

Urban Forestry Special Charge Policy 2018 Update

Approved _____¹

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 is 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 originally approved by the Common Council on July 7, 2015. The policy was amended in 2016 to address two issues that arose during implementation of the special charge. The first issue related to privately maintained right-of-way medians. The second issue addressed the classification of parcels in undeveloped plats.

The 2018 special charge policy update continues to address unintended impacts of the special charge in these two areas. This update allows for the expansion of the Private Medians classification to include certain privately owned cul-de-sacs. These parcels are functionally the same as public right-of-way, which is not subject to the special charge, yet they are being charged, generally, under the residential special charge structure. Additionally, this update provides the option for developers to temporarily group together certain undeveloped parcels to be treated as stormwater only parcels until the parcels are developed or municipal services become available. This option allows for the City to better encourage full plat approval and corresponding development where practicable, and would treat undeveloped land similar to the manner it was treated before it was subdivided.

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

¹ The original policy was approved on July 7, 2015 by RES-15-00597 (Legislative File ID No. 38644). An updated policy was approved on May 17, 2016 by RES-16-00368 (Legislative File ID No. 42706). This 2018 update was approved on _____, 2018 by RES-18-_____ (Legislative File ID No. _____).

received by the City from the special charges is consistent with the approved special charge amount. Privately owned right-of-way medians and cul-de-sacs shall be excluded from the calculations so that they are treated similarly to publicly owned right-of-way.

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, as well as undeveloped platted parcel groups)
- Government (Federal, State, and Local government owned parcels)
- Private Medians and Cul-de-Sacs (see below)

Upon written request by a homeowners association to the Parks Division, parcels that are owned and maintained by a homeowners association and that are either an outlot within the public right-of-way or an outlot directly adjacent to the public right-of-way and that has the primary purpose of only providing access to and from adjoining lots shall be categorized as Private Medians and Cul-de-Sacs. Such a request must include the parcel identification numbers of all such privately owned medians and cul-de-sacs of the homeowners association. Once confirmed, Private Medians and Cul-de-Sacs 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 administratively combined into an undeveloped platted parcel group for the purposes of administering the charge prior to the availability of municipal services to the parcel or development of the parcel. Undeveloped platted parcel groups are comprised of those parcels in subdivided land (either by plat or CSM) where municipal services (roadway, water, sewer, etc.) are not yet available and that cannot yet be developed. Parcels shall be grouped based on the plat or CSM and upon the developer's expected phasing of public improvements in the subdivided land. A written request under this provision must include each parcel's parcel identification number, zoning designation, documentation that demonstrates the approved end usage of the parcel, the expected phasing of the development, and the desired parcel against which the charge should be imposed. Once approved by the Parks Division, these undeveloped parcels shall be administratively combined based upon the expected phasing of the public improvements in the subdivided land into a single Stormwater only parcel for billing purposes, which status is substantially similar to the categorization of vacant land prior to platting. The Urban Forestry Special Charge shall then be imposed against a single developer-owned parcel in the parcel group, which parcel may be re-assigned upon sale or transfer, or by request. Upon the availability of municipal services to a parcel or the development of a parcel in the undeveloped platted parcel group, that parcel will be removed from the undeveloped platted parcel group and placed into the appropriate Customer group. For the purposes of determining the linear street frontage of an undeveloped platted parcel group, only those right-of-ways that existed prior to subdivision of the land shall be included.

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 and Cul-de-Sacs;
- 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 December 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.

2018 Special Charge Rates

Using the computational method above and based on the 2018 data, the Urban Forestry Special Charge is calculated as follows:

Customer Type	Number of Customers	% of Street Frontage	Category Total Revenue	Monthly Charge per Customer	Annual Charge per Customer
Commercial/Industrial	2,687	9.2%	\$377,129	\$11.70	\$140.40
Government	381	3.7%	\$151,671	\$33.17	\$398.04
Multi-Family	2,717	5.4%	\$221,358	\$6.79	\$81.48
Residential	51,394	64.3%	\$2,635,800	\$4.27	\$51.24
Storm Water	4,600	17.4%	\$713,264	\$12.92	\$155.04