

Kimberly Heights Annexation information

To respond to questions from residents of Kimberly Heights regarding costs to annex to the Village of Tinley Park and obtain Lake Michigan water, the following informational packet has been prepared.

Please note that the Village of Tinley Park does not wish to force any property owner in Kimberly Heights to annex into the Village. However, annexation is a stated requirement for the Village and property owners to receive the benefits of the anticipated Cook County Unincorporated Infrastructure Improvement Fund grant. In order to obtain Lake Michigan water provided by the Village of Tinley Park, a property owner must be within the village limits. This is a requirement of agreements that allows the Village to obtain Lake Michigan water from Chicago. **Kimberly Heights property owners who have previously annexed to the Village have done so at their own choice and petition request.**

In summary:

- ✧ Annexation is required for the Village to obtain the Cook County Unincorporated Infrastructure Improvement Fund grant of \$2.5 million
- ✧ Annexation is required to obtain Lake Michigan water
- ✧ Annexation is at the request of the property owner by petition signed by the owners
- ✧ The Village does not wish to force Kimberly Heights property owners to annex
- ✧ Newly annexed roads will be resurfaced
- ✧ Wells can be kept. May be used for lawn irrigation. Must be maintained or capped. Cannot be interconnected with Lake Michigan water
- ✧ Rural character of neighborhood will not be changed
- ✧ No storm sewers. Roadside ditches will be rehabilitated if Cook County Unincorporated Infrastructure Improvement Fund grant is received
- ✧ No curb and gutter on streets
- ✧ No street lights
- ✧ No sidewalks
- ✧ No change in school districts
- ✧ No change in Kimberly Heights Sanitary District (if full annexation does not occur)
- ✧ No change in Kimberly Heights Homeowners Association

Village Special Assessment financing:

- ✧ Special Assessment financing of water main and street improvement costs available for groups of homeowners annexing at same time
- ✧ Special Assessment financing payments would be spread over 15 years
- ✧ Special Assessment financing does not cover hookup from front of property into house
- ✧ Special Assessment interest is deductible for income tax purposes
- ✧ Special Assessment principal is not deductible

Financing

Construction costs and impact fees may be financed by special assessment if there is sufficient interest from property owners. Under a special assessment, the total costs would be payable in equal principal installments over 15 years, plus interest on the unpaid balance. Interest rates would be determined at that time, but cannot exceed 9% by Illinois law. It is expected that the interest rate would be closer to the 2-3% range.

The special assessment financing spreads the principal amount due into equal installments over the term of the special assessment. Interest is calculated on the unpaid balance. One annual payment is required in January of each year, but additional payments can be made at any time.

Because a special assessment creates a lien against the property until paid, for income tax purposes, it is treated like a mortgage. Interest paid on the special assessment would be deductible for federal income tax purposes as long as the property is the main or second home of the taxpayer. Consult your tax preparer for further information.

The special assessment option would not be available for a single lot annexation.

Water hookup

Along with the installation of the new water main, a house service line will be installed into the main and brought to the front property line of the homeowner and terminated with a shut off valve called a Buffalo Box (or B Box). Installation of the water service from the buffalo box (B Box) to the house and internal hookup, is the responsibility of each property owner. The connection to the water main must be performed by a licensed plumber. It is estimated that the house service and hookup should cost approximately \$3,500-\$4,500. Due to the unique characteristics of each installation, your actual cost may be different. The cost of the water meter would be included in the Special Assessment amount.

Wells

The existing individual well water supply cannot be interconnected with the municipal water source. Existing wells can be maintained for lawn watering or other purposes. If the existing well will no longer be used after hooking up to the municipal water system, it must be capped following approved methods. Contact the Village of Tinley Park Public Works Department for further information.

Water billing

The Village of Tinley Park has a fixed base charge for utility services. For meter sizes 5/8" to 3/4" the fixed charge is \$30.94 per quarter. If a larger (1" or 1-1/2") meter is required, the fixed base charge is \$43.92 per quarter. Water usage is billed quarterly at a rate of \$6.10 (under 20,000 gallons) or \$8.30 (over 20,000 gallons) per 1,000 gallons per quarter. (The rates noted became effective 1 Jan 2015, and are subject to change. A Chicago water rate increase is expected on 1 June 2017 which would impact current rates).

Sanitary Sewer services - Kimberly Heights Sanitary District

Sanitary sewer collection services (taking sewerage from house and carrying it for treatment and disposal) and maintenance of the sanitary sewer mains is currently provided by the Kimberly Heights Sanitary District (KHSD). Billing for sewer collection services may continue to be handled by KHSD.

If all (100%) of the Kimberly Heights subdivision is annexed to Tinley Park, the KHSD would be dissolved as provided under Illinois statutes, and the Village of Tinley Park would assume responsibility for the maintenance of the sanitary sewer mains and assess charges for sewer collection services.

It is also possible for the Village and the KHSD to enter into an intergovernmental agreement to dissolve the District and transfer the District's assets (sanitary sewers and cash) to the Village before 100% of Kimberly Heights has been annexed.

If the KHSD is dissolved, any remaining funds of the KHSD would be turned over to the Village of Tinley Park expressly for use in maintaining the Kimberly Heights sewer system.

The Village of Tinley Park charges for sanitary sewer collection services would be billed as part of the quarterly utility (water) bill. The sanitary sewer collection charges include both a fixed charge and a volume rate based on the amount of water used. The current quarterly base charge is \$7.19 and the consumption rate is \$1.14 per 1,000 gallons of water used. (Note these sanitary sewer collection charges would only apply if the KHSD were dissolved as a result of 100% of Kimberly Heights being annexed to Tinley Park).

The KHSD has an outstanding loan with the Illinois Environmental Protection Agency. If KHSD is dissolved and Tinley Park assumes this loan, an additional sewer collection charge may also apply to cover this debt service obligation.

Sewerage treatment and disposal is performed by the Metropolitan Water Reclamation District of Greater Chicago. There is no impact regarding these services resulting from annexation. Charges for these services are found as part of the property tax bill.

Storm water

Storm sewers will not be installed as part of the annexation and the related water main and street improvements. Storm drainage will continue to be by surface run-off and the existing street ditch system. Drainage ditches impacted by the water main construction will be restored, but the ditches would not otherwise be improved. If an existing drainage pipe/culvert must be removed as part of the water main installation, this will be replaced with the proper sized pipe as part of the water main construction project.

Like the streets, the adjacent drainage ditches become the responsibility of the Village of Tinley Park once a Kimberly Heights property is annexed. The Village is aware that there are some areas within the subdivision where these drainage ditches have deteriorated or been damaged over the years (intentionally or unintentionally by homeowners and nature, as well as a limited maintenance by the Bremen Township Highway Department, who have been the stewards of the streets and ditches for unincorporated Kimberly Heights property) and may no longer flow or drain correctly.

The Village of Tinley Park authorized its engineers in 2011 to conduct a master drainage study of the Kimberly Heights ditch stormwater drainage system which identified the defects and deficiencies and provided a master plan for rehabilitation of the ditches. The cost for the necessary rehabilitation is

estimated to be at least \$1,500,000. Unless the Cook County Unincorporated Infrastructure Improvement Fund grant is received, the Village of Tinley Park has no current plans to undertake these storm drainage improvements.

The drainage culvert under a homeowner's driveway is considered part of the homeowner's driveway and is the homeowner's responsibility to maintain, repair, or replace. The Village of Tinley Park does not provide or replace these culverts, but will assist the homeowner in establishing the proper size, depth, and grade that the replacement culvert should be installed to maintain the proper drainage flow. However, if the Cook County Unincorporated Infrastructure Improvement Fund grant is received, existing culvert problems would be addressed as part of the overall ditch stormwater drainage improvements funded by the grant.

Storm Sewer Management Utility Fee

The Village of Tinley Park began charging all customers of the water system a Stormwater Management Utility Fee based on water usage beginning in August 2004. There is a fixed base charge of \$1.86 plus 31¢ per 1,000 gallons of water billed in excess of 6,000 gallons per quarter. This fee is the result of increasing water quality standards imposed by the Federal Environmental Protection Agency (EPA) and the National Pollution Discharge Elimination Systems (NPDES) rules for stormwater collection and discharge. This charge will assist the Village in addressing stormwater quality monitoring now required, as well as maintaining and improving the Village stormwater storage and conveyance systems throughout the community.

Property taxes

Annexation would add the Village of Tinley Park and Tinley Park Public Library to your tax bill, however, the Acorn Library District would be removed from your tax bill. Based on 2014 property values and tax rates, annexation would add an average of \$790 to the property tax bill (range \$287 to \$1,623) based on these changes in taxing bodies included in the property tax bill. This represents an increase of 12.8% over an unincorporated homeowner's present bill.

Additionally, if the Kimberly Heights Sanitary District is dissolved either by complete annexation of all the Kimberly Heights properties into the Village of Tinley Park or by intergovernmental agreement, property owners would see a reduction in their property taxes due to the elimination of this governmental entity. This would result in a tax reduction on average of \$113 (decrease of 1.8%) based on current tax rates and property values.

The Cook County Assessor will **not** increase the value of the property solely as a result of annexation or water hook-up. However, it can be reasonably be expected that the resale value of the home will increase due to these improvements and could affect property valuation after a sale has occurred.

Schools

School District boundaries would **not** change with annexation. Property owners in Kimberly Heights will remain in the Arbor Park Elementary (SD 145) and Bremen Community High (SD 228) School Districts. Students would continue to attend the schools of those districts. Arbor Park Elementary School District utilizes a graded school system where students attend different schools based on their grade level (Kimberly Heights School covers pre-k and kindergarten; Morton Gingerwood grades 1&2;

Scarlet Oak grades 3&4; Arbor Park Middle School grades 5-8). Thereafter students would attend Tinley Park High School.

Tinley Park Park District

Unincorporated areas of Kimberly Heights are not included in any park district. Under Illinois Statutes, once such a property has been annexed by the Village of Tinley Park, the Tinley Park Park District can also annex the property into their service area following the Village's annexation. The Park District has taken this action with all prior Kimberly Heights annexations, and it would be expected that they would continue to do so. Upon annexation, a resident would no longer be required to pay Out-of District fees to participate in their programs or utilize the Park District's facilities. Once this parallel annexation occurs, the Park District would also become part of the property tax bill. On average, it is expected that this would add an additional \$244 (4% of the current pre-annexation taxes) to the property tax bill based on current tax rates and property values.

Refuse/Garbage

The Village of Tinley Park has a municipal contract with NuWay Disposal to provide garbage and recycling services to single family homes. The company will bill each customer directly. A recycling bin will be provided. Landscape waste containers can be obtained from the disposal company. Pickup is currently conducted on Tuesdays. The number for NuWay Disposal is 708-532-8787. If you are currently using another scavenger service, you would be required to change to the municipal contractor's service following annexation.

Vehicle stickers

The Village of Tinley Park vehicle stickers are valid from May 1st through April 30th each year. Stickers go on sale on April 1st each year. The cost for an automobile sticker is \$25 if purchased through June 30th and \$45 after that date. The automobile sticker is \$1.50 for senior citizens (\$3 after June 30th) age 65 or older.

After annexation, a Kimberly Heights resident would no longer be required to purchase a Cook County vehicle sticker.

Cook County General Business License

In 2009, Cook County enacted a General Business License (GBL) requirement for any business operating in unincorporated Cook County. The GBL can affect any homeowner or tenant of an unincorporated Kimberly Heights home who either conducts a business activity from their home, or uses their home as their primary business mailing address. Licensing is done on a two year basis in odd numbered years. Current GBL licenses will expire in February 2017.

Upon annexation to the Village of Tinley Park, the property and its occupants would no longer be subject to the GBL requirements.

Streets

The roadway in front of your home would become the responsibility of the Village of Tinley Park upon annexation (if it hasn't already become Village responsibility under a prior annexation). An amount is included in the annexation costs for the resurfacing of the street with new asphalt and

gravel shoulder, maintaining the rural street profile, after the water main construction has been completed. If the street was previously improved, the annexation costs will include a recapture charge for the street improvements. Storm sewers and curb and gutter roadways will **not** be part of the street resurfacing. Additional charges to each property would be assessed if these other improvements (curb and gutter) are requested by the majority of the property owners.

Sidewalks and streetlights

No sidewalks will be constructed.

The rural character of the neighborhood will be maintained.

No Streetlights will be installed.

However, it is common to have a streetlight where there is an intersection of two or more streets . There are some intersections within the subdivision that do not currently have street lights and they may be installed for public safety purposes.

Unless otherwise requested by the majority of the property owners, the rural character of the subdivision will continue to be maintained. Additional charges to each property would be assessed if other public improvements are requested by the majority of the property owners (such as regularly spaced street lights on all streets).

Emergency Services

If you dial 9-1-1, you will still obtain the needed emergency services. However, emergency calls from unincorporated properties currently are routed to the Cook County E911 Emergency Dispatch Center. After annexation, the emergency calls will be routed to the Village of Tinley Park's Emergency Dispatch Center. This change could improve emergency response times.

Upon annexation, police services would be provided by the Village of Tinley Park instead of the Cook County Sheriff.

Emergency ambulance services would be provided through the Village of Tinley Park.

Fire protection would continue to be provided by the Tinley Park Fire Department.

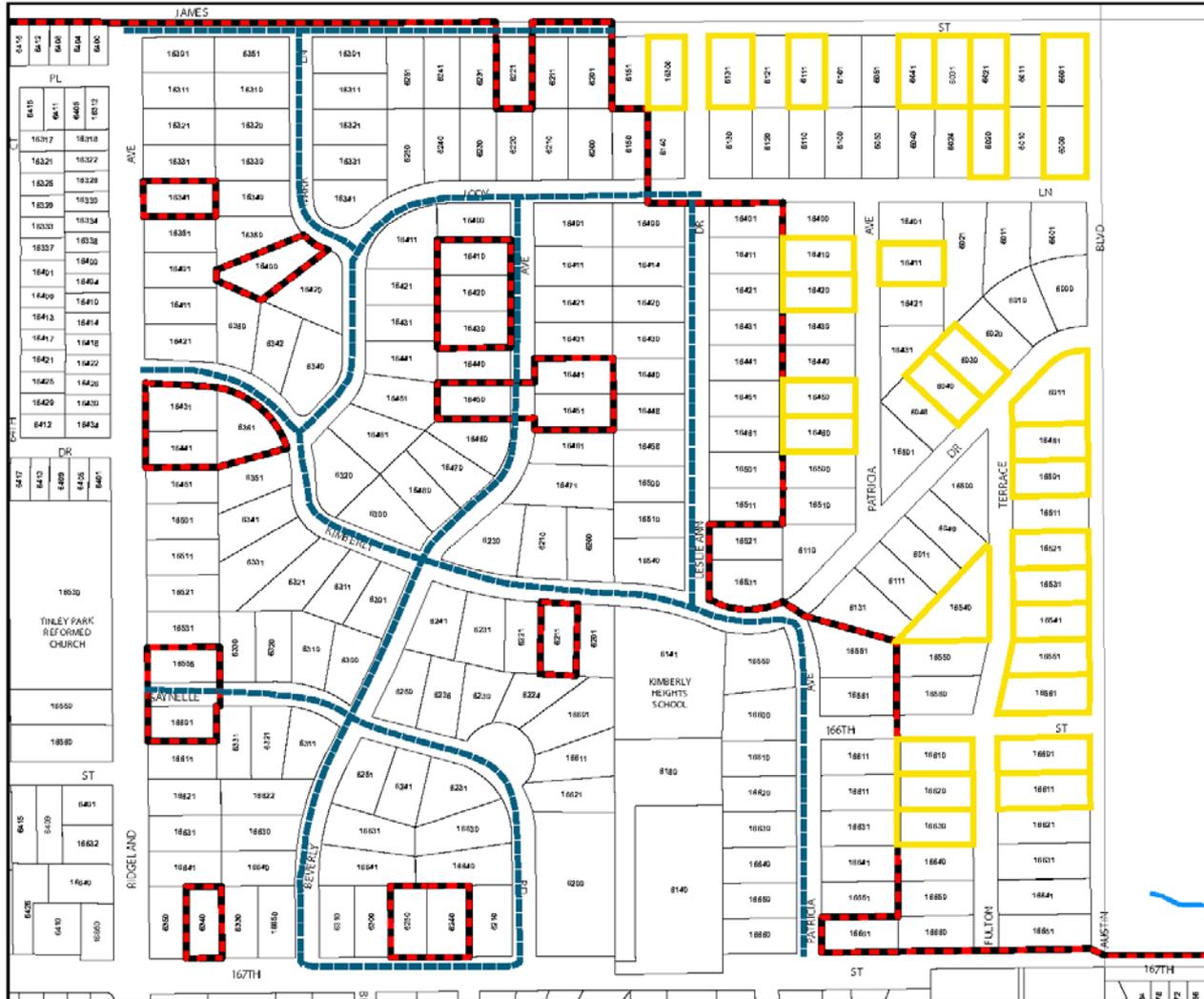
Effective 1 January 2016, the monthly surcharge for E911 services throughout the State of Illinois on your phone bill (hard wired "land line" or wireless) has been standardized at 87¢ per network connection (phone line). As a result, there will be no change in the E911 surcharge that a homeowner pays as a result of annexation.

Property insurance

Your property insurance may decrease due to improved water availability (fire hydrants) and improved insurance rate classification with annexation. Properties in unincorporated areas that are more than 1,000 feet away from a fire hydrant typically have a higher insurance rating classification (the bigger the insurance rating number, the worse the rating), which can result in a higher premium. The Village of Tinley Park currently has an ISO class rating of 3. Check with your insurance agent.



Kimberly Heights



Map Key: Red line – current Village boundaries; Blue line – existing water main;
Yellow – previous interest in annexation/water has been expressed



Kimberly Heights Annexation



For the 70 homes without existing water mains
(eastern portion of subdivision)

• Improvements per homeowner	\$12,400*
• Installation of water into home	<u>~ 4,500*</u>
• Estimated total costs per home	\$16,900

* Estimated costs subject to change



Kimberly Heights Annexation



For the 22 properties with existing water mains
(western portion of subdivision)

• Improvements per homeowner	\$10,800
• Installation of water into home	<u>~ 4,500*</u>
• Estimated total costs per home	\$15,300

* Estimated costs subject to change



Kimberly Heights Annexation



Hypothetical Special Assessment Payment Schedules							
Assumed interest rate		3%					
Estimated Financed Costs		\$12,400					
<u>15 year payment term</u>				<u>Normal 10 year payment term</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1	\$822	\$372	\$1,194	\$1,240	\$372	\$1,612	
2	827	347	1,174	1,240	335	1,575	
3	827	323	1,150	1,240	298	1,538	
4	827	298	1,125	1,240	261	1,501	
5	827	273	1,100	1,240	223	1,463	
6	827	248	1,075	1,240	186	1,426	
7	827	223	1,050	1,240	149	1,389	
8	827	198	1,025	1,240	112	1,352	
9	827	174	1,001	1,240	75	1,315	
10	827	149	976	1,240	37	1,277	
11	827	124	951				
12	827	99	926				
13	827	74	901				
14	827	50	877				
15	827	25	852				
Totals	<u>\$12,400</u>	<u>\$2,977</u>	<u>\$15,377</u>	<u>\$12,400</u>	<u>\$2,048</u>	<u>\$14,448</u>	