

# The Woodlands Project

- The preliminary project cost estimate is \$15.2 million.
- Cost is part of the \$86 million Infrastructure Management Plan (IMP) completed by the Finance Commission in December, 2009.
- In order to balance the requirements of this project, EPA sewer separation mandates, and other infrastructure improvements needed in the Village, current planning is striving to accomplish this work in three two-year phases over a four to six year time period.
- In order to proceed with this project in this time frame as well as addressing the other projects in the IMP, bond financing of \$15 million to \$20 million over the next four or five years will likely be required.

# Resident Cost Sharing

- Woodlands area residents are to fund 40% of the cost of the roadway improvements *only*.
- Cost sharing percentage is consistent with a similar project in the 1990's in the area south of 55<sup>th</sup> Street.
- The cost of storm water management improvements, water main improvements, and sanitary sewer improvements will be funded 100% by the Village.
- Current cost estimates for roadway improvements range from \$5.0 million to \$6.2 million.
- Resident cost sharing will likely range from \$2.1 million to \$2.5 million, which will fund 13% to 16% of the overall project cost.

# Special Service Areas

- Similar to a Special Assessment District, a Special Service Area (SSA) is a taxing mechanism that can be used to fund additional services and/or infrastructure improvements in a defined geographic area within a municipality.
- Special Assessments and Special Service Areas have been used in over 400 instances in Hinsdale's history in order to fund the cost of local area improvements.

# What properties are included in the proposed SSA?

- Any property having driveway access to a roadway that is being improved as part of the Woodlands project have been included.
- There are 216 street addresses consisting of 229 tax parcels that meet this criteria.

# Special Service Area Process

- The Village is required to hold a public hearing with notice given to all property owners in the proposed SSA.
- The notice and public hearing will set forth the boundaries, individual tax parcels, nature of the special services, bond issue size, maximum tax rate, and the maximum number of years for the tax.
- A petition signed by 51% of the electors and 51% of the owners of record that is filed within 60 days of the public hearing can stop the establishment of the SSA for a two year period.

# How will the resident's share be financed?

- The Village will issue Special Service Area bonds to fund the resident share.
- The bonds are paid back by a separate real estate tax levy on the 229 individual tax parcels in the proposed Special Service Area.
- The amount of the tax levy used to fund the debt service is allocated amongst the tax parcels based on the equalized assessed valuation (EAV).

# How much will the debt service cost annually?

- The interest rates on the bonds are expected to range from 5.25% to 6% depending on the term.
- Average annual debt service for the low estimate (\$2.1 million) and high estimate (\$2.5 million) would be as follows:

10 year bond	\$276,000 - \$327,000
15 year bond	\$213,000 - \$254,000
20 year bond	\$184,000 - \$220,000

# How will the debt service be paid?

- A real estate tax rate will be established each year sufficient to fund the annual debt service requirement on the SSA bonds.
- The tax rate will then be assessed based on the Equalized Assessed Valuation (EAV) of the 229 tax parcels in the SSA.
- In effect the tax burden for the debt service will be allocated based on the fair market value of all properties in the area.
- The tax amount will be included as a separate line item on your normal Cook County real estate tax bill.

# How much is the estimated annual tax per property owner?

- The *average* annual real estate tax would be as follows for the low estimate (\$2.1 million) and high estimate (\$2.5 million):

10 year bond	\$1,278 - \$1,514
15 year bond	\$ 986 - \$1,176
20 year bond	\$ 852 - \$1,018
- The *median* annual real estate tax would be as follows:

10 year bond	\$993 - \$1,176
15 year bond	\$766 - \$913
20 year bond	\$662 - \$792
- The Village can provide an estimate to individual homeowners based on 2009 tax data if requested.

# What's Next

- The Village is requesting a “straw poll” of Woodlands residents to assess their “buy in” to both the project scope and cost sharing formula.
- Needed in order to avoid the unnecessary time and expense of design engineering and special service area set-up if the majority of residents are not in favor of the project and cost sharing.