

Village of Fox Lake
Impact Fee Special Committee Meeting
February 7, 2006
6:00 p.m.

I. Call to Order – 6:04 p.m.

II. Roll Call

Present Chairman Ulasz, Trustee Beskow and Trustee Murrey.

III. Discussion of Impact Fee Ordinance

Chairman Ulasz stated we are here tonight to discuss the Impact Fee Ordinance for the schools and we are very fortunate that tonight we have a number of Superintendents from the School Districts to give us a presentation as to why they feel we should be increasing our impact fees. I would like to go to the presentations in alphabetical order.

- **John Benedetti, Superintendent of Grant High School**, Mr. Benedetti stated he has addressed the Board on two separate occasions and this is the third time. Basically as Mr. Donnellan and I have reviewed the impact fees that are currently in operation we felt that based upon the matrix that we had created and surveying other school districts that our impact fees in Fox Lake are less than some other districts. It is our hope that we can come to this Board and we have made the request at our last meeting for an increase of \$400.00 across the Board and add a CPI component be added to the present ordinance. We are requesting for both of the items, depending on when you are looking at it on the calendar year if the CPI will be this year or as a separate item annually. Once again we believe this is one of the few ways that School Districts generate revenue. Not that we are looking for handouts but we are looking for money to compensate us to a certain extent in educating students in our district. I understand there is also a meeting next week in relative to Savannah Grand, once again I want to make sure the Board is aware that anytime impact fees are waived or reduced for whatever reason that has a major negative impact on the School Districts. I know you have heard this on numerous occasions from me but if it was not for the impact fees that Grant Community High School had collected over the last 10 years we would not of been able to add the 2.5 million dollar addition to our current facility on our campus right now. That certainly has allowed us not to have to go to the taxpayers for additional dollars and is providing us with 3 additional classrooms and library, which help us to get through the next few years so we don't have to go to the taxpayers right now for additional revenue. It has delayed a tax rate increase.
- **John Donnellan, Superintendent of Fox Lake Elementary School District 114**, Mr. Donnellan stated he would like to thank you for allowing us to speak to you again. I would like to reiterate something that was stated in the last time I addressed the Board. Fox Lake District 114 relies on the impact fees for all of the Life Safety Improvement Work. A substantial amount of life safety work was completed over at Stanton School as a result of the accumulation of these impact fees. As De. Benedetti has already mentioned we reviewed the current schedule of impact fees, in reviewing other municipalities as to what they charge developers we felt it was time to address the schedules once again. District 124 and District 114 did have meetings similar to this about 4 years ago and we reviewed the schedule at that time and we felt it was time to it one more time. As a word of caution when we are looking at these schedules and we look at the total impact fee for our districts and when you look at other schedules that is put forth by the Municipalities that we are comparing apples to apples. If you look at elementary districts we have to break that out separately. Thank you for the opportunity to speak to the committee.
- **Ron Panzanin, Superintendent of Big Hollow School**, I am coming from a slightly different perspective as you are aware Big Hollow School District in the past years has been a growing school district. We have had a great deal of new house development coming into our boundaries

and as we have moved through the process of negotiating or in some cases attempting to negotiate with different developers and Villages what we have discovered there is a fluid type of framework and criteria used for determining what should be the type of fee paid by a developer. Finally we decided enough is enough and contacted Bonnie Thompson Carter, Lake County Representative to ask if the County could provide some assistance to extend to provide us the opportunity to get the framework to establish the criteria. She took the bull by the horn and was able to get us involved with the Lake County Planning and Zoning Committee which for a year met with a steering committee made up of various School Representatives, Government Officials, Developer Representatives, various people invited to participate. As we moved through the process we not only looked at the various components but we also looked at the legality. What it all ended up being is what I presented tonight the Lake County School Impact Model. What that takes into account is how many students a development will generate and we use the Naperville formula, the criteria which have been accepted by the courts. Then we look at the cost of these units, what the developer going to sell these units for, then we look at the per capita what it is costing the school district to educate the children coming out of that development and by those comparisons and here is property tax revenue that the development is going to generate in say property taxes and what is the difference between the revenue and the expenditure. Every development is totally different thus our feeling is that to have a set impact fee while it is good would be better served to use the Lake County Model where you can take each specific development and how it is going to impact on the School District and in the same sense it is going to impact your taxpayers, because the taxpayers have to make up the difference. In your situation in Fox Lake it is a little more important because all of the Big Hollow Students attend Grant Community High School. Right now our enrollment is 1300 students and we have another 1200 students that are on board right now to be filled. It is not only going to impact Big Hollow for 9 years, but 4 years at Grant Community High School. My hope is that you would take a hard serious look at this impact model and give it consideration and implementation of revising the impact fee ordinance.

IV. Committee Comments

Chairman Ulasz asked if the Committee had any questions.

- Trustee Murrey asked if Ron Panzanin you kept referring the model not as an ordinance but the County is using that as guideline only, has it passed by the Corporate Authority? The Lake County Planning and Zoning has endorsed the module. Trustee Murrey stated it seem cumbersome but they have broken it out in types of cells, then and then out of cells you start rating the cells and then it would substantiate the evaluation of a subdivision which would then take you to a chart. Ron stated yes, and it takes into account single-family dwellings as opposed to townhouses. When looking at the Naperville formula there is a different number of children coming out of the different types of dwellings, so that was all taken into consideration. That is one of the advantages when there is a mixed type of housing in a specific development.
- Trustee Murrey asked it calls it a model impact but how do you deal with communities like us that has only 3 lots left in a subdivision? Is there anything that addresses this, or do you look at the subdivision as it stands now? Ron stated what is nice about this is you can easily just plug in three lots. Trustee Murrey stated no I am talking about an older subdivision not a new subdivision. Ron stated you would want to refer back to what the other owners had paid.
- Trustee Murrey asked if Grant Community High School concurs with the Lake County School Impact Model? Dr. Benedetti stated they have endorsed the model. Dr. Benedetti stated his only concern is when we would look at the fees that it is not below what we currently receive. Trustee Murrey stated don't quote me but if you get in a higher end subdivision you may get less because you have a higher assessed evaluation. If you are looking at the \$400,000 to \$500,000 single family home verses the \$200,000 town home. So you are going to have to be careful when you look at that, in reflecting you are looking to have the best of both worlds if for some reason the aspect of a high dollar subdivision comes in the fees could be up to 40% less that what you receive on the chart or chart you are recommending.
- Chairman Ulasz stated one of the things that was pointed out to me is, did everyone receive in their box an impact fee structure? When we are looking at Lake Villa, Libertyville, Mundelein,

Richmond District 2 we see that we are very much in line with that it was pointed out that it is just Elementary Schools, those are not High Schools. When we look at it say a detached 3 bedroom we look like we are fairly much in line with them but we really wouldn't be since in these cases it is just quoting the elementary school, not including the High School.

- Ron Panzanin asked if he could address the Committee again. Let's assume that a student comes in at 1st grade, the student stays for 8 years, right now if we take my student cost which is approximately \$6,000 per student per year, we are talking about \$48,000 dollars, will that house generate in property tax to the School District in 8 years \$48,000 dollars? It is pretty unlikely, that is just looking at one student, if we have a 4 bedroom house, and the Naperville formula says I will have 2 students now we double it. My school costs per student have gone up but the property tax revenue is the same. So again there is more of a gap being created there. I guess what my point is that Dr. Benedetti brings up a valid issue we don't want less but I think it would be the very rare case. In any of the subdivisions you end up with a cost much more than the revenue you generate. Trustee Murrey stated unfortunately you are hitting the nail straight on the head, for myself I have a concern with the CPI increase that has been suggested, certainly the schools are the backbone of what drives the assessed valuation of any home but we are trying to orchestrate a proper number for the first year of them being whacked because Illinois is a year behind. At the same time I don't want to see happen the loss and the taxation of how we are trying to fund our schools and drown the developer with the first hit of being something enormous and then they want to look elsewhere. We don't want to drive them away and then land in an unincorporated area, now there isn't a Village and you have a framework that the County endorses but it isn't a law. We are sitting here with a cost of living raise, it is not our job to support the school but it is our job to get a quality product to the District. We want to make sure we are not drowned in something that makes it irresponsible where the tax dollars will never overcome it. We want to keep the schools happy but at the same time we don't want to push developers away. Ron Panzanin agreed there is the one-year lag time that does occur. What we feel has happened the old impact fee numbers are old and while they have been increased, they increased at a percentage and an amount that doesn't reflect what is being generated out of the developments anymore. The cost of the houses has increased dramatically and the developers are still paying an impact fee based on the smaller house, and yet at the same time the school costs for a student has certainly gone up. We are using the model also to bring the current impact fee to what a more realistic impact fee would be at this time, rather than an increased fee from an outdated amount.
- Trustee Murrey stated I don't want this to turn into a token stipend. I will sit here all day long and I certainly want the Schools to be happy with the community, but at the same time all three school districts are only asking for their fair share of a normal home or what they would be taxed when they get their first tax bill. Chairman Ulasz stated that was pretty much the same as I was thinking. What I gave to each of you again this is not my recommendation but I wanted you to have a feel for numbers if we used the CPI. My first example I feel that what will keep you all current is by putting the CPI in the ordinance. I tried to provide an arbitrary increase and what it would be the next year so we could see the numbers if we were to proceed with a CPI increase in the ordinance. Again this is just something for you to get a feel for the numbers and what we would be talking about increasing with a small increase and then with the CPI it would grow with the CPI built in. I also wanted to mention in the packets was an Ordinance from Volo which had the lag charge fee.
- Trustee Murrey stated in the Impact Fee Model when you start figuring the cells, there is also a component in there to go back. Ron Panzanin stated in the model there is an area for transition fees and can be plugged into the model as well.
- Trustee Murrey stated going back to your spreadsheet with the different scenarios. The first one is just the CPI and the next one is with the increase with the CPI increase. I am just asking for clarification so I am sure what we are reviewing. Chairman Ulasz stated yes, and I can extend this on if it is needed.
- Chairman Ulasz stated Trustee Murrey was here when they raised the impact fees last time, do you have any other feelings regarding this? Trustee Murrey stated no I just don't want to go over the other side of the spectrum and start chasing developers away because of such a huge impact fee, and at the same time what are we basing our impact fee on? The Lake County Impact Fee model is

the first one who has given some kind of formula; everyone throws the Naperville around because it is the only one that successfully was challenged in the Court systems stating this was a valid number to work off of. We have the Naperville and that is what we enacted in the earlier days. The last time we added our Parks and it is working very well and again having the districts here and working hand in hand with the schools to provide the parks specifically at the north and sharing tax dollars instead of duplicating the tax dollars. I was against the CPI because I was afraid it would run rampant verses where we would be instead of us physically looking at the numbers. I would like to see a circuit breaker in our ordinance where it has to be revisited every 18 months, and that we would receive a letter of endorsement or of their thoughts so they aren't required to come before the Village every time we review this. That is where I would like to see us go, it definitely needs to be revisited.

- Trustee Beskow stated he thought everything has been spoken tonight and have an awful lot of merit; I just know over the years when you work with impact fees it is really hard to adjust them for everybody. All of your communities don't work the same, some work off of square footage, some go off bedrooms, and then you have some Round Lake Beach that goes individually by development. Two developers may come into town and they look like the same for the average person but the Board that is approving them charges them two different impact fees. I know on ours and I have seen it happen more than once, you take bedrooms, how do you define a bedroom, it used to be if it had a closet it was a bedroom, without a closet it was a den. It is not really an easy situation to get something that is fair and I haven't had a chance to go over the County Model and I would like to look more into that before we go further with this.
- Chairman Ulasz stated she would like to make a recommendation that Bill Hart could acquire the disk and then do some samples of current development for analysis. I would like to see how this tools works instead of us trying to average it out. Trustee Beskow stated he would also like to look into the Senate bill that is out as proposed that limits the availability for Municipalities to impose impact fees. The schools would work on their own the way it is written, but I need to find out more about this before making a decision.
- Ron Panzanin stated that is a proposed bill that you are talking about, it is from Senator Lorenz from Aurora and we have not received a whole lot detail as of yet. The jest of it would be the Village would be denied to impose impact fees and in addition it would repeal all current impact fee ordinances. Right now it is just in the proposal stage or a bill that has been introduced.
- Chairman Ulasz stated there are just a couple other topics I want to bring up regarding impact fees. At the Board level it was brought up for the Library Districts, the Park and also it was brought up about our Fire Departments and Police. Not only does it developments affect the Schools; it affects the Fire and Police Departments. And I also want to discuss the Libraries. Trustee Murrey asked if we contacted the libraries, Chairman Ulasz stated she did not. Trustee Murrey stated the last time this was under review he stopped in and talked to Mr. Bork and he provided what he felt the Library needed. Chairman Ulasz stated I know we are not going to come to a conclusion this evening, Trustee Murrey stated with us so active in the north we should check with the Mc Henry County as to what Library District we may effect, and in addition Antioch Library District as well. Chairman Ulasz stated she is proposing another meeting so that Bill Hart can provide that information to us and as well contact the Libraries as well.
- Trustee Beskow stated if we are going to amend the ordinance lets look over all of them such as Police and Fire Departments etc. I have had some talks with some of Fire Departments and the number they are throwing out is \$250.00. I would like to check with the Attorney on that. Some of them are done as an annexation agreement Chairman Ulasz stated she would check with the Attorney, has anyone had any feel for Police Protection? I will check with the Attorney on that as well. We will have another meeting before a recommendation would be made to the Village Board. Chairman Ulasz stated she will be out of town in March and everyone was in agreement to schedule the next meeting April so everyone would have the opportunity to review everything prior to discussion continuing.

V. Audience Comments

Walt Kublanza, Grant Township Tax Assessor – The first thing I want to point out 20 years ago I was Trustee when they put the first impact fee ordinance. One of the things you need to look at if you are going to impose impact fees, lag fees or whatever the builder is not going to pay the fee, the person who buy the home is the one who is going to end up paying for it. I am in favor of the real estate tax only because if you live in Lake or Mc Henry County 100% of the real estate dollars stay in the County, 95 % will stay in the Community. He went through the difference of tax dollars in the last 10 years that were distributed to the Schools as a total, to show the growth in the Village.

Don Jaronski, Ingleside – I have the dubious distinction of being the only non-public official that was on the Lake County Committee for the Impact Fee Model. I want to commend the Village of Fox Lake for looking at this and we need to do this well. I want to point out a couple things to you for your consideration. The first items is looking at say the Cambridge development and see what the impact is using the model to see what the impact was verses the impact fee collected, I think you are going to be very surprised to see the difference. We did run test cases during our reviews. If Mr. Hart has some problems he should contact Dennis Sandquest at Lake County Planning and Zoning. There is a lot of economic and legal analysis that went into this work and I would ask you to carefully read the narrative. A lot of time was spent obviously on the narrative to make sure all the numbers worked. This was an adversarial relationship. We had people with different points of view on this study committee, we had the Schools whose general position was we need more money, we also had developers who would have to raise their price if we increased the impact fees but it is a pass through they pass it on to the purchases. When you have people who are looking for good School Districts people are willing to pay that price so that supports a good understanding of what this model will do for everyone. There is a section in the narrative that talks about the legal implications of this and you need to understand that carefully because there was a lot of time spent on this because people think of an impact fee as a product of a Village ordinance. In many cases that is what it is but there is also when Village's collect impact fees from developers from a mass residential developments through annexation agreements. We have a lot of experience with annexation agreements and they are free will contacts and they are not ordinances. When a developer comes in and if you can run this analysis and find out what the impact is potentially it becomes a starting point for what that impact could reasonably be. You need to understand the difference between impact fees generated by ordinance and impact fees on generally large developments such as annexation agreements. The other thing I would caution you on, I know the practices of Lake County and the impact fee ordinances not annexation agreements on the basis of what other Villages are doing and what we saw on the committee working on this for about a year is all these things are wait and wait. When you are making decisions based on what other Villages have done you essentially perpetuate this significantly low number. You may have increased it from where it was which is a good thing but compared to the impact you will be surprised how low of number it is. This is a very big issue for you and the future of Fox Lake, the reputation of Fox Lake and for the area around it as well. What we are starting to see is Plan Commissions and Villages look more closely at this issue. Coming from a point of view of a taxpayer what you don't cover the taxpayer have to pay. We all want the Village to grow but not at the expense of the other taxpayers.

VI. Adjournment

There being no other business to discuss the Committee Meeting was adjourned at 7:03 p.m.

Carol Ward
Deputy Clerk