

Urban Forestry Special Charge Policy

Background

This purpose of this policy is to set forth the mechanism by which the City of Madison will apportion the Urban Forestry Special Charge to all real property in the City. The Urban Forestry Special Charge was created by the adoption of ORD-14-00162 on October 30, 2014, and is codified at Madison General Ordinances Sec. 4.095. The Special Charge will be collected as part of the municipal services bill issued monthly by the Madison Water Utility. This bill currently includes water utility, sewer utility, and stormwater utility charges.

Under the Urban Forestry Special Charge, a special charge on all real property in the City has been established to allow the City to recover its costs in performing the services associated with the City's Urban Forestry Program. The City services provided by the City's urban forestry program ensure a healthy, vibrant and sustainable urban forest, which benefits all residents and properties in the City, as discussed in the ordinance.

Apportionment Method

The Urban Forestry Special Charge will be apportioned to all parcels in the City, including City owned parcels, based upon parcel usage categories, aggregate street frontage of the usage categories, and parcel counts within each usage category, such that the net revenue received by the City from the special charges is consistent with the approved special charge amount.

Linear street frontage feet is a justifiable measure for allocating the urban forestry special charge since a majority of the urban forestry program is devoted to maintaining street trees and thus street frontage serves as a reasonable proximate measure of urban forestry services provided. Additionally, the benefits of the urban forestry program extend to all residents and all parcel types. The apportionment method will account for this by equally distributing the Special Charge between parcels used for the same purpose.

Determining the Charge

Once the Common Council approves the annual charge under MGO Sec. 4.095(5), staff shall first estimate, based upon the criteria set forth in this policy, how much special charge revenue, including from City owned parcels, will need to be generated by the Charge in order to result in net revenue to the City equal to the approved annual charge (the "Special Charge Revenue Target"). For example, if it is expected that 25% of the special charge will be imposed against City owned lands, the special charge revenue target will need to be raised by 33% to allow the City to recover the approved amount of the Special Charge. Provided, however, that the Special Charge Revenue Target shall not be greater than the total urban forestry program costs.

Based upon existing databases maintained by the Madison Water Utility, five categories of parcel uses will be used to apportion the special charge:

- Commercial/Industrial
- Multi-family (defined as three or more dwelling units on a parcel)
- Residential (single and two-family parcels)
- Stormwater Utility only (parcels whose municipal services bill is only for stormwater utility charges)

- Government (Federal, State, and Local government owned parcels)

Each parcel will be assigned to one of these categories and the total number of parcels in each category will be determined.

Each category's percentage of the primary street frontage in the City will be determined as follows:

- Sum the total amount of primary parcel street frontage in the City;
- Separate the total amount of primary parcel street frontage into each parcel category.
- Divide each category's total primary street frontage by the by City's total primary street frontage, thereby establishing each parcel category's percentage of primary street frontage in the City.

Each category's share of the Urban Forestry Special Charge shall then be preliminarily calculated by multiplying each category's percentage of total primary street frontage by the Special Charge Revenue Target to establish each category's preliminary share.

Each category's preliminary share shall then be divided equally by the count of parcels in each respective category to arrive at each parcel's total annual urban forestry special charge. This annual charge will then be divided based upon the number of collection periods remaining in the budget year.

2015 Urban Forestry Special Charge Rates

~~Assuming that t~~The Special Charge ~~net~~ Revenue Target ~~will be~~ \$1,000,000 in 2015, Based on this target, the Urban Forestry Special Charge will be calculated and set for each individual parcel using the method below.

Customer Type	Number of Customers	% of Street Frontage	Category Total Revenue	Monthly Charge Customer	Annual Charge Customer
Commercial/Industrial	2,649	9.3%	\$98,994	\$6.23 <u>\$7.47</u>	\$74.74 <u>\$37.37</u>
Government	346	3.3%	\$35,649	\$17.17 <u>\$20.61</u>	\$206.06 <u>\$103.03</u>
Multi Family	2,561	4.7%	\$50,794	\$3.31 <u>\$3.97</u>	\$39.67 <u>\$19.83</u>
Residential	48,977	63.2%	\$676,266	\$2.30 <u>\$2.76</u>	\$27.62 <u>\$13.81</u>
Storm Water	5,759	19.5%	\$208,297	\$6.03 <u>\$7.23</u>	\$72.34 <u>\$36.17</u>
Grand Total	60,292	100.0%	\$1,070,000		