



Agenda Memo

Crest Hill, IL

Meeting Date:	November 22, 2023
Submitter:	Ron Mentzer, Acting Community and Economic Development Director
Department:	Community Development
Agenda Item:	Building permit fees for new commercial/industrial buildings.

Summary: The structure of the City’s building permit fee schedule (see attached Section 15.08.020 of the City Code – Exhibit A) for new commercial/industrial buildings does not clearly account for the phased construction of new commercial/industrial buildings such as the 577,000 sq. ft. speculative industrial/warehouse building Midwest Industrial Funds (MIF) is currently constructing at 21225 Lidice Parkway. It is typical for developers of buildings such as this to seek an initial building permit to construct the building foundation, a second permit to construct the building shell, and subsequent permits to finish/build-out the interior space within the building once a specific tenant/or tenants have been secured for the building. This is exactly the phased permit process MIF has been working through for their 21225 Lidice Parkway building.

Unless revisions are made to the City’s commercial/industrial building permit fee schedule, and as outlined in the below comparison, the total amount of building permit fees the City will charge MIF for their 21225 Lidice Parkway building will more than double due to their phased construction and permitting approach.

- **Single Phase/Permit Approach (one permit that covers all elements of new building)**

Base Permit Fee (577,000 sq. ft. building x \$1.00/sq. ft.) =	\$577,000
Plan Review Fee =	\$250
<u>Construction Water Usage Fee =</u>	<u>\$100</u>
<i>Total Building Permit Fee</i>	<i>\$577,350</i>

- **Multiple Phase/Permit Approach (three separate permits)**

Phase 1 -Foundation Permit

Building Permit Fee (Based on estimated value of construction)	\$81,410
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Phase 2- Shell Permit

Base Permit Fee (577,000 sq. ft. building x \$1.00/sq. ft.) =	\$577,000
Plan Review Fee =	\$250
Construction Water Usage Fee =	\$100

Phase 3 – Interior Buildout

Base Permit Fee (577,000 sq. ft. building x \$1.00/sq. ft.) =	\$577,000
Plan Review Fee =	\$250
Construction Water Usage Fee =	\$100
<i>Total Building Permit Fee</i>	<i>\$1,236,110</i>

It is not clear if when the City Council approved the current building permit fee schedule, it was the City's intent to more than double the permit costs for new commercial and industrial buildings constructed under a phased construction and permitting approach. If intentional, no revisions to the current building permit fee schedule would be warranted. However, it is important to understand that the significant increase in building permit fees for a phased approach could have future negative economic development impacts because the degree of increased permit fees for a phased approach is not competitive with surrounding communities and would likely act as a deterrent to future speculative commercial/industrial building development in the community.

Staff Recommendation: Acting Community and Economic Development Director Mentzer and Building Commissioner Seeman feel that it would be in the best long-term interest of the Community to revise the existing building permit fee schedule to:

- (i) clarify permit fee requirements for a phased permitting approach
- (ii) make the total permitting costs for the phased permitting approach more consistent with the total permitting costs for a single permit approach
- (iii) ensure the total permitting costs of a phased permitting approach account for the increased plan review and administrative costs associated with issuing multiple permits instead of one.

Financial Impact: None.

Funding Source: Not applicable.

Budgeted Amount: Not applicable.

Cost: Not applicable.