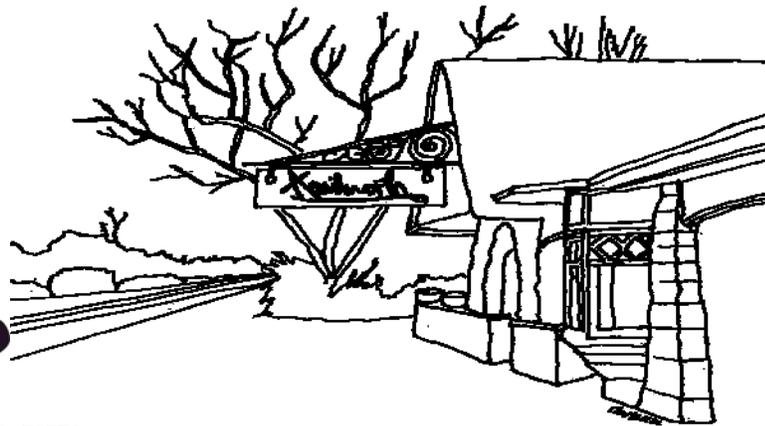


Village of

Kenilworth



419 Richmond Road  
Kenilworth, IL 60043

Phone: 847-251-1666  
Fax: 847-251-3908

villageofkenilworth.org

E-mail: info@  
villageofkenilworth.org

**Village President**

Fred G. Steingraber

**Village Trustees**

Robert Hastings

James Hughes

James R. McClamroch

Thomas Nahrwold

William Russell

Michael Thomas

**Clerk**

James Van Metre

**Treasurer**

Scott Lien

**Village President's Message—Vol. XIV**

**Village Trustees Unanimously Approve Home Rule Question for  
November Ballot: Residents to Decide If Home Rule is  
Appropriate for Kenilworth**

September 2012

Dear Fellow Kenilworth Residents,

For the past two years the Kenilworth Board of Trustees and Village staff have been studying the conditions of our frail and aging infrastructure throughout the Village – much of which is over 100 years old and inadequate for today's needs. A series of in-depth engineering studies has resulted in the development of a ten-year capital improvement plan that would address the key deficiencies of Kenilworth's infrastructure. This plan examines the current conditions of Village roads, curbs, sidewalks, streetlights, fire hydrants, and underground water and sewer systems.

The Village Trustees and staff have worked diligently the past few years to restore the Village's General Operating Fund fiscal integrity through extensive efforts on all fronts to reduce costs, eliminate deficits, and restore balanced budgets. We have cut as much as we believe we are able to do while still maintaining the standards of quality and service which Kenilworth residents expect. We are doing more with less today and if we do not begin to address the infrastructure issues in a meaningful way, we will soon be doing less with less. We are at the point where inaction is no longer an option.

We believe it is our duty to undertake a longer-term and calibrated program to pro-actively improve our infrastructure, which takes into account the condition of the key infrastructure components, the interdependency of the components, and the financial and staff resources required while maintaining the public safety, security, and the quality of service to the community.

The estimated investment for this ten-year capital improvement plan is \$25 million, without grant funding, which includes a built-in 3.5% construction cost escalator.



Fred G. Steingraber  
Village President

The Trustees and I believe that without the adoption of a longer term plan which will be supported by revenues other than just property taxes, the Village infrastructure will further deteriorate and we will continue to struggle to make meaningful and sustainable progress on infrastructure improvements. We will also be deprived of the opportunity to lower the cost of our infrastructure improvements by partnering with other communities and potentially entering into multi-year contracting, which would bring financing and costs down even further. The Village will also be pursuing multiple intergovernmental partnerships and grant opportunities to help fund infrastructure improvements.

After considerable study and reflection, the Trustees have unanimously approved the longer-term option for infrastructure improvement and have placed on the ballot for the November election a referendum for consideration by the voters that requests adopting Home Rule status for Kenilworth; which will enable the Village to cost-effectively implement the long-term capital improvement plan. The Board's decision included consideration of the following factors.

### **What Is Home Rule?**

So what exactly is "Home Rule"? Home Rule is local control. Under the Illinois Constitution, Home Rule shifts decision making from Springfield to the local level, enabling communities to find local solutions to local problems. Home Rule communities are granted a broad range of authority for the local good, on matters pertaining to the Village's government affairs, unless otherwise preempted by the State.

If approved by voters, Home Rule will provide the Village with additional flexibility and local control to maintain the character and financial stability of our community. It would enhance the Village's ability to maintain the integrity of its zoning ordinances, to operate in a more cost-effective manner, and to have a more diversified and flexible revenue base intended to reduce dependency on property taxes.

The majority (over 80%) of Illinois citizens live in Home Rule communities. With the exception of Glencoe and Kenilworth, all other Northshore communities are Home Rule. Municipalities with populations over 25,000 are automatically granted Home Rule status, while smaller communities like Kenilworth must put the question on a ballot and allow voters to decide on the adoption of Home Rule. As a result, the choice of whether Kenilworth should become Home Rule will be before the citizens of this Village in the November 6th election.

### **Benefits of Home Rule**

The adoption of Home Rule would provide the people of Kenilworth with three major benefits commonly associated with Home Rule:

**Maintaining Community Independence:** The Village would retain local control over zoning issues instead of allowing petitions to go to the State for final decisions on such matters as the siting of day care facilities. This local control gives residents the opportunity to review petitions that directly impact their property. The people of Kenilworth would have direct control over important issues that impact property values and community character.

**Increased Financial Flexibility:** Home Rule would provide Kenilworth with more control over fees and fines, the flexibility to explore new funding sources, such as a licensing fee for service businesses (landscapers, contractors, etc.), restaurant taxes, instituting flood water prevention through a storm utility, securing retention of local sales tax revenue, real estate transfer tax, etc. In addition, Home Rule would provide more flexibility with regard to debt issuance, often resulting in lower interest rates and a strengthened bond rating, which can potentially create an opportunity to refinance existing debt at a lower cost. Home Rule in Kenilworth will provide opportunities to diversify the tax base through alternate revenue sources and avoid larger increases of property taxes in the future.

**Reduce State Mandates:** State legislatures often impose unfunded mandates on local governments to provide certain services, but fail to provide a revenue source to offset the cost of those services. Home Rule communities have greater protection against State mandates, such as the Affordable Housing Planning and Appeal Act, which could require Kenilworth to increase its overall percentage of affordable housing to 10% of Village households. If Kenilworth were Home Rule, it could still support this important initiative but at a level decided locally rather than mandates determined at the State level.

Given the excessive debt and deficits the State faces they may very well attempt to undertake mandates which could impact the finances of non-Home Rule communities.

### Are There Potential Disadvantages of Home Rule?

Whether Home Rule or non-Home Rule, communities can experience undesirable effects when the populace is disengaged from local officials. This disconnect between citizens and elected officials could potentially result in decisions that do not reflect community's best interests. It currently is and will remain important for Kenilworth residents to continue to attend the public hearings for budget discussions, which are communicated in advance on the Village website and *Kenilworth Contact* newsletter. The annual budget is a public document that is vetted through multiple public meetings and voted on by local Trustees that are publically supported and elected to their positions.

Home Rule gives local government greater discretion to generate revenues by issuing bonds, fees, and alternative taxes, other than the current primary source of revenue which is property taxes. The Property Tax Extension Limitation Law, commonly referred to as the "property tax cap" and imposed on all non-home rule jurisdictions, allows local governments to increase their property tax collections by no more than the rate of inflation in the national Consumer Price Index (CPI) or 5%, whichever is less. As a non-home rule municipality, Kenilworth has been severely limited by this tax cap with CPI rates as low as one-tenth of 1% in 2009 and 1.1% in 2011. This eliminates any ability to undertake meaningful infrastructure improvement.

<u>Other Home Rule Communities</u>	
Winnetka	Wilmette
Northfield	Northbrook
Lincolnwood	Lincolnshire
Lake Forest	Lake Bluff
Deerfield	Glenview
Inverness	Mettawa
Riverwoods	Lake Barrington

Under Home Rule, the Village would be able to increase property taxes above the tax cap to finance the infrastructure investment. However, the larger number of alternative revenue sources available under Home Rule could make the Village's reliance on property taxes for operations decrease instead of increase.

Finally, we need to keep in mind that the Village share of total property tax revenue has been only ten percent and fifteen percent if debt service is included. Moreover, the Village has operated with a balanced budget for three consecutive years.

### **Will Property Taxes Increase Under Home Rule?**

Based on the research of Professor James Banovetz, (Professor and Director Emeritus of the Division of Public Administration at Northern Illinois University, one of the top three universities in the nation in this field), widely regarded as the foremost expert on Home Rule in Illinois, there is no evidence that Home Rule municipalities have higher or faster growing property taxes than comparable non-Home Rule municipalities. In fact, according to Professor Banovetz, Home Rule status is often used to shift the tax burden from property taxes to other revenue sources, which would diversify the revenue base and reduce the burden on property owners. Indeed, several communities that have adopted Home Rule status have seen their property taxes increase at a lower rate than non-Home Rule communities.

The Village of Lake Bluff, for example, achieved Home Rule status via referendum in 2006 and has been able to diversify its revenue and decrease the heavy dependence on property taxes, which now make up only about 30% of their total revenue. Kenilworth's reliance on property taxes is currently double that, closer to 60%. In addition, as a result of adopting Home Rule, Lake Bluff and Lake Forest were able to reduce their debt service cost on existing bond financing – something we would explore.

### **What Happens If Home Rule Is Not Approved?**

The Kenilworth Board of Trustees understands that some Village residents would prefer annual referenda instead of Home Rule to secure the financing required for the ten year capital improvement program. While this is an alternative financing method, the Board considered it and found it to be disadvantageous to the Village because it does not provide the certainty of having available resources on a timely basis. This approach will limit or even eliminate the Village's ability to plan and collaborate on infrastructure work with other Home Rule communities because Kenilworth could not commit on a timely basis for annual contract-ing agreements or utilize multi-year contracting strategies to obtain more favorable bid prices.

Without Home Rule, Kenilworth would not be able to pursue alternative non-property tax funding sources. The possibility of refinancing existing debt at a lower cost would be more difficult. Finally, in addition to not having this flexibility, Kenilworth would be exposed to mandates passed by the General Assembly and any related unfunded consequences thereof.

#### **More Information on Home Rule**

**Visit the Village website at [villageofkenilworth.org](http://villageofkenilworth.org) for the following:**

- Do Home Rule Governments Work Better? A New and Different Perspective
- Illinois Home Rule: A Thirty Year Assessment
- Do Home Rule Communities Levy More Property Taxes
- Home Rule Cities and the Voters
- Illinois Home Rule: A Case Study in Fiscal Responsibility
- The Uses of Home Rule with Special Emphasis on Taxation

## Conclusion

We have a unique opportunity as a community to make a material difference to Kenilworth's future in terms of preserving our property values while improving the quality of services we provide because we have:

- a transparent and detailed understanding of the condition and need for infrastructure improvement based on the ten-year capital improvement plan;
- a record low interest rate environment favorable for funding and carrying out the financing of the infrastructure work;
- the means to share this investment over time on an intergenerational basis;
- the opportunity to share a meaningful portion of this investment with users and providers of services as opposed to just property tax paying residents; and
- the opportunity to lower the investment required by working with other communities to collaborate on procurement and to engage in multi-year contracting.

With the undesirable condition of financial affairs at the State level, the Board concluded that the opportunity to adopt Home Rule and create a more autonomous local authority could be an important step forward for Kenilworth. While Village operating finances are balanced, there is insufficient funding for infrastructure investment. Home Rule presents an opportunity to become more independent and protected from the State, while finding alternative funding sources to property taxes and finally updating our deteriorating infrastructure. That is why the Board concluded that the question of whether to adopt Home Rule status should be presented to you.

Should the citizens of Kenilworth approve the referendum on November 6<sup>th</sup> and grant Home Rule status to the Village, a key vehicle will be available for residents and the Board of Trustees to address our deteriorating infrastructure in a meaningful way. Without broad and comprehensive support from our residents, it will be much more difficult and even impossible to adequately fund the improvements that are needed on a timely basis. This is a decision that is laid out before you, the people of Kenilworth. As always, the great thing about our democracy is that citizens may have a strong voice in their local government, can participate in vigorous debate, and yet set aside differences in order to come together to improve the greater good.

Sincerely,



Fred G. Steingraber  
President  
Village of Kenilworth



419 Richmond Road  
Kenilworth, IL 60043

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**Village President's Message  
Enclosed**

## **Upcoming Meetings**

**For more information, see the Village's website,  
[www.villageofkenilworth.org](http://www.villageofkenilworth.org)**

- **Monday, September 17 - Committee of the Whole - 6:00 p.m.**
- **Monday, September 17 - Village Board - 7:30 p.m.**
- **Wednesday, September 19 - Architectural Review Board - 7:30 p.m.**
- **Monday, October 1—Plan Commission—7:30 p.m.**
- **Tuesday, October 2—Finance Committee—6:00 p.m.**
- **Thursday, October 4—Park Board—5:00 p.m.**
- **Monday, October 15—Village Board—7:30 p.m.**