

AGENDA # _____

CITY OF MADISON, WISCONSIN

REPORT OF: **City Comptroller**

TITLE: **Fiscal Note for Resolution
Legistar #00889 Concerning
a Payment for Municipal
Services Agreement with
Oakwood Village East
Lutheran Homes, Inc. and
Oakwood Village East
Apartment Homes, Inc.**

AUTHOR: **Dean Brassler, City
Comptroller**

DATED: **April 7, 2005**

PRESENTED _____

REFERRED _____

REREFERRED _____

REPORTED BACK _____

ADOPTED _____ POF _____

RULES SUSPENDED _____

ID NUMBER _____

TO THE MAYOR AND COMMON COUNCIL:

This resolution would authorize an agreement between the City of Madison and Oakwood Village East Lutheran Homes, Inc. and Oakwood Village East Apartment Homes, Inc. whereby Oakwood East would make an annual payment for municipal services to the City in recognition of the value and cost of municipal services provided by the City to any portion of its development that is determined to be exempt from property tax. This agreement could generate a significant revenue stream which would be available to support the provision of municipal services over the life of the development if it is determined to be tax exempt.

Consistent with the methodology adopted during the past few years for earlier Oakwood, Attic Angels, Meriter Maingate, and Catholic Charities developments, the proposed payment would be calculated as an annual "per unit" fee. It would be based on City service costs, general revenues, the proportion of the property tax levy derived from residential property and the total number of residential units within the City. With the exception of residential units, the factors used to calculate the fee are derived from the City's annual operating budget document. The fee would be indexed annually based on changes in the City's tax levy, with additional adjustments every five years to reflect changes in the share of costs attributed to each service to reflect changing service levels.

The total number of residential units within the City has been derived using currently available occupancy permit data supplied by the Inspection Unit and adjusted annually for both the number of new units constructed and the number of existing units demolished each year.

It is expected that construction and occupancy of the project will occur during 2007. Given that anticipated timeline, the first payment for municipal services would then occur in January of 2008. The exact amount of the initial per unit fee due from Oakwood East cannot be calculated until the 2008 budget process has been completed. However, if the proposed development was already complete and the methodology contained in the proposed agreement was applied to the 2005 budget, the "per unit" fee for the current year would be approximately \$537.25. If all of the units in this development (projected at 90) were determined to be tax exempt, the annual payment for municipal services would amount to \$48,353.

Respectfully Submitted,

Dean Brassler, City Comptroller