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Impact fee pits roads against development

Like most people living in Kane County, Sean Michels will tell you he wants strong, well-maintained roads in and around his village.

But like most in the county, Michels, who is village president of Sugar Grove, also will tell of his desire to do everything possible to bring more businesses – and the jobs that come with them – to his hometown and the rest of the county.

With that in mind, Michels said he doesn't envy the tough spot in which Kane County's elected decision-makers now find themselves when it comes to road impact fees.

"It's a dilemma, there's no doubt," Michels said. "We want to continue to keep up our roads and our infrastructure. But when you're talking about fees that can cost hundreds of thousands of dollars, paying those can really make or break a business, whether it's going to come to Kane County or go somewhere else."

For the past seven years, Kane County has charged fees to anyone building a new structure anywhere in the county.

The so-called road impact fees arise from a basic premise that those who might gain from a new business or construction of new homes should pay to offset local taxpayers' costs to maintain or improve roads that are stressed under the weight of new customers, workers and residents.

Kane County transportation officials believe the fees have been a success, raising \$22 million in the past seven years to improve dozens of county highways, such as Kirk Road, Randall Road, Orchard Road and Stearns Road, among others.

The county locally has plans to use the fees to pay for projects such as the extension of Anderson Road in Elburn, realignment of Plank Road in Burlington and work on Orchard Road.

How the money is collected and spent is governed by state law and county ordinance.

The fees are based on a formula used to calculate how many trips on local roads might be generated by a certain type of new building. The impact fees must be spent on road projects in one of three sections of the county – north, central or south – in which the new structure is being built.

"The idea is that the fee payer gets some benefit from the fees that they pay," said Carl Schoedel, director of the Kane County Division of Transportation.

The county also is required to spend the fees within five years of collection.

At its peak, the program brought in \$5.4 million in a year. But as the economy crashed into recession and new development ground to a halt, the county's annual take from impact fees slipped to about \$700,000.

Schoedel said the county expects to bring in about \$1 million in fees this year.

As the local economy has continued to spin its wheels, the fees have come under fire from local government leaders and some on the county board, who worry the fees are making it more difficult to draw in new development and jobs.

In Hampshire, Village Administrator Doug Maxeiner sent a letter to Kane County in February complaining of the fees' impact on his village. He said the village was compelled to promise the developer of a new gas station and convenience store a \$30,000 sales tax rebate to offset the county's \$50,000 impact fee. If not for the tax rebate, Maxeiner said, the developers would have "pulled the plug on the project."

And last year, a grocer interested in building in Hampshire backed away after discovering the county fee would cost \$156,000, Maxeiner said.

"If a 50,000-square-foot grocer can locate in Genoa or Huntley and avoid the \$156,550 in road improvement impact fees assessed by Kane, why would they develop in Hampshire?" Maxeiner said.

McHenry, DeKalb and Kendall counties do not charge road impact fees.

Such situations drove Hampshire to take up the issue with the county, Hampshire Trustee George Brust said.

"Everybody cries and screams 'jobs' in this economy," Brust said. "And the reality is, sooner or later, something's got to be done."

For that reason, some have pushed the county to consider sharply decreasing the fees to stimulate the local economy.

The county board is expected to take up that discussion later this month.

The leaders of communities not far from the DeKalb and Kendall county lines said the impact fees represent a difficult issue.

Elburn Village President David Anderson said he recognizes the burden put upon businesses by the fees and would support adjusting them annually to "reflect the economy." He noted that fees tied to the price of land, particularly, should be adjusted to reflect the depreciation in land prices in recent years.

Michels indicated that he wouldn't mind dialing back the fees.

As in Hampshire, Michels said Sugar Grove has been forced at times to work out deals with developers and use village money to offset the county impact fee cost.

"The fees definitely prolong things and keep businesses guessing," Michels said.

But he said he also would not call for the fees to be eliminated or reduced too greatly. He noted that Sugar Grove is working with the county on some local transportation projects for which impact fee money could be used.

"They have their down sides, but I can't say impact fees are all bad," Michels said.

What you might pay

Are you building in the Tri-Cities? If so, depending on what you're building, here's what you might pay in county impact fees, based on the current fee schedule:

10,000-square-foot retail store – \$29,320

200,000-square-foot retail store – \$882,564

50,000-square-foot supermarket – \$287,185

4,000-square-foot fast-food restaurant – \$24,682

Single family home – \$1,842

Source: Kane County Division of Transportation Impact Fee Schedule

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