

**Alternative Revenue and the City of Madison
Proposal for an Urban Forestry Charge**

**Alternative Revenue Work Group
August 2014**

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OVERVIEW

In February of 2013, the Common Council of the City of Madison passed a resolution¹ outlining its 2013-2014 Legislative Agenda, and formed two work groups with the goal of developing and implementing policies related to “alternative sources of revenue for the City and the effects of shifting demographics.”

The primary sources of revenue for the City of Madison are property taxes together with state and federal aid. As those income streams shrink or become less predictable, Madison, like many other municipalities, is exploring opportunities to diversify its income with alternative sources of revenue. The Wisconsin Legislature, in an effort to limit property taxes, capped the rate of growth of the municipal levy which is the primary source of revenue for the City of Madison. Moreover, a provision of the 2013 state budget requires municipalities to generally reduce their levy to account for any fee revenues collected for certain specified services. As a result, the City is unable to raise any new revenues from imposing fees or charges to provide garbage collection, fire protection, snow plowing or street sweeping services. The work group explored several revenue models in its effort to respond to the narrowed options for municipal revenue.

The Alternative Revenue Work Group, comprised of Alders Steve King (District 7), Larry Palm (District 12) and chaired by Alder Mark Clear (District 19) analyzed a range of revenue-generating proposals. The Work Group carefully considered the legal and practical constraints of each proposal. After research and consultation, the Work Group focused on the creation of an urban forestry special charge to support Madison’s urban forestry program. The resulting urban forest charge would support improved service delivery and protection of a valuable resource. This memorandum explores the creation of a special charge for urban forestry services as a source of alternative revenue for the City of Madison. This document includes an overview of the urban forestry services provided by the City of Madison, an explanation of how the City’s urban forestry program serves property within the City, the estimated costs to the City of providing those services, the legal framework controlling the creation of an urban forestry special charge, and possible ways that an urban forestry special charge to support those services could be apportioned.

A Special Charge for Urban Forestry Services

The Alternative Revenue Work Group recommends that the City of Madison consider creating a special charge for urban forestry. The City of Madison has the authority and opportunity to transition urban forestry from the general budget to a special charge supported program.

The City of Madison faces twin challenges related to urban forestry. With the 2013 arrival of the Emerald Ash Borer in the City of Madison, costs to maintain the urban forest will rise more than 50% over two years. Meanwhile, the challenge of generating revenue remains a critical need for the City. This proposal should help support the increased costs of urban forestry services, and protect the vital services the urban forest provides. At the same time, this proposal offers an opportunity to segregate urban forestry out of the City of Madison general budget and secure long-term funding for the preservation of Madison’s valuable urban forest.

¹ See Appendix: Resolution 28543

The proposal has strengths and limitations outlined in the following table. A primary benefit of an urban forestry charge would be the secured funding line for urban forestry management. Forests would no longer have to compete with all other vital city services for funding, rather the dedicated funds could only be used for forestry and all forestry activities would be supported through the charges. The primary disadvantage of the proposal is the fact that this proposal would require residents to pay a separate charge and the public may not recognize the additional benefits of the City's urban forestry services.

Strengths	Limitations
Secure funding strengthens urban forest management over time	New charge on property owners
Street trees are seen as an important city assets	Perceived private "ownership" of city tree
Charge amount is approved by City Council	Needs to be approved every year
Charge will recover costs actually spent to provide urban forestry services	Determining how to reasonably apportion the charges across all types of property will be difficult
No general fund competition	It may be difficult to convey to each property owner, particularly those without street trees in front of their property, how the urban forestry program serves their property
Dedicated to urban forestry only	Administrative burden
No additional paperwork for resident (shows up in property tax bill)	Administrative burden will increase – especially as the charge is established, and/or recalculated

THE URBAN FOREST

The urban forest consists of all the trees in the City, including those in the streets, in parks, on other public lands, and on private lands within the City. A healthy, vibrant, diverse, established and well managed urban forest is crucial for the health, safety and welfare of the public and the commercial well being of the City's businesses. The urban forest is maintained by public and private interests, with the City responsible for the largest portion—including, most notably, street trees and park trees. With the City's vast street tree and parks infrastructure, it can be said that the City's role in maintaining the urban forest is paramount is sustaining a healthy urban forest.

The City's urban forest provides numerous benefits to residents and visitors to Madison, and benefits all property in the City. The hundreds of thousands of trees in Madison's urban forest sustain healthy people, friendly neighborhoods, high-value homes and businesses.² Urban forests

² Studies have demonstrated that the urban forest provides many benefits for local residents. Trees can add between 3.5-7% to the sale price of a home and shoppers are willing to pay up to 12% more for goods and services while shopping on tree-lined streets. U.S. Department of Agriculture. U.S. Forest Service, Pacific Southwest Research Station. *Trees Pay Us Back: In the Midwest Region*. Factsheet. May 2011.

also clean the air and capture rainwater. Street trees support both individual and community goals for healthy, safe and prosperous communities.

“There are about 60- to 200-million spaces along our city streets where trees could be planted. This translates to the potential to absorb 33 million more tons of CO² every year, and saving \$4 billion in energy costs.” —*National Wildlife Federation*

“Trees properly placed around buildings can reduce air conditioning needs by 30 percent and can save 20-50 percent in energy used for heating.” —*USDA Forest Service*

“Trees can be a stimulus to economic development, attracting new business and tourism. Commercial retail areas are more attractive to shoppers, apartments rent more quickly, tenants stay longer, and space in a wooded setting is more valuable to sell or rent.” —*The Arbor Day Foundation*³

In fact, trees are the only public infrastructure investment that increases in value over time. Properly cared for, trees are valuable and growing assets worth over two and a half times the investment.⁴

Madison’s Urban Forest Enriches the Community

In 2013, Forestry conducted an analysis⁵ on the 96,074 Madison street trees. The analysis quantified the dollar value of annual environmental and aesthetic benefits of Madison’s street trees with the following results:

- Every \$1 spent on street trees yields \$3.35 in benefits for the City of Madison.
- Every street tree provides \$122 in annual benefits.
- Street trees intercept 115,378,156 gallons of rainfall each year.
- Over 175,000 pounds of pollutants are removed every year valued at \$399,384.

Madison is a Tree City

In 2014, Madison celebrates its 25th year as a Tree City USA. As a Tree City, Madison works closely with the Arbor Day Foundation to ensure tree planting and maintenance are as effective as possible. Volunteer groups, citizens and other stakeholders help to build awareness and raise support for Madison’s trees.

³ Arbor Day Foundation, Benefits of Trees. Retrieved from <http://www.arborday.org/trees/benefits.cfm>

⁴ U.S. Department of Agriculture. U.S. Forest Service, Pacific Southwest Research Station. *Trees Pay Us Back: In the Midwest Region*. Factsheet. May 2011.

⁵ City of Madison conducted an *i-Tree* analysis in 2013. *i-Tree* is a state-of-the-art, peer-reviewed software suite from the USDA Forest Service that provides urban and community forestry analysis and benefits assessment tools. Forestry utilized *i-Tree Streets* to evaluate energy conservation, air quality improvement, CO₂ reduction, stormwater control and property values. More information available at <http://www.itreetools.org/streets/index.php>

MADISON'S URBAN FORESTRY PROGRAM

The City's Urban Forestry Program Serves All Property Within the City

As the City of Madison grows, it is essential that the City's management and care over its trees, which make up the largest component of the City's urban forest, not be compromised. The City's management and care of its trees through its urban forestry program provides a service to all properties in the City, regardless of their proximity to street trees, parks or other City maintained green space. Indeed, by protecting and growing the urban forest through the City's urban forestry program, property owners have seen, and will continue to see, among other things, increases in property value, greater commercial activity, increased livability of our neighborhoods, reduction in energy usage, cleaner air, and many other tangible and intangible benefits.

Parks Forestry Services

The City's urban forestry program includes services performed by several different agencies, with the primary responsibility lying with the Parks Forestry Section of the Parks Division (Forestry). Forestry plants, prunes and maintains over 200,000 trees throughout the city to preserve a healthy urban forest. Along Madison's over 700 miles of city streets, Forestry provides tree planting, trimming and maintenance for 96,074 trees. In addition, Forestry is responsible for hundreds of thousands of trees that are located in public parks, golf courses, cemeteries and greenways. Forestry staff is trained to follow rigid safety standards. Whether planting a new tree or cleaning up after a major wind storm, the safety of the workers, the public and property are never compromised.

Planting

Forestry plants trees to provide optimum tree cover for the community and to increase tree species diversity along streets and parks. Rigorous planting methods help to ensure against catastrophic losses due to insects or diseases. Forestry also provides follow-up care for newly planted trees including watering and corrective pruning.

Pruning and Maintenance

Forestry prunes on a 17-year rotating cycle throughout the city. The scheduled pruning provides inspections for problems or hazards and maintains the street tree inventory.

Removals and Stump Grubbing

Forestry removes publicly-owned trees due to death, decline, hazard condition, damage, street reconstruction and urban redevelopment projects. The Streets Division also removes the stump through a process called grubbing to restore the area after tree removal.

Integrated Pest Management and Emerald Ash Borer

Forestry maintains a healthy urban forest with Integrated Pest Management (IPM). The Environmental Protection Agency defines IPM as "an effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with the environment. This information, in combination with available pest control methods, is used to manage pest damage by the most economical means, and with the least possible hazard to people, property, and the environment."⁶

⁶ Environmental Protection Agency. Integrated Pest Management Principles.
<http://www.epa.gov/opp00001/factsheets/ipm.htm>

Pest management will become an increasingly significant portion of the Forestry workload as a result of the November 2013 discovery of the Emerald Ash Borer (EAB) in Madison. The borer is a small metallic green beetle that can easily fit on a penny yet is responsible for the death or decline of tens of millions of ash trees. “An EAB infestation is always fatal to ash trees. Infested trees decline from the top down and will be dead in one to three years, even if the trees were healthy before being attacked by EAB.”⁷

Since 2008, the City of Madison has been working to mitigate the impact of the EAB. With an estimated 21,700 terrace ash trees⁸, an unknown number of ash trees in parks and the many thousands more found on private property, the EAB could devastate Madison’s urban forest. The EAB also could decimate Wisconsin’s 770 million ash trees. Madison’s EAB Taskforce coordinates EAB threat assessment, plans various response strategies, reviews the latest research and acts to mitigate impacts on the tree canopy, ensuring public safety, protecting the environment and containing costs.

FINANCIAL ANALYSIS OF THE URBAN FORESTRY PROGRAM

The City of Madison currently funds urban forestry services primarily with tax levy supported funding. Funding is currently appropriated by the Council to the Forestry Section within the Parks Division’s Operating Budget, to General Parks Maintenance Service within the Parks Division’s Operating Budget; the Streets Division’s Operating Budget, as well as in numerous capital projects within Madison’s Capital Budget.

Under normal conditions, general revenues are the surest sources of funding for activities beyond tree planting. However, in recent years, general funds have declined relative to other sources of funding for municipal forestry programs across the country. In 1988, Kielbaso⁹ reported that 94% of communities received municipal general funds to operate programs, while in a 1994 report by Tschantz and Sacamano, the percentage had declined to 66.6%.¹⁰

Property Tax Levy is the Major Source of Funding for Urban Forestry

The majority of the urban forestry program budget is funded through general revenues. In 2013, the City of Madison general fund levy support to the urban forestry program was approximately \$3,656,234. That amount covered nearly all of the \$3,726,134 operating expenses that same year. The total expenditures include all Urban Forestry operations performed by Forestry, Parks, and Streets Division staff. In 2014, the total levy needed to support urban forestry work is estimated to

⁷ United States Department of Agriculture, Animal and Plant Health Inspection Service. *Emerald Ash Borer The Green Menace*. Program Aid No. 1769. June 2009.

⁸ The ash species was heavily planted in Madison after dutch elm disease swept through the city in the 1960's and 70's. Ash was popular within urban areas because they could withstand all urban types of conditions such as clay soils, road salt accumulation, and air pollution. Many varieties of ash such as 'Marshall Seedless' green ash and 'Autumn Purple' ash originated at the UW Madison. The loss of these trees would be devastating to many communities and prohibitively expensive to remove and replace. Ash serves as an important species in Wisconsin's northern and southern forests and is a key component of forests growing in wet areas including swamps and along river ways.

⁹ Keilbaso, J.J. 1988. *Trends in Urban Forestry Management*. Baseline Data Report 20(1). Washington D.C.: International City Management Association.

¹⁰ Tschantz, B. A., and P. L. Sacamano. 1994. *Municipal Tree Management in the United States*. Kent, Ohio: Davey Tree Expert Company.

be \$4,200,000, including estimated EAB costs. Incorporating the full EAB response plan costs into future budget projections puts the estimated annual levy support in 2015 at more than \$5,900,000.

The following table estimates costs for urban forestry services only. Currently there is funding for these operations in multiple agencies such as the Streets Division and Fleet Services. Meanwhile Forestry includes funding for non-Forestry items such as snow removal in parks. This table brings together all urban forestry expenditures and revenues to provide an estimate of the full cost of maintaining the City's portion of the urban forest.

Estimated Operating 2013 / All Expenses 2014-2015			
	2013	2014	2015
Expenditures			
Permanent Salaries	\$ 1,698,805	\$ 1,819,102	\$ 2,205,755
Hourly Wages	\$ 59,222	\$ 53,500	\$ 100,000
Overtime	\$ 13,000	\$ 17,500	\$ 41,000
Benefits	\$ 676,597	\$ 678,715	\$ 830,582
Purchased Services	\$ 9,337	\$ 13,975	\$ 13,975
Supplies	\$ 31,390	\$ 536,700	\$ 873,200
Inter-Departmental Charges ¹¹	\$ 1,237,783	\$ 1,265,649	\$ 1,999,349
Total Expenditures	\$ 3,726,134	\$ 4,385,141	\$ 6,063,861
Revenues			
Inter-Departmental Billings	\$ 68,500	\$ 74,000	\$ 76,393
Operating Revenues	\$ 1,400	\$ 7,000	\$ 86,000
Total Revenues	\$ 69,900	\$ 162,393	\$ 162,393
Annual Operating Levy	\$ 3,656,234	\$ 4,222,748	\$ 5,901,468

Capital Improvement Funding

The annual Madison Capital Budget includes funding for street tree replacements, assessable tree planting, and other Forestry operations expenditures that are capital in nature. The majority of street tree replacement funding is now included in the annual Capital Budget, with only staff time remaining in the Operating Budget. Most of the Capital Budget funding is supported via General Obligation (G.O.) borrowing. In some instances, such as engineering reconstruction projects, other funding sources may contribute to the capital project funding street tree replacements. If a charge were created, funding for urban forestry services from debt could still be considered, but any cost recovery would have to account for alternative revenue sources.

Tax Incremental Finance, Special Assessments, and Other Funding

The City has used Tax Increment Financing (TIF), where possible, to enhance the street tree replacement program. TIF funding for trees has averaged around \$25,000 per year over the past

¹¹ The interdepartmental charges are those expenses to be incurred by the Forestry section to be paid to other governmental agencies. The primary cost drivers here are to Fleet and Streets. By recognizing the cost here, Forestry is able to pay these agencies (where they will appear as billing revenue) for their work on Forestry. The inter-departmental billings are revenue received from other agencies, which are to recognize work performed by Forestry for other units.

four years. This funding has focused on downtown urban core Forestry operations, which are generally higher cost plantings. This funding may no longer be available if a charge-based system is implemented.¹² This funding appears as a part of the annual Capital Budget.

Special Assessment funding is used to fund new trees being planted on newly platted streets. The special assessments are a one-time fee paid by the property owner for the installation of street trees. This funding appears as a part of the annual Capital Budget as a standalone project. Special Assessment funding would continue to be available if a charge-based system is implemented, although the charge would have to account for the alternate source of revenue. Special assessments amounted to approximately \$50,000 in 2013.

The City also receives approximately \$15,000 per year in other revenue related to the forestry program. A portion of this is private contributions by individuals or businesses to support the urban forest. Additionally, a small amount of revenue is generated from insurance payments for damage and special forestry permits. These revenues would still be available with an urban forestry charge, and would reduce the City costs to be recovered through the charge.

LEGAL ANALYSIS OF CREATING AN URBAN FORESTRY SPECIAL CHARGE

Under Wis. Stat. Sec. 66.0627 and MGO Sec. 4.09(13), the City may impose special charges against real property for current services rendered by allocating all or part of the cost of the service to the property served. Current services include, specifically, tree care and many other City services. Except for street sprinkling, oiling and tarring, seal coating and dust control, and repair of sidewalks, curbs or gutters, no public hearing or prior notice is required before a special charge is imposed by the City. Property of the state of Wisconsin is not subject to special charges, but other tax-exempt properties are.¹³ Common special charges in Madison include those imposed for sidewalk repairs, mall concourse maintenance charges, and snow/ice removal. If a special charge is not paid by the due date set forth in the notice it becomes a lien against the property and is included on the tax roll.

As part of the 2013 state budget (2013 Wis. Act 20, Sec. 1271p), the legislature created Wis. Stat. Sec. 66.0602(2m)(b). This subsection generally prohibits a municipality from using special charges to fund certain “covered services” unless those services were already fully funded by a special charge before 2013. If a municipality creates a special charge for a “covered service” that is fully or partially funded by the levy beginning in 2013, then the municipality must adjust its levy downward to account for this fee revenue. As a result, any such fees for “covered services” are revenue neutral for a municipality. The “covered services” are currently limited to “garbage collection, fire protection, snow plowing, street sweeping, or storm water management,” although, the legislature may easily add or remove services from this list by amending the statute. As an example, the City of Madison may not create a snow plowing fee without annually reducing its levy limit by the amount of fee generated as that service is currently fully funded by the levy. The City of Milwaukee, on the other hand, created a snow plowing fee in 2001 (Milw. Code of Ordinances 309-83) and does not

¹² Under Wis. Stat. Sec. 66.1105(2)(f)1., TIF project costs are diminished by any assessments, revenues or charges received in connection with the implementation of the plan. Hence, to the extent that these services would be covered by the urban forestry charge, they could not be paid for by TIF.

¹³ Special charges on State of Wisconsin and University of Wisconsin Hospital and Clinics property would be collected through the payment for municipal services program, which program results in the City being paid roughly half of the costs that it would otherwise be entitled to.

need to adjust its levy to account for these fees. Because the list of “covered services” does not currently include anything related to urban forestry care or city tree management, it is *currently* legally possible for the City to impose a special charge on properties in the city for the care and maintenance of the urban forest.

A special charge may only be imposed for “current services rendered” to a property. Such charges may not be used to generate revenue, but may only be used to recover the costs incurred by the municipality to provide the service. Unlike with special assessments where a special “benefit” to a property is required, no such benefit is necessary with special charges—only that an actual service is provided for the property. *See Grace Episcopal Church v. City of Madison*, 129 Wis.2d 331, 337 (1986) (upholding the City’s creation and implementation of the annual mall concourse maintenance charges); *Rusk v. City of Milwaukee*, 298 Wis.2d 407, ¶ 18 (2006) (upholding Milwaukee’s imposition of re-inspection fee special charges). Area-wide charges are permissible. However, once a service is determined to be chargeable to properties, in determining the amount chargeable and apportioning the charge among properties, the charges imposed must “bear a reasonable relationship to the service for which the [charge] is imposed” Wis. Stat. Sec. 66.0628(2).

Assuming that the program can be isolated to just tree-related services (e.g., the Forestry section of the Parks Division currently does perform some snow removal related work) and the total costs of the program can be determined, the City will need to come up with a reasonable way of apportioning the charge among the city’s properties. As discussed in more detail below, this could be achieved in several different ways—frontage, per street tree, per resident, by tax parcel or by utility bill, to name a few possible methods. Whatever method is chosen would need to be reasonable and supported in the record, and would have to be consistently applied. There is no right way to apportion such charges and finding the ideal approach is an academic exercise at best—with each method having positives and negatives. What is required is that the Council or the program administrator chooses a method that can be found to be reasonable.

Additionally, in creating such a charge, it would be preferable to have the charge fully fund the program in the event the legislature seeks to add urban forestry services to the list of “covered services” subject to the negative levy adjustment. If fully funded by special charges, the charge would be allowable without any levy offset moving forward—unless the legislature opted to eliminate all service related special charges (an unlikely scenario given the severe issues that would cause statewide).

URBAN FORESTRY CHARGE MODELS

The state of Ohio and the state of California both recognize the power of municipalities to levy assessments to fund planting, maintenance and removal of trees. The Ohio statutes and codes regarding urban forestry special assessments date back to at least 1966. The state of California limits assessments to five years and assessments are apportioned on the basis of street frontage.¹⁴

¹⁴ Tree Planting Act of 1931 (Streets and Highways Code section 22000 et seq.)

Pursuant to this act, cities may levy assessments to fund the planting, maintenance or removal of trees and shrubs along city streets and to pay employees to accomplish this work. Assessments for maintenance are limited to a period of five years. These assessments are apportioned on the basis of street frontage. Work is to be administered by the city parks department or other agency as appointed by the city council.

California State Code: Retrieved from

http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=SHC&division=15.&title=&part=1.&chapter=1.&article=

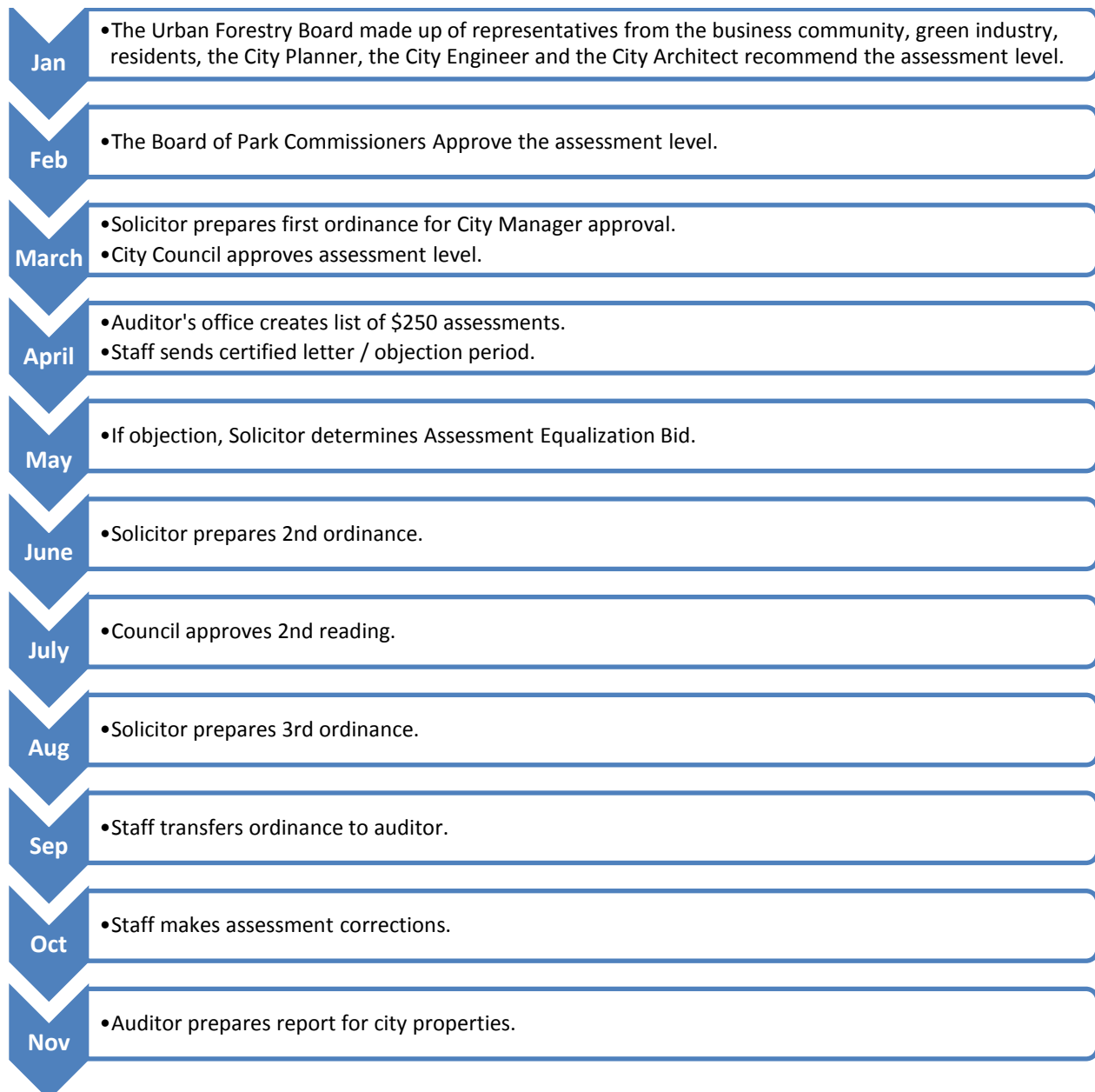
Both Toledo and Cincinnati, Ohio have tree assessments to fund their forestry program and both offer models for an urban forestry charge in Madison.

Toledo, Ohio with a population of 258,000 has approximately 96,000 street trees. Nine thousand of those street trees are Ash trees. The city of Toledo charges residents a fee of \$0.52 per linear foot to support trees in parks, streets, public buildings and boulevards. In 1966, the fee was \$0.10 per linear foot. Toledo has been addressing the Emerald Ash Borer since 2003.

Cincinnati, Ohio has over 1,000 miles of street and a population of approximately 300,000 people. The estimated number of street trees in Cincinnati is approximately 80,000. The city of Cincinnati contracts for tree maintenance and maintains a six-year pruning cycle. Since 1981, a tree assessment has been used to fund the urban forestry program. The fee in 2013 was \$0.18 per linear foot which yields over \$1.8 million for urban forestry services. Three city ordinances in Cincinnati cover the process for the tree assessment: 1) need for assessment; 2) determine the assessment; and 3) enabling the assessment. If the tree assessment is over \$250, the property owner is provided a letter informing them of the pending assessment. Private cemeteries and other large properties may pay a fee over \$250. Several years ago, Cincinnati increased the assessment by \$0.02 for storm response.

Cincinnati Implementation Process

The city of Cincinnati, Ohio implements its urban forestry through an annual process which includes elected officials, the Urban Forestry Board, the City Manager, the City Council and Finance specialists. As noted earlier, each year Cincinnati passes three ordinances to demonstrate the need for the assessment, determine the assessment and enact the assessment. The annual process is detailed in the figure below.



OPTIONS FOR CHARGE APPORTIONMENT

The urban forestry special charge may be apportioned to properties in the City in several different ways: by street tree, by linear road frontage, by resident, by parcel or by utility bill. Each allocation method has strengths and limitations. Whatever method is chosen must bear a reasonable relationship to the service for which the charge is imposed. For the purposes of this discussion we compared the apportionment methods using the anticipated 2015 Urban Forestry expenditures, including full Emerald Ash Borer response, at a total cost of \$5,901,468.

Cost Analysis Matrix based on 2015 Expenditures

Value	Per	\$
8,067,840	Cost per linear road frontage (764 mi)	\$ 0.73
	Cost per 60 feet of frontage	\$ 43.89
96,074	Cost per street tree (96,074)	\$ 61.43
240,323	Cost per resident (240,323)	\$ 24.56
73,793	Cost per parcel (73,793)	\$ 79.97
66,000	Cost per utility bill (66,000)	\$ 89.42

Cost Per Linear Road Frontage

As noted above, both Toledo and Cincinnati allocate fees based on linear road frontage, the fees are set at \$0.52 and \$0.18 respectively. The city of Madison has 764 miles of linear road frontage. Each linear foot would be charged at \$0.73 and every 60 feet of frontage would be charged approximately \$43.89. This method would impact all property owners subject to special charges, whether or not there was a street tree on the property. The City uses a linear road frontage method when specially assessing the costs of street improvements, which includes special provisions for multi-frontage lots.

Cost Per Street Tree

The City of Madison has 96,074 street trees and could impose charges based on the presence of a street tree adjacent to a property. Using this method, the cost per street tree would be \$61.43. Areas of the city with more street trees will face higher charges. In addition, if charges are apportioned on a per street tree basis, the amount would not accurately reflect the shared benefit of the entire urban forest including trees in public parks, cemeteries and other public buildings. One limitation of this apportionment method would be the inclination for some property owners to ask for a tree to be removed or not replaced to avoid paying the charge. Also, this method may convey some sense of private ownership over the City's street tree.

Cost Per Resident

Madison is home to 240,323 residents. If the charge were apportioned on a per resident basis, the charge would be \$24.65 for each resident. This method does not reflect the type of residence, age of individual, or other distinguishing characteristics. It would also be very difficult to determine how many residents resided at each property. In addition, this method would not apply to companies, institutions or other beneficiaries of the urban forest and, rather, increases the financial burden on individual residents.

Cost Per Parcel

Madison has 73,793 parcels of property. If the charge were apportioned evenly across all parcels, each parcel would pay \$79.97. This charge would include non-profit institutions and tax-exempt properties, and would be the same regardless of the size of the parcel. A downtown condo owner would pay the same charge as a commercial property with 4 blocks of frontage. This method would shift some of the burden of the program to smaller parcels from larger parcels, which would impact single-family residences disproportionately.

Cost Per Utility Bill

The City of Madison delivers 66,000 municipal services utility bills to residents, businesses and property owners. If the urban forestry special charge were allocated according to utility bills, the cost would be approximately \$89.42 per bill. While administratively this method may seem straightforward, the municipal services bills do not necessarily correspond to the taxable property which is served (for example, an apartment may have several water meters, but only one tax bill). This could lead to complications in administering the charge to ensure that it could still be collected on the tax bill.

NEXT STEPS

The Parks Superintendent, together with the City Forester, the City Attorney, and the Director of Finance would be the leads to draft an ordinance creating and implementing the urban forestry special charge, as well as determining an operational model for the urban forestry program and associated funding. The Common Council would then have to pass authorizing legislation to establish the charge.

CONCLUSION

The City of Madison's urban forest sustains healthy people, friendly neighborhoods, valuable homes and businesses. In fact, trees are the only public infrastructure investment that increases in value over time. Properly cared for, trees are valuable and growing assets worth over two and a half times the investment.¹⁵

Madison's trees face new challenges each year. In November of 2013, City of Madison foresters confirmed the Emerald Ash Borer had arrived in the City of Madison posing a threat to 20% of Madison's street trees. The City of Madison is redoubling efforts to provide top-quality urban forest services, protect heritage trees, provide excellent customer service for pruning and safety and keep our forest healthy. But extraordinary events undermine the City's urban forestry program in this era of tight levy caps.

The Alternative Revenue Work Group recommends that the City of Madison establish an urban forestry special charge to support urban forest activities including the cost of managing the Emerald Ash Borer. The Work Group proposes that the charge be apportioned based on street frontage, utilizing the same model as Toledo and Cincinnati, Ohio. The estimated cost to support the urban forestry program in 2015 is \$5.9 million. Based on that estimate, the cost per linear foot of street frontage would be approximately \$0.73. The average residential property in the City of Madison has around 72 feet of street frontage, though that varies widely throughout the City. A home with 72 feet of street frontage would be charged \$52.56 to support the 2015 urban forestry program. These revenues will support the on-going work of the urban forestry program including planting, pruning, maintenance and tree removal while enabling the City of Madison to better protect the urban forest from Emerald Ash Borer and other challenges.

¹⁵ U.S. Department of Agriculture. U.S. Forest Service, Pacific Southwest Research Station. *Trees Pay Us Back: In the Midwest Region*. Factsheet. May 2011.

APPENDIX A: COMMON COUNCIL RESOLUTIONS

RESOLUTION 28453:

Adopting the 2013 -2014 Common Council Legislative Agenda

WHEREAS, the Common Council engaged facilitator Sue Gleason to conduct a series of discussions on developing and implementing a Common Council Legislative Agenda; and

WHEREAS, the Common Council met on June 28, 2012 to begin the conversation on understanding the setting of a legislative agenda; and,

WHEREAS, the Common Council desires to focus proactively on policy issues important to the City of Madison; and,

WHEREAS, the Common Council met on October 25, 2012 developed, discussed and finalized two legislative agenda topics to pursue in 2013-2014,

WHEREAS, the Council Legislative Analyst has written briefs attached to this resolution to further elaborate on these topics,

NOW, THEREFORE BE IT RESOLVED, that the Common Council, with the assistance of the Council Legislative Analyst, shall work with the executive branch towards developing and implementing policies in 2013-2014 that involve finding alternative sources of revenue for the city and the effects of shifting demographics in the City of Madison.

DRAFT RESOLUTION:**Accepting the Report of the Common Council Alternative Revenue Work Group**

WHEREAS, the Common Council desires to focus proactively on policy issues important to the City of Madison; and,

WHEREAS, the Common Council Alternative Revenue Work Group, researched and developed policies to support alternative sources of revenue; and

WHEREAS, the Alternative Revenue Work Group has written a proposal for an urban forestry special charge to support all urban forestry activities including planting, pruning maintenance and integrated pest management; and

WHEREAS, Madison's environmental and cultural heritage is enriched by the urban forest; and

WHEREAS, Madison celebrates its 25th year as a Tree City USA in 2014, and

WHEREAS, Madison's trees provide benefits for residents and visitors alike:

- Every \$1 spent on trees yields \$3.35 in benefits for the City of Madison.
- Every street tree provides \$122 in annual benefits.
- Street trees intercept 115,378,156 gallons of rainfall each year.
- Over 175,000 pounds of pollutants are removed every year valued at \$399,384; and

WHEREAS, in November of 2013, City of Madison foresters confirmed the Emerald Ash Borer had arrived in the City of Madison posing a threat to 20% of Madison's street trees; and

WHEREAS, The City of Madison is redoubling efforts to provide top-quality urban forest services, protect heritage trees, provide excellent customer service for pruning and safety and keep the urban forest healthy; and

WHEREAS, an urban forestry fee would secure dedicated funds to protect the urban forest, especially given the higher costs incurred by the City of Madison to manage the Emerald Ash Borer; and

NOW THEREFORE BE IT RESOLVED, that the Common Council accepts the Report of the Alternative Revenue Work Group and its findings; and

THEREFORE BE IT FURTHER RESOLVED, the Common Council recommends the creation of an urban forestry special charge to protect and preserve Madison's urban forest.