

REFERENDUM RESOLUTION – LEGISTAR 84443

AMENDMENT TO SUBSTITUTE AMENDMENT

1. Increase the amount in the referendum resolution and referendum question from \$22,000,000 in the Substitute Amendment to \$29,000,000.
2. Change the total levy amount in the referendum resolution and referendum question from \$318,149,462 to \$325,149,462 and the percentage increase from 7.4% to 9.8%.
3. Request the Common Council consider reducing the Urban Forestry Special Charge to \$500,000 as part of the 2025 Operating Budget to offset the \$7.0 million added to the referendum question.
4. Add the following “WHEREAS” clauses and add and amend the “RESOLVED” clauses to the referendum resolution as follows:

WHEREAS, Section 4.095 of the Madison General Ordinance was created in 2014 to establish an Urban Forestry Special Charge (UFSC) based upon the authority granted the City by Wis. Stat 66.0627, pursuant to Sec. 4.09(13) MGO; and,

WHEREAS, the intent of the UFSC is to recover the costs to the City to maintain and manage the City’s urban forest through its urban forestry program, which provides a service to all real property in the City; and,

WHEREAS, the projected expenses for services provided under the UFSC in 2025 is \$7.5 million; and,

WHEREAS, if the City were to recover \$7.5 million in expenses through the UFSC in 2025, the estimated cost for an average residential customer would be \$91 per year; and,

WHEREAS, if the City were to reduce the UFSC by \$7.0 million and transfer expenses to the general fund by increasing the amount in excess of the levy by \$7.0 million, municipal services bill for the average residential customer would decrease by \$84/year and the property tax levy on the average value home would increase by \$73/ year, which would be a net savings of \$11/year per residence; and,

WHEREAS, if the 2025 budget maintains the UFSC to recover remaining urban forestry costs, estimated to be \$500,000, the average cost per residential customer would be \$0.50/month or \$6/ year; and,

WHEREAS, property taxes are generally more progressive than special charges because property taxes are a percentage of value, with higher value properties paying a higher share of taxes; and,

NOW, THEREFORE, BE IT RESOLVED, that the Madison Common Council authorizes the following: beginning in 2025, the City of Madison may exceed its current levy limit by a total of ~~7.49~~9.8%, resulting in a levy of ~~\$318,149,462~~\$325,149,462, for the purpose of general operations, and on an ongoing basis, include the increase of ~~\$22,000,000~~\$29,000,000 to the City levy for each fiscal year going forward.

BE IT FURTHER RESOLVED, that this resolution shall not take effect until such time as the electors of the City of Madison approve a referendum containing the following question:

"Under state law, the increase in the levy of the City of Madison for the tax to be imposed for the next fiscal year, 2025, is limited to 2.97%, which results in a levy of \$296,149,162. Shall the City of Madison be allowed to exceed this limit and increase the levy for the next fiscal year, 2025, for the purpose of funding police, fire, garbage collection, parks and library operations and *other* City services and operations, by a total of 7.49.8%, which results in a levy of ~~\$318,149,462~~ \$325,149,462, and on an ongoing basis, include the increase of ~~\$22,000,000~~ \$29,000,000 for each fiscal year going forward?"

BE IT FURTHER RESOLVED, that the Common Council should consider reducing the UFSC by \$7.0 million in 2025, increasing the amount in excess of the levy limit in the referendum question by \$7.0 million, and maintaining the UFSC to cover the remaining cost of Urban Forestry expenses; and,

## FISCAL NOTE

### ***Background on the Urban Forestry Special Charge (UFSC)***

In 2014, Section 4.095 of the Madison General Ordinance was created to establish an Urban Forestry Special Charge (UFSC). The ordinance created the urban forestry special charge in the City based upon the authority granted the City by Wis. Stat 66.0627, pursuant to Sec. 4.09(13) MGO. The intent of the urban forestry special charge is to recover the costs to the City to maintain and manage the City's urban forest through its urban forestry program, which provides a service to all real property in the City. Activities supported by these services include stump removal, tree removal and replacement, and general maintenance of the City's urban forest.

The charge is apportioned to all real property in the City based on the Urban Forestry Special Charge Policy, as originally approved on July 7, 2015 by RES-15-00597 (Legislative File ID No. 38644), amended on May 17, 2016 by RES-16-00368 (Legislative File ID No. 42706) and amended on May 15, 2018 by RES-18-00396 (Legislative File ID No. 51421).

### ***UFSC and the 2025 Budget***

The City of Madison's 2025 budget anticipates the total expenses for urban forestry services will be \$7,500,000, an increase of \$425,000 (6.0%) over the 2024 budget. This increase is related to higher costs for personnel, fleet costs, and water utility charges. The Streets Division budget request includes \$7,500,000 in UFSC revenues to cover these expenses.

This amendment to Legistar File 84443 resolves that the Common Council considers reducing the Urban Forestry Special Charge in 2025 by \$7.0 million, revising the amount in excess of the levy limit in the referendum question by \$7.0 million, and maintain the UFSC for remaining urban forestry costs, estimated to be \$500,000 .

### ***Impact of Reducing the UFSC to \$500,000 and Increasing the Levy Limit by \$7.0 million in 2025***

The following section estimates the fiscal impact on the average value home/ average residential customer if the Council were to reduce the UFSC in 2025 and transfer \$7.0 million in costs from the special charge to the levy.

#### Estimated cost of the UFSC on the average customer

The UFSC is charged to real property across the City. The apportionment policy identifies five customer types: commercial/ industrial, government, multi-family, residential, and stormwater. The estimated charge per customer is included in the table below. The calculations assume the same customer base as the 2024 budget.

<b>Customer Type</b>	<b>Number of Customers</b>	<b>% of Street Frontage</b>	<b>Category Total Revenue</b>	<b>Monthly Charge per Customer</b>	<b>Annual Charge per Customer</b>
Commercial/ Industrial	2,895	10.1%	\$756,550	\$21.78	\$261.33
Government	407	3.8%	\$285,370	\$58.43	\$701.15
Multi Family	2,901	6.3%	\$470,849	\$13.53	\$162.31
Residential	53,299	64.3%	\$4,824,886	\$7.54	\$90.52
Storm Water	3,812	15.5%	\$1,162,345	\$25.41	\$304.92
<b>Grand Total</b>	<b>63,314</b>	<b>100.0%</b>	<b>\$7,500,000</b>		

The estimated cost for a residential customer is \$91/year. This amount is billed on a monthly basis through the municipal services bill. If the cost of the UFSC was decreased by \$7.0 million, the average residential customer would save \$84/year on the municipal services bill.

#### Estimated cost of increasing the amount exceeding the levy limit by \$7.0 million

A \$7.0 million increase in the referendum amount (to a total of \$29 million), would add \$73/year to taxes on an average value home of \$457,300, above the \$230/year increase associated with the \$22 million increase. A property tax increase would be lower for lower value properties (e.g., an additional \$7.0 million on the property tax levy would increase taxes on a residence valued at \$350,000 by \$56/year; the increases in taxes on a residence valued at \$750,000 would be \$120/year).

#### Net effect of changes

If the UFSC was reduced to \$500,000 and the City paid for \$7.0 million in urban forestry services through an increase in the levy limit, the average residential customer would save \$11/year. This amount is the net effect of saving \$84/year on the municipal services bill and being charged an additional \$73/year in property taxes on an average value home.

This savings is an estimation based on the average customer bill for UFSC and the value of an average value home. The actual cost and savings would vary by residence.