CITY OF BATAVIA
HOME RULE
INFORMATION
MEETING

October 8, 2018 7:00 PM
The City of Batavia may not use public resources either to advocate for or against the referendum.

This presentation is meant to provide voters with factual information so that they can make an informed decision.
Panelists

- Laura Newman – City Administrator
- Peggy Colby – Director of Finance
- Dan Eul – Chief of Police
- Kevin Drendel – City Attorney

Facilitators:

- Christopher Cudworth – Communications Coordinator
- Anthony Isom – Administrative Assistant
Agenda

- What will be on the ballot November 6th
- What home rule means in Illinois
- Key differences between home rule and non-home rule
- Questions and Answers

Please write any questions you would like to ask the panel on an index card and hand it to the facilitators any time during this presentation.
On November 6, 2018, the following binding question will be on the ballot:

Shall the City of Batavia cease to be a home rule unit?

[] YES
If you vote yes, you are in favor of the City losing home rule

[] NO
If you vote no, you are in favor of the City keeping home rule
What is Home Rule in Illinois?

- Article VII, Section 6(a) of the Illinois Constitution of 1970 provides: Except as limited by this Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt.

- Home Rule units of government can exercise authority unless they are expressly prohibited or preempted by state or federal law.

- Non-Home Rule may only exercise authority expressly granted to them.

- Batavia automatically became Home Rule in 2009 when its population exceeded 25,000.
What Home Rule Cities Cannot Do

- Incur debt payable from property taxes maturing more than 40 years after debt is incurred;
- Define and provide for punishment of a felony;
- Do the following without legislative authority:
  - Punish by imprisonment for more than six months;
  - License for revenue except as explicitly allowed by the General Assembly;
  - Tax income, earnings or occupations;
- Exercise the following authority without referendum:
  - Adopt, alter or repeal the form of government;
  - Change the type of City officers and manner of selection
What are the key differences between Home Rule and Non-Home Rule?

- **REVENUE**
  - HR units can create diverse alternate revenues to address the need for additional financial resources.
  - Non-HR can only raise property tax or implement taxes and fees that are explicitly allowed by statute.

- **DEBT**
  - HR units can incur debt without a referendum.
  - Non-HR needs a referendum for general obligation bonds (backed by property taxes) but can incur other types of debt either with a backdoor referendum or no referendum depending on the type of debt.

- **PROPERTY TAX**
  - HR units are not limited by the property tax cap laws.
  - Non-HR are subject to the property tax cap laws.

- **LEGISLATIVE AUTHORITY**
  - HR units have broad authority to implement local ordinances about local matters.
  - Non-HR only have authority to enact laws specifically granted to them by the state.
What Revenues has the City enacted with Home Rule?

- Implemented HR Taxes and Fees
  - Home rule sales tax .50% $1.9 Million (Total of $3.8M)
    - It was used to avoid an electric rate increase over a 4 year period
    - In 2017 began using for operations in the General Fund
    - Converted existing .50% Non-HR sales tax to HR in 2009 to remove restrictions that it only be spent on infrastructure. It is unknown if this tax will be lost ($1.9 million) if HR is repealed. Current opinion is that it is subject to challenge and should be brought to a new referendum.
  - Gas Tax – Currently $825,000
    - Implemented in 2012 at 1 cent
    - Raised in 2016 to 2 cents, 2017 to 3 cents and 2018 to 4 cents
    - The gas tax is used (and must be) to support City Streets (plowing, resurfacing, patching etc).
  - Liquor Tax - $375,000
  - Video Gaming Owner and Operator Fees – higher license fees with HR
  - Natural Gas Use Tax - $140,000-$150,000 collected from non-Nicor Customers

Many of these taxes and fees reduce the burden on property owners by raising funds from non-residents. Gas, liquor and sales tax have been impacted by the closing of Sam’s Club.
Home Rule Revenues

General Fund Revenues
$27.5 Million

Property Tax
25%

Other Taxes
14%

Utility Taxes & Fees
12%

Sales Tax
18%

Home Rule Taxes
19%

Services & Fees
12%

HR Sales Tax
$3,800,000

HR Gasoline Tax
$825,000

HR Liquor Tax
$375,000

HR Gas Use Tax
$150,000

At Risk
Home Rule Revenues
$5.2 million
Could the City Restore Lost Revenue if it Loses Home Rule Status?

- The City could not restore:
  - Liquor Tax
  - Gas Tax
  - Natural Gas Tax

- The City could only restore by referendum:
  - Sales Tax*

  If the referendum failed, the tax would not be restored

* ½% sales tax was implemented by referendum prior to home rule and the City may be able to keep it for that reason.

- The City could add:
  - Places for Eating Tax
  - Vehicle Stickers – for road maintenance and repair
  - Stormwater Utility – stormsewer maintenance and repair
  - Increases to the amount charged for permits, fees, and licenses for building permits, liquor licenses etc.
Why doesn’t the City Cut Spending?

- General Fund Spending (supported by HR) is $27M
  - Salaries are $13.5M
  - Benefits (Insurance, FICA, Medicare, Pension) are $6.4M
    - Pensions are State Mandated
  - Salaries & Benefits account for 73% of spending
    - Most Departments have fewer employees than in 2009
  - Capital, Debt and Net Transfers are $1.8M
    - We need more funding for street capital
  - Operating costs are $5.5M
    - Tri-Com, Tri-City Ambulance, Brush Pickup, Property Maintenance, Forestry, legal, BATV, Software Support, pest and animal control, building and vehicle maintenance and Ride in Kane are largest contract costs.
    - Utilities, Fuel, phones, road salt, road materials (fill, stone), postage and vehicle supplies account for most supplies.
DEBT
Debt

- Two ways cities fund larger projects:
  - Depending upon the nature of a project, the City may create a special savings account (called a **Capital Fund**) and put a specific amount in each year to save until it is ready to use the funds for the project.
  - Another way that the City might fund a project is by incurring debt, primarily through **loans or bonds**.
    - Bonds typically carry a lower interest rate than bank loans.
    - **General obligation bonds** typically carry a lower interest rate than **alternate revenue bonds**.
- Whatever the type of debt, Home Rule units of government typically receive lower interest rates than non-HR units because they are not subject to the property tax cap laws and have the ability to generate revenue sources that non-HR units are not allowed to implement.
2 New Fire Stations Funded by Bonds

- In 2006, by referendum, the City implemented a .5% non-HR sales tax pledged to pay for alternate revenue bonds that allowed the City to build the east and west side fire stations.

- The City converted the non-home rule sales tax to home rule sales tax when the city became home rule in 2009. The City continued to use sales tax to pay the bonds that were refunded (refinanced) in 2012 for an interest savings of $639,000 over the remaining life of the bonds.
2017 GO Bonds for $6M

- Issued debt to fix drainage problems in areas prone to flooding and replacing windows and tuckpointing City Hall – only new debt issue since becoming HR

Giese Rd.

Morton St.

City Hall
PROPERTY TAX
Home Rule and Property Tax

- Home Rule cities have the ability to raise property taxes and are not subject to the property tax cap limits.
  - Studies have shown that the majority of home rule cities have levied about the same as they could have without home rule. Some have levied more and some have levied less.
  - The City of Batavia has levied less than $100,000 more than it could have without home rule over the 9 years it has been a home rule city.
Property Tax Increase Comparison

Since home rule the City has raised taxes less than $100,000 more than the non-HR limit

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<td>$ inc (dec) per year</td>
<td>$71.291</td>
<td>$130.970</td>
<td>$459.283</td>
<td>($44,520)</td>
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<td>$ inc (dec) per year</td>
<td>$40.944</td>
<td>$175,083</td>
<td>$116,395</td>
<td>$215,057</td>
<td>$125,733</td>
<td>$110,850</td>
<td>$65,698</td>
<td>$61,429</td>
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The City raised property taxes more before home rule

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<th>Year of Collection*</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<th>2006</th>
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<td>$ inc (dec) per year</td>
<td>$158,615</td>
<td>$276,195</td>
<td>$178,546</td>
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<td>($125,025)</td>
<td>$617,442</td>
<td>$275,364</td>
<td>$178,015</td>
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*The levy is filed in December before the year of collection.
Breakdown of a 2017 Tax Dollar Collected in 2018

The City portion of the tax bill on a $300,000 home was $698
Each year, the City levies property taxes sufficient to pay its annual payment on outstanding general obligation bond debt.

Because it has sufficient other revenue (including home rule revenues) the City has abated (cancelled) the property taxes that would have been used to pay the general obligation debt payment.

If the City loses home rule revenues, those sources will not be available and the City would have to choose between using reserves (while they last) or not abating the property tax levied for the bond payment.

If this was the case, the owner of a $300,000 home would have to pay an additional $325.
LEGISLATIVE AUTHORITY
Batavia Police Department
Program Management Team

- Watch Commander Eric Blowers
- CFMH Program Manager
- Detective Jason Kaluzny
- CFMH Assistant Program Manager
TRAINING TOPICS FOR LAND MANAGEMENT TEAMS

* City of Batavia Crime Free Lease Addendum
* Crime Prevention Orientation
* C.P.T.E.D. (Safe By Design)
* Applicant Screening
* Combating Illegal Activity
* Community Rules and Leases
* Partnership With The Police
* Dealing With Non-Compliance
Total Number of Units

- Batavia Apartments 290 Units
- Lorlyn Apartments 253 Units
- Green Meadows 150 Units
- Lincoln Court 62 Units
- Washington Court 38 Units
- Revere House 26 Units
- Morton House 11 Units
- Bellevue Place 14 Units

Total Units 844
Why Crime Free Housing?

- Disparity in CFS volume and consumption rates for police services between multi-family housing neighborhoods and single family residential neighborhoods had long been identified.
- Pre-2009: Strategy of saturation patrolling in higher volume areas.
- We realized we would have to determine alternate strategies of in order to reduce time in high density areas to provide preventive police services to the entire community at the rate expected by our citizens.
- Crime Free Multi-Housing Ordinance adopted by City Council near the end of 2011.
Crime Free Lease Addendum
What does it cover?

- Engaging in criminal activity, on or off premises
- Engaging in acts intended to facilitate criminal activity or permitting dwelling to be used for said purposes
- Engaging in illegal drug activity
- Engaging in any other illegal activity
- Breaches of lease agreement that jeopardize the health, safety and welfare of the landlord, his agent, or another tenant, or involvement in imminent or actual serious property damage
Crime Free Lease Addendum

Violations

- Violations of any provision is a material breach of their lease and cause for immediate termination of tenancy.
- Proof of violations does not require a conviction, only a preponderance of evidence.
- Resident must authorize property management to use police generated reports and other business records to establish evidence of violations.
- Residents are also held responsible for actions of other occupants, guests and invitees regardless of prior knowledge of illegal/unauthorized activities.
Calls for Service Statistics Totals:

Calls for Service 2008 – 2018 YTD

*Increase in CFS rates from 2011-2012?
2011 – 2012 Call for Service Trends

Percentage of Calls +/-

- Batavia Apartments: +26%
- Lorlyn Apartments: -27%
- Green Meadows: -1.4%
- Washington Court: -82%
- Lincoln Court: -35%
- Revere House: -43%
- Morton House: -10%

Total Calls: 121
CONCLUSION

- We believe the statistics indicate that the Crime Free Multi-Housing Program has been successful and is having a positive impact on the high density rental community as a whole.
- Prospective tenants “know the rules” prior to taking up residence at any of the CFMH governed properties.
- Managers/Land Owners are empowered through CFMH and become better risk managers, taking corrective action on issues before they become problematic or disruptive to the tenants, thus creating a safer environment and higher quality of life for renters.
- Biggest benefit of CFMH is the partnership that has been established between property owners, managers and the police department.
Residents oversee the use of home rule by participating in City Council and Committee of the Whole meetings. Anyone may address the governing body at every meeting, in addition to contacting their alderman or City Staff regarding concerns. Both Council and Committee meetings are broadcast on BATV.

All documents are published and discussed in open session prior to a vote and all agendas and documents are posted on the City’s website at least 48 hours before a meeting.

The Budget process is the time when spending plans for the coming year are made. It provides the authorization and direction for how funds are allocated. The Budget is made available to the public at the end of October and is approved in December. A Public Hearing in November provides a formal opportunity to comment on the budget, but public opinion may be given at any time.

The property tax levy is discussed in open session and a public hearing is held if the increase is more than 5%. If a property tax increase is proposed, the City Council will discuss it over several meetings where the public may speak before the Council acts on it.

Residents elect representation on the City Council through selection of a council person in their ward. Every two years, half of the aldermen are elected and every four years the Mayor is elected.
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