance costs of our current trucks is increasing annually. The trucks are years 2001, 2002 and 2006. The cost of a new truck with the necessary add-ons for snow removal and road treatment is estimated at about \$200,000. It is taking about two years from order to delivery. We need to start now, figuring out how to afford at least one new truck. Used trucks are somewhat less, but come with their own potential mechanical troubles and no warranty.

3. Why are we doing this now?

- We have reached the point in our road program where we are not likely to receive any more federal road grants, but the roads still demand attention.
- In the past year we have been presented with two opportunities to enhance Village life that are compatible and complementary to Village character. We have done very little other than roads for the past ten years. While we still have many roads that need work, we need to be more than just a "road district" if we are to serve you as a Village.
- After operating with a level property tax for ten of the last twelve years we are only recently trying to catch up by taking our annual statutorily allowed CPI increase.
- The Village is operating with a reduction in revenue from the state and an increase in unfunded mandates from the state.

- Maintenance issues with older equipment (not limited to snow plow trucks), minimum wage requirements, prevailing wage requirements for public works projects, increased costs of road improvements, and an opportunity to simply add value to Village life with a Village Park and a Community Center, all are dependent on additional funding.
- We decided to bring the question of Home Rule to the voters this cycle so that we may begin to spend the time and effort to identify potential new sources of revenue other than property taxes if at all possible. Not all local needs can be immediately identified, but will become apparent based on the needs of the individual municipality and develop over time.

4. What is Our Plan?

- If the Village is granted Home Rule on April 4th, our Plan is to continue the stewardship of our natural environment, Village character and lifestyle we have been privileged to be a part of over the years. We would use the enhanced ability of Home Rule for that purpose and craft solutions to our local issues as they arise. Until that time, it is not possible to offer a laundry list of actions in a formal plan. What we can offer, is a list of actions that would be possible.
- Right now, we simply do not have the resources to hire outside consultants to gather statistics and project new revenues. We know what other Home Rule communities have found beneficial. We must walk before we run. What follows is our best researched estimate of what steps the Village could take with Home Rule. This is not to say that we would.
- Based on our approach of walking before running, we have identified a few potential revenue opportunities that we could access outside of property taxes, if granted Home Rule.
 - License fees for contractors who work in the Village. Many adjacent communities require that contractors be licensed.
 - License fees and penalties on unlicensed solicitors in the Village
 - Development fees for the impact on roads and storm water systems
 - User fees for our existing and future Parks. Having the Thompson Road Farm within the Village Park system will require resources, as will the Living With the Land concept, which will be identified as we move forward.

- Increased fines for motorists who break our traffic regulations and abuse our roads
- More effective use of the Village's in-house adjudicative court with enhanced fines and enforcement ability. This includes among other things building code violations, littering, disorderly conduct, lighting code violations, trespass, deceptive practices, and animal control issues. More importantly, the dollar amount of each fine assessed in the Village local court is retained by the Village, as opposed to shared fines in circuit court where the Village is returned a small percentage. In addition, unpaid fines in the Village court system can be submitted to the State Comptroller's Illinois Debt Recovery Offset Program for deduction from the debtor's income tax refunds and payment to the Village.
- Vehicle registrations
- Enforcement of business registration for home occupations
- Consideration of a Home Rule Sales Tax. Sales tax applies to both resident and non-resident shoppers, thus some of the revenue realized from sales tax is from non-residents who shop in our Village. A Home Rule community is able to enact a higher sales tax than a non-Home Rule community. Although we don't currently have a base on which to apply sales tax, being Home Rule will allow us to address this source when it becomes appropriate.
- Review and renegotiate if warranted, the amount of payment we receive from ComEd, NICOR Gas, Comcast and other franchises for the privilege of doing business in the Village.
- Simplified and streamlined procedures and regulations in the Village administration that are enabled by Home Rule.

5. Why Not Dissolve the Village and let Woodstock Annex us?

- This always seems to come up, and we are not sure why. There is clearly a different lifestyle in the City of Woodstock, and if you live in Bull Valley it's because you appreciate the lifestyle our Village affords you. Woodstock's high-density urban landscape is fundamentally different from Bull Valley's rural landscape.
- It takes commitment to maintain the level of protection for open space and natural resources that we enjoy in Bull Valley. The Village Comprehensive Plan, Zoning Codes, Municipal Code, policies and procedures are all drafted and enforced with the primary goal of open space preservation and protection of natural resources on private, five-acre lot

minimums with large set-backs and country style roads. That is Bull Valley, and that is why we are here.

- The Trustees all are residents who own property in the Village and believe that dissolution would destroy our property values long term. Surrounding municipalities would benefit from taking our larger acreage and allowing development of multiple home sites through subdivision. Imagine that the ten-acre home site next to you now becomes nine one-acre lots with nine additional homes.
- If avoiding Home Rule is the object of declaring we should dissolve and let Woodstock annex us, remember that Woodstock is also a Home Rule Community.
- Woodstock residents have city water and sewer, complete with the necessary connection fees and monthly charges.
- The 2021 property tax rate of Bull Valley was 0.064. The property tax rate for Woodstock was 1.63. A home assessed at \$100,000 in Bull Valley would have a municipal tax of \$640.00 for the year, the same home in Woodstock would have a municipal tax of \$1,630.00.

6. Other Questions and Issues:

- The Village tax is a small percentage of the taxes levied by all the taxing bodies combined. Your local school district is by far the largest tax levied, followed usually by the County, Fire Rescue District, College District and Conservation District. Township taxes vary but are generally smaller.
- The Village is seeking Home Rule to enable a greater measure of independence from the state restrictions and to have the ability to apply local solutions to local problems. Clearly, our biggest local problem is lack of revenue, and we wish to respect your desire to not increase property taxes, in spite of their relatively small part of your total tax bill. This may mean a variety of fees and small tax increases in other areas.
- Some other municipalities have, by Resolution or Ordinance, agreed not to raise property taxes above the state tax cap without public approval through the referendum process. If we thought that would make a difference to the outcome of this referendum, we would consider it. However, even in ordinance form and even if this current board is committed, the agreement would not be legally binding on future boards. We have not offered such a measure because we don't want to insult you or appear to be disingenuous.

- Just to Clarify: Real Estate Transfer Tax: A Home Rule community cannot automatically introduce a tax on real estate transfers. A tax on a real estate transfers must be voted on in a separate referendum, even when a community is Home Rule.
- The Question of Speed Limits: Whether a municipality is Home Rule or non-Home Rule, reducing the speed limit must approved by the Illinois Department of Transportation, (IDOT) following a speed study. The risk is that IDOT policy considers that the average driver will travel at a speed safe for the road. If the study shows the average driver is driving faster than the speed limit, IDOT will raise the speed limit, not lower it. The Village is still committed to finding ways to impact the speed of traffic.

7. Conclusion

Even though the immediate impact of the changes we could consider with Home Rule might seem small at first, these changes will continue our path of financial sustainability. We would use Home Rule's flexibility to seek other sources of revenue to avoid an increase in property taxes if at all possible.

Home Rule power to tax is not unlimited. Home Rule governments may not levy taxes on income, occupation, or earnings unless specifically authorized by the State legislature. The State can pre-empt Home Rule authority by vote of the legislature, and has done so in many areas.

The strongest and best limitation on Home Rule is your participation and voting power. Come to meetings and let us know what you want in your Village. Use the Village information email (below) to communicate with us. There are 368 email addresses on that list and we only hear from a handful of you. Remember, every two years, one half of the Village Board of Trustees will be up for election. And finally, Home Rule can be revoked by referendum initiated by you, the residents, with a simple majority vote.

Sincerely,
Your Village President and Board of Trustees
bvillageinfo@gmail.com

ATTACHMENT: 2022-23 budget