

**PROPOSED ARBITRATION SETTLEMENT AND MINOR AMENDMENT
TO CITY OF MADISON, CITY OF FITCHBURG, AND TOWN OF MADISON
COOPERATIVE PLAN**

RECITALS

- A. The City of Madison (the “City”) has proposed an early attachment, which it claims is pursuant to section 8.A.3 of the City of Madison, City of Fitchburg and Town of Madison Cooperative Plan (the “Plan”).
- B. The Town of Madison (the “Town”) objected to the early attachment as not being in accordance with the Plan and demanded arbitration of the issue in accordance with section 8.A.3.c of the Plan. The City and Town mutually agree to the early attachment terms set forth in paragraph 1 below.
- C. The City, the Town, and the City of Fitchburg shall agree that the following proposed minor amendment to the Plan, set forth in paragraphs 2 through 4 below, is in the public interest. The City and Town agree to use their best efforts to secure timely State approval of the minor Plan amendment under applicable statutes.

NOW THEREFORE, the parties agree as follows:

- 1.
 - a. The City shall not adopt the attachment ordinance in the form previously proposed. In 2006 or 2007, the City may attach all Town parcels identified as Attachment Area 1 on the map attached hereto and incorporated herein (the “Map”) as Attachment A. This attachment shall be the City’s second and final Early Attachment under the Plan, and it shall not require City of Fitchburg or State approval, as it is not an amendment to the Plan. This arbitration settlement agreement constitutes notice under section 8.A.3 of the Plan and the Town waives its rights under the Plan to object to or challenge the said attachment described herein.
 - b. If the attachment of Attachment Area 1 takes effect before December 31, 2006, then the annual revenue sharing payments associated with the attachment shall, for each year, be increased by \$12,000 over what they otherwise would be under the Plan. Madison intends to adopt its attachment ordinance on December 5, 2006, with an effective date of Monday, December 18, 2006.
 - c. The matter of the City’s previously proposed attachment ordinance is withdrawn from arbitration.

2. The Town shall continue property maintenance and building code enforcement procedures for all parcels contained in Area 2 and Area 3 on the Map. The property maintenance and building code enforcement procedures shall include:
 - a. Log and document all property maintenance and building code complaints and contacts.
 - b. Perform an interior unit inspection of all property maintenance and building code complaints, prior to contacting the landlord.
 - c. Write violation orders for all code violations revealed by the initial inspections, prior to contacting the landlord.
 - d. Prosecute all code violations not corrected as ordered; however, the building inspector may reasonably extend the period for correcting the code violations.
 - e. Make records pertaining to paragraphs (a) through (d) available for review and potential copying by City personnel at the Town Hall upon request by the City.

3. The City may in the future attach a parcel or group of parcels in Area 2 or Area 3 if the following requirements are satisfied:
 - a. Owner-Initiated Redevelopment Project.
 - (1) Definitions.
 - (a) “Redevelopment Project” means:
 1. The construction of, alterations of, or additions to any buildings, structures or accessory structures on a parcel or group of parcels; or
 2. The demolition of any existing principal building(s) or structure(s), provided that the demolition is:
 - (i) in preparation for construction of a new building(s) or structures(s);

- (ii) in preparation for the construction of additions or substantial alterations to existing building(s) or structure(s);
 - (iii) in preparation for the creation of a new open space or planned open space improvements; or
 - (iv) any combination of (i) through (iii).
 - 3. To constitute a Redevelopment Project, the estimated cost of the work to be performed pursuant to the redevelopment project on the parcel(s) proposed for attachment must exceed: (1) fifty percent (50%) of the highest equalized assessed value (including improvements) over the past five years of the parcel(s) proposed for attachment; and (2) be in excess of \$1,000,000..
 - 4. To constitute a Redevelopment Project, the parcel(s) proposed for attachment to the City under paragraph (2), below, must, as a group, be contiguous to territory already in the City that is part of the City's Redevelopment District.
- (b) "Implemented" means more than fifty percent (50%) of the proposed Redevelopment Project has been completed.
- (2) Not sooner than July 1, 2011 for any parcel in Area 2, and not sooner than July 1, 2016 for any parcel in Area 3, if any Town parcel is proposed to be included in a Redevelopment Project initiated by a property owner who desires to attach the parcel to and redevelop the property in the City, the parcel may be unilaterally attached to the City upon thirty (30)-days written notice to the Town. The property owner shall have a bona fide, owner-initiated Redevelopment Project proposal that has been reviewed and is supported by City Planning and Development staff. If the Town objects to the proposed attachment, the City may not attach the property unless and until an independent third party, acting under paragraph 3.b., below, determines that there is a bona fide, owner-initiated Redevelopment Proposal for the parcel(s) that meets all the requirements set forth in paragraph 3. of this agreement. The Redevelopment Project shall be implemented within two years of attachment. If the Redevelopment

Project is not implemented within two years of attachment, the City shall either:

- (a) Detach the property back to the Town, or
 - (b) Pay additional revenue sharing to the Town. The amount of additional revenue sharing to be paid by the City shall be one hundred percent (100%) of the local government share of tax revenues (measured at the year of attachment), for the parcel or parcels on which the Redevelopment Project is planned for each full year, beyond two years, that the Redevelopment Project is not implemented. The additional revenue sharing shall be prorated for the year, after two years, that the Redevelopment Project is implemented. The City need not make payments under this paragraph until the Redevelopment Project is implemented and, thereafter, shall make the additional revenue sharing payments to the Town in equal parts spread over the remaining years for which it owes revenue sharing payments associated with attachment of the parcel(s). Notwithstanding the above, all payments due the Town under this paragraph must be made no later than January 1, 2017.
 - (c) Any dispute over whether or when a Redevelopment Project has been implemented shall be resolved by an independent third party under paragraph 3.b., below.
- b. For purposes of paragraph 3.a., above, the “independent third party” shall be an individual chosen by the director of Municipal Boundary Review of the Department of Administration, or the functional successor to that position. The individual shall not do substantial business for the City or the Town. Nor shall the individual do substantial business on behalf of others before the City or the Town. The individual shall be knowledgeable on the types of issues involved in the dispute. Any decision issued by the independent third party may not be appealed and shall be based on written submissions made by the parties. The independent third party shall issue his or her decision within twenty (20) days of receipt of the parties’ submissions.
4. The Town and City acknowledge that it is in their mutual interest to prevent the development of premises with chronic problems requiring police or building inspection services and to address such premises once they develop so that the

problems are resolved. The Town and City also acknowledge that the value of the City's investment in the Redevelopment District may be compromised if such premises develop and persist within or in proximity to the Redevelopment District. Accordingly, the Town and City agree that they shall confer concerning how to address such premises that may develop: (1) in City territory within the Redevelopment District; (2) in City territory within 1/4 mile of the Redevelopment District; or (3) in Town territory within Area 2 or Area 3. The Town further agrees that if the City proposes a plan for addressing such premises in Town territory within Area 2 or Area 3, which plan includes early attachment of lands to the City, the Town will in good faith consider agreeing to such attachment.

Signature pages for City and Town officials only to be inserted