



Office of the Common Council

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To: Common Council, Mayor Soglin
From: Alder Mark Clear, Chair, Alternative Revenue Workgroup
Heather Allen, Common Council Legislative Analyst
Doran Viste, Assistant City Attorney
Date: October 17, 2014
RE: Estimates of proposed urban forestry special charge

The purpose of this memo is to delineate a preferred option and several alternatives for implementation of the proposed Urban Forestry Special Charge.

At its meeting of October 21, 2014, the Common Council will be asked to reconsider a motion to adopt Legistar 35038, an ordinance amendment to enable an Urban Forestry Special Charge. This motion failed 8-11 at the meeting on October 7, and reconsideration has been requested by Ald. King, who was not present at the Oct. 7 meeting. A correlated report of the Council Ad Hoc Workgroup on Alternative Sources of Revenue was accepted by the Council on Oct. 7.

During the discussion on Oct. 7, a number of Council members expressed concerns about the uncertainty of implementation of the special charge, and about the relationship between the special charge and the operating budget, which had been released just that afternoon.

NOTE: Adoption of the ordinance under reconsideration does not indicate the council's preference for or preclusion of any of the options listed (or not listed) in this memo.

Implementation Process

The process to create and implement the charge follows:

1. Council adopts an ordinance establishing the special charge
2. The City Forester, supported by the City Attorney and Finance Director, prepares a draft "urban forestry special charge policy" that establishes the method of calculating and apportioning the charge;
3. Council adopts the urban forestry special charge policy by resolution;
4. Council sets a charge rate by resolution (similar to setting the stormwater rate, which is adjusted annually but could be modified more or less often).
5. Charge is applied to the monthly Municipal Services Bill.

Step two will take some time. In creating the policy, staff and then the council will want to consider how to account for corner lots, condominiums, State property and other issues.

Budget Impact

The Executive 2015 Operating Budget anticipates revenue from the urban forestry special charge of \$527,500. One-time administrative costs for implementation (modifying the municipal services bill) are estimated at \$20,000 to \$30,000. Based on these figures this memo provides estimates to approximate the rate of the charge, and its affect on various example properties, to fulfill the budget expectations and administrative costs of \$557,500. Depending on the exact month of implementation on the municipal services bill, the monthly rate can be prorated by the number of remaining billing cycles in 2015.

Apportionment Scenarios Summary

Method	Rate (annual)
Linear street frontage (764 miles or 8,067,840 feet)	\$0.0691 per foot
Per street tree (96,074)	\$5.80 per tree
Per resident (240,323)	\$2.32 per resident
Per parcel (73,793)	\$7.55 per parcel
Per municipal services bill (66,000)	\$8.45 per bill

Apportionment Scenarios Detail

Linear Street Frontage Method (Preferred option)

The city of Madison has 764 miles of linear road frontage for a total of 8,067,840 total feet, including both sides of the street. This measurement includes only the frontage of the street on which the property is addressed, so that corner lots are not unduly penalized. Each linear foot would be charged at \$0.0691. By way of example, a typical urban residential lot of 40 feet width would be charged \$2.76 per year; a more suburban lot of 80 feet would be charged \$5.53, and a large commercial parcel such as the state DOT property on Sheboygan Avenue (1308 feet) would be charged \$90.38.

This method would impact all property owners subject to special charges including tax-exempt properties. This method has no relationship to the number of street trees adjacent to the property, as the urban forest provides benefits to all properties. The City uses a linear road frontage method when specially assessing the costs of street improvements, which includes special provisions for multi-frontage lots.

This method was recommended by the Alternative Revenue Work Group, and is presented here as the preferred option.

Cost Per Street Tree Method

The City of Madison has 96,074 street trees and could impose charges based on the presence of a street tree adjacent to a property. Using this method, the cost per street tree under the scenario proposed above would be \$5.80. There are several challenges to this method of apportionment:

- Areas of the city with more street trees will face higher charges, potentially creating inequities
- The amount charged to an individual property would not accurately reflect the shared benefit of the entire urban forest including trees in public parks, cemeteries and other public buildings
- Property owners could be disincentivized to "host" a public tree adjacent to their property
- This method could convey some sense of private ownership over the City's street trees

Cost Per Resident Method

Madison is home to 240,323 residents. If the charge were apportioned on a per resident basis, the charge would be \$2.32 for each resident. This method does not reflect the type of residence, age of individual, or other distinguishing characteristics. It would also be very difficult to determine how many residents resided at each property. In addition, this method would not apply to companies, institutions or other beneficiaries of the urban forest and, rather, increases the financial burden on individual residents.

Cost Per Parcel

Madison has 73,793 parcels of property. If the charge were apportioned evenly across all parcels, each parcel would pay \$7.55. This charge would include non-profit institutions and tax-exempt properties, and would be the same regardless of the size of the parcel. A downtown condo owner would pay the same charge as a commercial property with four blocks of frontage. This method would shift some of the burden of the program to smaller parcels from larger parcels, which would impact single-family residences disproportionately.

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Cost Per Utility Bill

The City of Madison delivers 66,000 municipal services utility bills to residents, businesses and property owners. If the urban forestry special charge were allocated according to utility bills, the cost would be approximately \$8.45 per bill. While administratively this method may seem straightforward, the municipal services bills do not necessarily correspond to the taxable property which is served (for example, an apartment may have several water meters, but only one tax bill). This could lead to complications in administering the charge to ensure that it could still be collected on the tax bill as unpaid special charges become a lien on the property.