



REAL ESTATE GROUP, INC.
PROPERTY MANAGEMENT, DEVELOPMENT
& BROKERAGE SERVICES

March 20, 2014

Robert Phillips
City Engineer
City of Madison-Engineering Department
210 Martin Luther King Jr. Blvd
Madison, WI 53703

RE: NOTICE OF APPEAL OF IMPACT PARK FEES TO THE BOARD OF PUBLIC WORKS

Via Email at: rphillips@cityofmadison.com

Dear Mr. Phillips:

Thank you for meeting with Greg Paradise and me regarding our appeal of park fees for our development at Grandview Commons. After discussing our meeting and in response to Kay Rutledge's email of March 4th, we have the following additional information to offer.

As discussed at the meeting, we have a fundamental disagreement on the meaning of "unimproved land". It is our position that you cannot simply use the value of the subject parcel because the subject parcel is improved land and does not accurately represent the value of land that would have been required as dedication for park lands. The City's position is that unimproved land is any land that doesn't have buildings on it. Or put another way, only buildings constitute an improvement. It is clear that the ordinance makes no distinction either way. In an effort to support your position, you supplied us with a document entitled "Needs Assessment for Park Dedication and Development Impact Fees" by the City of Madison dated August 6th, 2002, (Needs Assessment Document). You referenced it as the intent behind the ordinance. After reviewing the document, we feel that it further supports our position.

The improvements for the subject parcel include streets, utilities and entitlements that are in place. The Needs Assessment Document, in the introduction paragraph states that the intent of

the ordinance would be to implement the recommendation "to raise the payment of fees in lieu of parkland dedication to more closely approximate the actual value and cost of acquiring land at the time of development" (*my emphasis*). Certainly the cost of acquiring land for parks would not be represented by the value of a small piece of land fully entitled to construct medium to high density multi-family facilities. Further, had the actual parkland been taken at the time of Grandview Commons plat, the land would have had none of these improvements. The position of the City, namely that 'improvements' only constitute actual buildings is not supported by the ordinance nor by the intent of the ordinance as shown above.

The Needs Assessment Document also states in paragraph II(A)1 in referring to the state statute, "The impact fees statute allows cities to charge the cost of the added parkland and facilities to new units, rather than being paid by existing city residents." (*my emphasis*) This clearly ties the amount that can be charged to the cost of parkland, not the cost of the subject parcel.

This does raise the question of how to value the 'cost of acquiring land at the time of development'. It is our position that we have supplied a perfect comparable value in the appraised value of the land immediately to the north of the Grandview Commons neighborhood. This is land that is unimproved and located immediately adjacent to the present city park. In fact, portions of this land could be taken and added to the current parkland at little or no additional costs to the City. It's our position that this value best represents the 'cost of acquiring land at the time of development'. And certainly approximates the land value referenced in the Needs Assessment Document better than the subject property. In fact, the subject property is actually smaller than required amount of parkland. So not only is it improved land, it's also a smaller parcel than what the City requires all of which would greatly affect the cost.

The Needs Assessment Document goes on to state in paragraph II(A)3 that it is recommended that the fee be "based on the actual value of the land that would have been required for dedication". (*my emphasis*) This brings up another point that we did not cover in our meeting. At the time Grandview Commons was platted, Veridian Homes offered as much park land as the City deemed needed. It was the City that elected to take a portion in the form of land with the remainder in the form of fees in lieu of dedication when Grandview was platted in 2002. It follows that the land that 'would have been required for dedication' was and is the equivalent of the land that the City took for the dedication. Namely, the unimproved land at the time the neighborhood was platted. That land value would have been based on the amount paid for the unimproved land that was purchased and platted as Grandview Commons back in 2001. It would be one thing if there wasn't enough land at the time that necessitated taking a fee in lieu, but quite another if the land was available and the City elected not to take it. It hardly seems equitable that the City refuses land, then years later takes a fee based on the value of a small parcel within the improved neighborhood that we all can agree is not in any way an appropriate location for additional parkland. At the very least, the value used should be for the same type of unimproved land that they city took to begin with. That value is best represented in today's market by the unimproved land directly to the north, valued at \$0.71/foot.

In conclusion, it is our position that the term 'unimproved land' means land without any improvements be they buildings or other improvements (including entitlements) that result in increasing the value beyond what would have been required for parkland in the area/development. This position is supported in numerous places in the Needs Assessment

Document provided to us by the City as the intent behind the ordinance. And finally, simple fairness would require that in this circumstance where the City originally refused the full dedication of land, future fees in lieu would be based on the value of the land that was refused, not the value of the current improved parcel. Based on this information, we respectfully again request that the required fee on the subject parcel be reduced.

Thank you for your attention to this matter. We look forward to an equitable resolution.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Brinkman', with a stylized flourish at the end.

Dan Brinkman
Vice President

Cc: Kay Rutledge, City of Madison Parks Department
Via email at krutledge@cityofmadison.com