



Finance Department

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To: Board of Public Works

From: David Schmiedicke, Finance Director *DP*

Subject: Parkland Impact Fee Appeal by DSI Real Estate Group, Inc. (841 Jupiter Dr.)

As you are aware, state law authorizes the imposition of an impact fee to pay for various improvements related to specific developments, including acquisition of park land. City ordinances on this issue have been developed in response to and consistent with state law. Madison General Ordinance (MGO) s. 20.08 (6) establishes the methodology for calculating the impact fee. Under the ordinance, the amount of a Parkland Impact Fee in lieu of a dedication of land for park development is based on the fair market value of unimproved lands that would have been required for dedication.

MGO s. 20.12 addresses the process under which a developer may contest the amount of an impact fee. Per the ordinance, the department which has imposed the fee under appeal is required to submit a written report and recommendation to the Finance Director who, in turn, shall make a recommendation to the Board of Public Works.

DSI Real Estate Group, Inc. has appealed the parks fees imposed on the development at 841 Jupiter Drive. The appeal relates to the definition of fair market value for unimproved land which is the basis for determining the amount of the impact fee. According to the City Attorney's Office, the intent of the fee methodology is that it be based on "actual value of the land that would have been required for dedication, with a maximum fee to limit the expense for infill projects where land is very expensive." As the basis of its appeal, DSI has submitted appraisals for parcels that are unplatted and not served by City services. As such, these parcels are not comparable to the platted site at Grandview Commons, which are surrounded by public streets and have sewer and water service.

Given that the DSI appraisals are inconsistent with the comparable property standards under the ordinance, the City Attorney's Office has opined that the maximum impact fee of \$2.57 / ft² applies. The most recent sale price of the property and its current assessed value, at \$4.17 / ft² and \$5.93 / ft², respectively, are both well in excess of this impact fee amount.

Based on this information, the Parks Division has issued a report to the Finance Director with the recommendation that the appeal be denied.

After reviewing the report from the Parks Division, including the City Attorney's Office written response and information from the Office of Real Estate Services, it is the Finance Director's recommendation that the appeal should be denied.