

**Special Joint Meeting**  
**Village of Channahon and Village of Minooka Board of Trustees**  
**Village of Channahon**  
**24555 S. Navajo Dr.**  
**June 17, 2009 at 7:00 p.m.**

Channahon Village President Joe Cook called the meeting to order at 7:00 p.m.

The following were in attendance:

Channahon Village President Joe Cook

Minooka Village President Pat Brennan

Channahon Trustees: Sam Greco, Scott Slocum, Debbie Militello, Scott McMillin, Judie Nash, and Jerry Papesh

Minooka Trustees: Dennis Martin, Terry Houchens, Barry Thompson, Dick Parrish, and Ray Mason

Village Administrators: Jamie Bowden, Channahon, and Jim Grabowski, Minooka

Channahon Village Clerk Missey Schumacher

Brennan led the meeting in reciting the Pledge of Allegiance.

Cook welcomed Minooka Officials. First item of business is Development Fee Structure. It was brought before us by the member of the home builder community. They talked about things we could do to provide incentives for housing in Village of Channahon and Village of Minooka, bringing up the vitality of the housing industry.

Bowden forwarded some information and the proposal presented by N. Gene Briscoe. Also included in the information is a comparison of five surrounding community and their fees. Bowden attached a number of building permits as examples for information on lots, housing prices, construction permits, etc., since 2003. VOC permits are running under \$18,000, average now between \$11,000 - \$12,000. Fees change depending on annexation agreement of the subdivision. The proposal was for a \$5,000 discount by Village to be matched at occupancy by builder. VOC fees are about \$9,000: \$6,000 for tap on fees, plus the impact fees, plus \$1,000. The difference is the school districts. That gives an idea where VOC stands in the area.

Grabowski stated he and Brennan met with Cook and Bowden and talked about moving together on any action on this proposal. They considered looking at the value of an improved acre and how that would affect permits as opposed to any kind of discount. Minooka has prepaid impact and tap on fees with some developers. Handling that would be unique to VOM. They might also considered looking at land value and possibly delaying impact fee payments until occupancy.

Cook then opened the meeting for discussion amongst the Board members.

Brennan asked the Board for their opinion.

Parrish asked how change in land value affects fees.

Grabowski stated that in the packet, a number of items that show how changes in land value would affect fees. Right now the value is at \$75,000/improved acre. \$50,000 was used as an example to show the change.

Parrish asked if the land values have actually dropped since the \$75,000 value was established.

Grabowski stated that short of ordering an appraisal, he believes that they have, although how much is the question. Research was done with RealtyTrac regarding property that sold in the area for comparables.

Bowden stated that we are able to acquire information due to our transfer tax. Average house sale topped out about 2007. We've had one lot sell for \$35,000. In 2005 lots were selling for an average of \$95,000. That is just information we acquired through transfer tax.

D. Martin stated that the land value in ordinance is the value of school or park site that is improved. It has street, sewer and water, etc., available to the land. Comparing what houses or a residential lot would sell for, the question is when a developer is doing a development, what that 20 acre site that is set aside for a school or park site is valued at. We determined some time ago that it was \$75,000/acre for a fully improved school or park site. When prices were going up, we made an evaluation and determined that the value was \$75,000/acre. Martin doesn't believe Minooka's ordinance includes an automatic multiplier.

Grabowski stated that the school facility impact fee had a multiplier attached to it.

Greco asked when that was established.

Bowden stated that an evaluation was done in 2006.

D. Martin stated that for 2-3 years, real estate prices have been dropping. Raw land prices are significantly down. That could be a factor.

Papesh stated that land prices dictate the value. At one point the land was going for \$70,000/acre. Now we'd be lucky to get \$20,000/acre.

D. Martin stated if we look at that and make estimates based on current prices, the factor on the raw land would probably justify a \$25,000 - \$30,000 drop in the development value of that land.

Cook asked what detail was taken in determining the \$75,000/acre value.

D. Martin stated that the determination wasn't arbitrary. We looked at a sample of what the raw land values were and then calculated an estimate of what the sewer, water, storm sewer, streets, and sidewalks would be required to make that property a legitimate school or park site. They didn't look at commercial or industrial raw land, but because of zoning that schools locate in residential areas and the residential developer pays this money, they looked at residential land and what it would cost to develop that land. Lakewood Homes donated 35 acres for school/park site. Minooka used that estimated cost to true up the figure.

Militello stated that the proposal suggested other areas to consider. She thinks that three of them are worth considering.

- Speed up approval process of new development.
- Create a method for a committee to resolve differences of opinion.
- Relaxed/revised signage ordinance.

Cook opened the meeting up to audience members who wished to speak.

Briscoe stated that the situation in residential housing is no better than 60 days ago. A few more people walking through the properties, but no sales. There are some signs of recovery in commercial property. He stated that builders are trying to find a way to jump start sales in communities. He thinks it needs to be a joint effort from both communities. It is not totally the responsibility of Village Boards alone. He is glad to see representatives of other taxing bodies: schools and parks. The goal is to sell homes and put people back to work. 40-70 people that they can put back to work to build a home in our community is that many more people we've got to pay taxes and pay the fees and continue to enjoy Channahon and Minooka. They are not asking Villages to carry the whole ball. They believe the builders need to be involved and all the other taxing bodies need to be involved, too. Everyone enjoyed the riches when times were good. We need to find a way to move forward. He offered to answer any questions.

Parrish asked of the several proposals offered, which did Briscoe think would be the most valuable to the home builders. Which would jump start businesses most quickly.

Briscoe stated that we need to find a way to set ourselves apart from some other communities that are doing similar things. Manhattan began this process a year or so ago and he understands they've had some success with it. He thinks the number is approximately 28-35 homes. They started with a \$5,000 stimulus package. Shorewood recently passed a reduction in their fees of 25% on the Village fees. Each subdivision is a little different based on annexation agreement. In order to jump start our community, \$5,000 would not allow us to stand above anybody else. Briscoe thinks builders need to be involved. If community could give \$5,000, the developer/builder needs to put \$5,000, also. He doesn't know if \$10,000 is going to be enough to really attract someone today. "If you take impact fees given to schools and library district, the fire district, the park district, even on the lowest scale it comes to about \$18,000-\$20,000. For some period of time and for a number of lots, if we would offer that back to someone who would buy a new home or build a new home in either one of our communities, I think that would help draw attention and at least we would get a good serious look." Briscoe thinks that's what it's going to take. "It's going to take something bold." "I know Channahon would love to have a grocery store. We need more rooftops. We need more spendable cash. This is one way to help bring that commercial business to town." Briscoe stated that, in his opinion it is going to take \$15,000- \$20,000.

Papesh stated that our building permits are all over the place. Different subdivisions have various amounts. What if we reduced them all back to the lowest one we had? We've got some that are impacted capital fees prior to 2006 are \$1,250 less than what they are in newer subdivisions. "School fees are only on several subdivisions, the school facility fee. Move that off of there." That would bring you to \$5,000. If we can get permits on the same playing field that would help a lot. You can still advertise that they were reduced "X" amount.

Briscoe stated that the first step is to begin that type of process. If we understand that none of them are all the same.

Papesh stated that he doesn't know if Minooka has the same thing.

D Martin stated that he thinks Minooka has exactly the same issue. They have capital development fees that are higher on newer subdivisions, lower on older subdivisions. One of the considerations, about the school impact fee, to change the value of land while leaving the remainder of the formula the same would change the impact fee. Village ordinance collects that money, but our obligation is to give it to the school district if it has been collected as an impact fee, unless the ordinance is changed or there is a separate arrangement with the school district. If the impact fee is lowered, that will lower the cost of the permit under Minooka ordinance, and likely Channahon's ordinance, too. The builder will pay less for the building permit. The house will presumably cost that much less in what the builder's cost is. The Village will not have the money because we will not have collected it with the permit. These are things that could possibly be done and possibly should be done. It's an equity issue. If the land in the current economy is not worth \$75,000, we shouldn't be collecting as if it were. That doesn't give the Village more money. Minooka has alternative revenue bonds that are based on our tap-ons. We would really have to look hard at where, if we're going to put \$5,000 per house as an incentive to be matched by the builder, we would get that money. Anything we do should be matched by the builder. We have some subdivisions where they've already paid their tap-on fees, what do we do in those subdivisions, but go into our bank account and give them money back?

Papesh stated that he didn't think they would go backwards with that, they'd let that lie because that's already been addressed and taken care of.

D Martin clarified that if there's a subdivision with a vacant lot and that builder wants to build on that lot, if we're taking the rebate from tap-on fees, that money has already been collected and distributed it.

Papesh stated that the builder's tap on fees would be \$0.00 so his price would be reduced because he's not paying the tap-on fee. His are pre-paid so he already has an advantage over somebody who has a lot and has to pay the tap-on fee. His fees are already down \$5,000.

Thompson stated that the lot does have tap-on fees associated with it, they're just prepaid. It's not gone away, it's still there.

Papesh stated that tap-on fees have been pre-paid, so when he's selling the house his new building permit is not going to include that.

D. Martin stated that he doesn't think they can give that money back. We can try to look in our budget and find money, but it isn't our tap-on fees.

Papesh stated that he's not suggesting giving that money back because his fees are already going to be \$5,000 less than the guy building on a lot in another subdivision.

Cook stated that there's a balance of collecting less or collecting the same amount and creating an escrow to give money back. That seems to be the hard thing to figure out. Where do we take those dollars from? If we collect less because of the cash land value, that's less money. We don't have that money.

Bowden stated that it's done two different ways. Shorewood discounted their portion of the building permit, so the fee is less. Manhattan charges the full amount and each jurisdiction contributes a small portion to come up with the \$5,000 as a rebate. VOC fees are only \$7,000: \$1,000 for building permit and \$6,000 for tap-on fees. \$1,250 and \$2,500 for impact fees, depending on which subdivision. The Village doesn't necessarily have \$5,000 to cut back.

Slocum asked Briscoe how this effect competition with existing home sales. That market is also dead. Does this give builders and advantage over them. Real estate people or people who are trying to sell their own homes feel this would be an unfair advantage for builders.

Briscoe stated that "if you were going to build a brand new home across right the street from each other, and one was built a year ago when they paid the full value of the fees, then the guy was going to duplicate the house across the street, dollar for dollar, he probably, today, just based on the economy, he's going to build it for less money anyway without any changes in the fees because of the price of labor and some lumbers and coppers and those things have gone down. Typically, when a person has a home that is existing, there are generally upgrades that have been put in that home that would cost extra money in a new home, finished basements and more landscaping and those kind of things. In some circumstances, dollar for dollar, there probably will be an advantage for a new builder to do it. The big part is today, in the new builder probably will take less money, less profit today than what he did a year ago or a year and a half ago when that other home was built. So, I mean, it's kind of hard to really nail it down and there will be some disadvantages to an existing homeowner in some cases. Maybe not."

Papesh stated that in the report the Trustees got, it shows new homes versus existing homes and existing homes a quite a bit less.

R. A. Rosenthal (Developer, Whispering Oaks) There is a difference, but what's the focus here. From a tax standpoint, where the Villages benefit is from new growth. New growth comes in and you get that tax rate that's going to help pay for the schools and the other stuff. Existing homes don't change that tax base. It's still a benefit to promote the new growth. The last point is jobs. This isn't just bailing out developers, it's the whole engine of the economy. While you have some engine with existing home sales, the jobs are in new development.

Slocum asked what developers are going to ask schools and parks for.

Briscoe stated that the initial thoughts and the proposal ask them to eliminate impact fees for a period of time or number of lots. We plan on attaching that to the park district, fire district and library district, it's a community effort that we're asking for. Slocum stated that residents have asked, if the park district and school district do that, aren't the existing residents then paying for those new students.

Nash stated, "Yes they are."

Briscoe stated that he didn't know that. "Right now, I know that we've got a high school that we just built the South Campus, and as I understand it is far below the projected numbers of what they...what was anticipated to go in there the day it opened. They got a bond issue for it. You know, I don't see...I mean, their budgets have continued to go up. I looked at the amount of taxes that the Minooka High School District collected last year versus, 2007 versus 2008, it went up over almost a million dollars and yet the student population...held steady. We're all paying taxes, more than we all think we should pay. Myself, I haven't had a kid in Minooka High School for in over 10 years. I think at some point I've paid for my child's education, but I'm pre-paying for my grandchildren. That's the way the system works. We've got to help ourselves.

D. Martin asked Briscoe if he was correct in understanding that builders were going to ask school districts, park districts, etc. to do something with impact fees. It is the Village that collects those fees.

Briscoe agreed, stating that is the reason the builders started with the Villages.

D. Martin stated that the Village collects money on the authority of the Village in order to mitigate impact on schools. It's more proper if we as the Village talk to the school districts that are affected. He doesn't think VOM would change the impact fees or the ordinance without consulting with the schools.

Briscoe stated that builders would offer some advice, guidance and help in presenting our case to the various districts.

Houchens asked Briscoe to clarify that builders are asking from the Village \$5,000, and the schools a couple thousand each, for a total picture of \$8,000 - \$10,000 rebated.

Briscoe stated that builders would be asking all taxing bodies to set aside their portion of permit fees for a period of time.

D. Martin restated that the Minooka High School district does not have the authority to rebate their portion of the fees. That is totally the prerogative of the Board from the respective Villages. He would hope that discussions would include the school districts. He doesn't think the home builders should get in between the relationship that the Villages have with the school districts.

Grabowski stated that as a follow up to the last conversation, this proposal has been discussed with the school districts. In summary, there is a certain level of value of a house, where statistically there are less children and with the taxes that they pay, tend to pay for their education. That's somewhere around \$350,000 or \$375,000.

Al Gegenheimer (Superintendent, Minooka District 201) stated it's more like a \$700,000 house which pays for itself. The district has been very thrifty. We have one of the lowest per pupil operating expenses in the state. Channahon has a low rate, as well. We spend \$6,500.00 per student. That includes special education costs, which sometimes run into \$50,000 per student, moving into "no-money-down" homes. We have to educate the children. Residential property doesn't pay for itself. The owner of a \$250,000 home pays \$2,000 to the school district.

He continued that the developers haven't helped to pass a referendum when a school building needs to be built. K-8 Districts educate children for 9 years, at approximately \$6,000/year, totally \$54,000. How many years do you have to pay taxes at \$2,000/year to pay for one child's education? If you have two children, you'll never pay for that cost. People don't stay in starter homes. They move into bigger homes as soon as they can. Then another family moves into that starter home. Higher priced homes tend to pay for themselves because people tend to stay in them longer and there's a chance that they'll pay for themselves. In Minooka alone, since 2004 we have 1,147 students attending schools that live in homes that did not exist before 2004. We got \$2.2 million in fees.

He also stated that a new school being built today, on land already owned by the school district, is costing \$28 million. If the Villages forego a developer putting in roads, then the Village has to put in those roads. If developers were building our schools, we'd have half a chance, but their fees aren't paying for the cost of a new school. Gegenheimer agreed that existing tax payers would end up paying the bill. Minooka High School received the Exploding Growth designation from the State of Illinois, meaning they've grown by 200 or more students this year. Minooka Grade School district also received the designation.

Grabowski stated that he'd be interested in seeing the assessment that Gegenheimer received.

Gegenheimer stated that the school had not ordered an appraisal recently, not since he's been with Minooka School District.

D. Martin stated that it is a problem of equity. The fees are collected on the established value of an improved acre of a school site.

Papesh commented that the value has decreased considerably. He added that Minooka has added several buildings to the tax rolls recently.

D. Martin stated that those buildings have an average abatement of 50% for 3 years.

Papesh commented that those are all coming on the tax roll. That's a substantial number of dollars coming to the school districts.

Gegenheimer agreed that those buildings are beneficial to the school district. However, Minooka grade school is picking up children from Shorewood where there is little business development contributing to the tax base.

Briscoe asked to interrupt, stating that the schools received \$7 million.

Nash asked Briscoe if he knew how much the school district had to spend to educate the children.

Papesh stated that the amount of land or money contributed in lieu of land should be added in.

Nash and Greco argued that monies from those sources are minimal.

Briscoe stated that while the school continues to get millions in tax dollars, Grundy, Kendall, and Will Counties suffer higher than average unemployment rates at 12.2%, 10.4%, and 10.2%, respectively.

Mason asked Briscoe if most of the builders employ workers from this area.

Mark Scaggs (builder/developer) stated that he uses about 8 businesses in town for building.

Cook asked Gegenheimer for his opinion on how to mitigate the problem. He added that the Villages are impacted, as well, with sales tax down.

Gegenheimer expressed doubt that any incentive will be enough given the current inventory of foreclosures.

Cook asked what impact foreclosure have on schools.

Gegenheimer stated that the recent foreclosures have been an “eye opening experience” for the school district. He stated that although there have been a tremendous amount of foreclosures in the school district, the number of students isn’t lower. They move in down the street with a neighbor and someone else buys the house and brings additional students to the school district.

Cook asked how lower EAVs affect the school district.

Gegenheimer replied that they have a tremendous negative impact.

Cook added that although revenues have decreased, services to those areas increase. Empty homes need additional policing and other services.

Gegenheimer also stated that residents want good schools, even while revenues are slipping.

Papesh stated that perhaps the schools should cut back as he’s had to do.

Gegenheimer stated that the schools have cut back. They have 30+ kids in a classroom now.

Thompson asked the builders if they have discussed their situation with the banks.

Rosenthal stated that the money’s there. He believes that there will not be \$700,000 homes. The first homes to come back will be smaller homes.

Thompson added that some of the loans that went bad were high risk.

Rosenthal stated that they’ve talked to the banks, but wanted to get the meeting back to the focus. He stated the builders are not here to fight with the school districts. He said that Joliet has only had 7 housing permits this year. He added that building bonds are not subject to tax caps, and the school districts figured in the growth factor.

Cook suggested the school districts are still trying to catch up from the previous growth factor

Bob Woodhead (builder) stated that he owns a small construction company. Things have changed drastically in banking. Housing will change drastically. He stated that housing can lead us out of another recession.

Chris Balkema (Minooka High School Dist 111 Board Member) thanked the respective Village Boards for coming together to discuss this issue. He asked if the builders are thinking 20, 200, or 2000 homes for the proposed incentives.

Cook stated that tax revenues are decreasing while demand for services is increasing. He suggested that perhaps we should get real time appraisal of the property values. He also suggested that the Villages could consider deferring fees for building permits until closing. He'd be happy to entertain any other ideas. VOC administration is looking at ways to streamline the development process. He stated that anything that is done should be done jointly between Channahon and Minooka.

D. Martin stated that we don't want it to become competitive between Channahon and Minooka. As far as potential advertising, he thinks it should include both Channahon and Minooka jointly.

Nash agreed that it must be done jointly between VOC and VOM, particularly because school district boundaries overlap both village boundaries.

Karin Evans (Superintendent Channahon District 17) stated that everyone has their own area and all are very passionate about it. It is difficult to come to consensus with such a large group of people. Maybe a smaller group setting would allow each entity to voice how this would affect them and what is happening in their respective areas. The economy is affecting everyone.

Chuck Szoke (Channahon Park District) stated that these two communities are a fabric. We are all in this together. We have a unique set of communities. There is a need to determine what the best way to move these communities forward.

Woodhead stated that there is a real possibility that we haven't bottomed out yet. We have a chance to maybe stimulate the economy. He added that when he builds a home, he has to write a check to the Park District, among others.

Szoke responded that all those checks go back into serving the people of the community. Hard to isolate one thing and focus relief on that one thing, so the entire picture needs to be looked at.

Cook stated that there should be an emphasis on job creation. A large part of our community is either directly or indirectly affected by construction.

Slocum suggested that a task force be assigned to meet within the next week.

Both Village Presidents agreed that it need to be a small group, possibly with two representatives from each interested group.

Balkema asked if a task force meeting would have to be a public meeting. Bowden stated that he doesn't believe that it would have to be a public meeting. Nash asked why you wouldn't want the tax payers there when it affects them.

Balkema suggested that the task force get together and lay some things out and then have a public meeting to review it. It may go faster than trying to meet in a large group.

Cook stated that it is possible to have a public meeting, but not open it up to discussion from the floor.

Slocum stated that in order for this first meeting to work we need to set specific goals. He stated that everyone needs to come with realistic numbers. We need to set the number of homes included at a realistic number, and a realistic time frame, as well.

Cook polled the Village Board. Greco and McMillin agreed. Militello agreed, as long as part of that is streamlining the development process.

Nash stated that until somebody can explain how the current taxpayer is not going to foot the bill for this, she cannot support it.

Papesh stated that he supports it. He suggested that perhaps all the concerned groups chip in money to do appraisal.

D. Martin asked if he meant an appraisal on land value. He added that ordinances and relationships with school districts and the park district is how donation fees are collected. He would like to see their staff work with boards of other districts. He doesn't want builders to cause an adversarial relationship to develop between the villages and the taxing districts. He would like the village to deal directly with the districts, without an intermediary.

Balkema asked if the school board shouldn't be part of the task force.

D. Martin agreed, but when someone suggests that the builders should be involved in getting an appraisal, Minooka's ordinance dictates that the school district gets an appraisal.

Brennan polled Minooka trustees.

Thompson stated that he would support task force being put together. Lower EAVs will result in revenue shortfalls. We must make sure that we recognize that we serve the whole population. We want to get employment up, but not on the back of the current property owners.

Donna Sabo (Channahon resident) asked why not include property taxpayers on the task force.

Thompson stated that he is a taxpayer as a village trustee.

Mason stated that he doesn't think a small number of homes will cause a significant change in property taxes. He agreed that something needs to be done to put people back to work. As elected officials, we should do what we can without burdening existing taxpayers. He doesn't

see 20 more kids would be overly burdensome to a school district, but he admits he isn't aware of the school's budget situation.

Parrish stated that he thinks we ought to have a task force and it should be limited. He doesn't want to see the existing taxpayers burdened by this. If a recommendation is made, it would be short term, and he thinks we need to look at the long term. A stimulus program of some type may be necessary.

Houchens stated that he has many concerns. He considers 200 homes included in a stimulus plan to be astronomical in dollar amounts. If they are going to have an appraisal done, they should do it yearly so if it goes up, it will rise as fast as they are suggesting it fall. Are the villages prepared to give half a million and maybe a million from the schools, etc. Many people view the building slowdown as a relief. We need the growth, but he has a lot of concerns. He doesn't want to do this on the back of current taxpayers.

D. Martin stated that he doesn't know what kind of things that the home builders are looking for. This discussion started with \$5,000. The Village would get \$5,000 together from various sources, the builder would match it. First time home buyers get \$8,000 from the government. Suddenly we have \$18,000.00. If we're talking about the village, we could not take \$10,000 out of the building permit fee. Whatever we come up with, it would have to be out of the building permit fee, otherwise it's coming out of other people's tax money. This has to sustain itself. D. Martin would not support taking it out of other people paying property taxes so we can abate somebody taxes or a rebate for somebody coming in. He's not opposed to a task force to look at the issue.

### **Community Updates**

Grabowski stated that the villages recently worked together on canoe launch. There will be a ribbon cutting scheduled in the near future.

Jerry Davidson (Minooka resident) stated that he has been told that a piece of land going to be sold along River Rd. is in Channahon's FPA.

D. Martin stated that he doesn't think it's about the FPA. It may be on Channahon's side of the boundary agreement.

Meeting adjourned at 9:04 p.m.

Submitted by:  
Janet Schumacher  
Village Clerk  
Village of Channahon

Mary Ray  
Village Clerk  
Village of Minooka