

Urban Forestry Special Charge Policy Update (5/4/2016)

Background

The 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.

The Urban Forestry Special Charge Policy was adopted by the Common Council on July 7, 2015 by RES-15-00597 (Legislative File ID No. 38644). This update is being done to address two issues that have arisen during implementation of the special charge. The first issue relates to privately maintained right-of-way medians. The second issue addresses undeveloped plats, wherein parcels are treated as stormwater only for the purposes of the charge apportionment, regardless of the ultimate usage of the parcels in the future. This update would reclassify those sort of parcels based upon their approved end usage. In addition, this update specifically calls for the Parks Division to update the underlying property information on an annual basis.

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. Privately owned right-of-way medians shall be excluded from the calculations so that they are treated similarly to publicly owned right-of-way medians.

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) (the “Approved Charge”), staff shall first estimate, based upon the criteria set forth in this policy and the data available to the City, how much special charge revenue, including from City owned parcels, will need to be generated by the special charge in order to result in *net revenue* to the City equal to the Approved Charge (the “Special Charge Revenue Target”). For example, if it is expected that 10% of the special charge will be imposed against City owned lands (“the City Share”), the Special Charge Revenue Target will be 11% more than the Approved Charge to allow the City to actually 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. The formula to determine the Special Charge Revenue Target is as follows:

$$\text{Special Charge Revenue Target} = \frac{\text{Approved Charge}}{(1 - \text{City Share})}$$

Based upon existing databases maintained by the Madison Water Utility and the City Assessor’s Office, six 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)
- Private Medians (see below)

Upon written request by a homeowners association to the Parks Division, privately owned parcels that consist solely of an outlot within the public right-of-way and that are owned by homeowners associations shall be categorized as Private Medians. Such a request must include the parcel identification numbers of all such privately owned medians of the homeowners association. Once confirmed, Private Medians will be excluded from the calculations set forth below and will not be apportioned any of the Urban Forestry Special Charge.

Upon written request by a developer to the Parks Division, undeveloped platted parcels may be re-categorized for the purposes of administering the charge based upon the approved end use for the parcel. Undeveloped platted parcels are those parcels in subdivided land (either by plat or CSM) that are not currently served by City municipal services and cannot yet be developed. A written request under this provision must include each parcel’s parcel identification number, zoning designation, and any other documentation that demonstrates the approved end usage of the parcel. Once confirmed by the Parks Division, these “stormwater only” parcels shall be administratively reclassified based upon this end usage (i.e., a stormwater only residential parcel in an undeveloped subdivision will be reclassified as residential for the purposes of the administration of the Urban Forestry Special Charge).

Each parcel will be assigned to one of these categories and the total number of parcels in each category will be determined along with the aggregate primary street frontage in each category. 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, excluding Private Medians;
- Separate this sum into each parcel category;
- Divide each category's total primary street frontage by the 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.

Annual Update

By September 1 of each year, the Parks Division shall update the category parcel count and frontage apportionment ratios using the updated data maintained by the Madison Water Utility and the City Assessor's Office, and taking into account any approved requests made by homeowners associations or developers as set forth above.

Sample Urban Forestry Special Charge Rates

Using approximate figures¹ based upon the 2015 data, an Approved Charge of \$1,000,000 and an estimated City Share of 7%, the Urban Forestry Special Charge will be calculated using a similar method as set forth below:

$$Special\ Charge\ Revenue\ Target = \frac{\$1,000,000}{(1 - .07)} = \$1,075,269$$

Customer Type	Number of Customers	% of Street Frontage	Category Total Revenue	Monthly Charge per Customer	Annual Charge per Customer
Commercial/Industrial	2,600	9.30%	\$100,000	\$3.21	\$38.52
Government	350	3.35%	\$36,022	\$8.58	\$102.96
Multi Family	2,575	4.75%	\$51,075	\$1.65	\$19.80
Residential	49,500	65.00%	\$698,925	\$1.18	\$14.16
Storm Water	5,200	17.60%	\$189,247	\$3.03	\$36.36
Private Median	50	0	\$0	\$0.00	\$0.00
Grand Total	60,275	100.00%	\$1,075,269		

¹ The number of parcels that are Private Medians and that are undeveloped platted parcels needing reclassification has not yet been determined. As such, the figures in this example are estimations for illustration purposes only based upon the most recent available data. The actual number of such parcels, their respective street frontage, and the resulting impact on each category's Urban Forestry Special Charge has yet to be determined.