

Procedure Title: **Annual Assessment Process**

1) Policy: The primary source of revenue for the Village of Wauwatosa Business Improvement District (District) is an assessment on the commercial property owners who own property within the established boundaries of the District. The City of Wauwatosa (City) provides to the District a listing by tax key parcel and address of all the commercial properties with their assessed value. This value is broken out by land, building improvement, and total value. The District Budget & Finance Committee reviews the parcel listing and applies a pre-determined formula to each parcel to arrive at the "District Assessment Amount" for each parcel. The District Budget & Finance Committee provides this information to the City Assessor who adds the assessment amount to the property tax bills that are mailed out each December. The City collects the assessment and mails a total check for the value of the collected assessments to the District.

Residences, railroad property, churches, county owned properties and non-profit organizations are excluded from the assessment. City owned properties are treated separately and the city contributes a fixed amount each year. Certain adjoining properties may be combined for assessment purpose if under a single ownership and business (see 3.3B below)

Changes to the Minimum and Maximum assessment values will be recommended by the Budget & Finance Committee, require board approval and will be done when there is a significant change in net operating budget.

2) Timeline – By the Following Dates

September 5 th	Board Budget & Finance Committee (BFC) completes proposed budget for the following fiscal year based on inputs from committee chairs and business plan.
September 10 th	Tax key and owner listing of property value provided to District Executive Director by City
September 25 st	Budget & Finance Committee prepares initial calculation of assessment values based on budget requirements. The District Assessment (DA) is presented to the Board for approval. (See "Assessment Methodology for Calculating the Assessment Amounts" below.)
October Board Mtg.	Board approves the District budget and assessments.
October Week 1	Send to city Budget & Finance Committee for approval
October Week 3	Common Council approval
November 1 st	District ED submits Board and City approved written assessments for each parcel to the City Assessor for inclusion on annual tax bill

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| December 1 st | City mails tax bills to all property owners in the city |
| February 1 st | City sends check to the District for the collected assessments plus the payment for City properties within the District |

3) Assessment Methodology for Calculating the District Assessment Amount

- 3.1 The City provides the District with a list each year that contains the following information:
- individual tax key number of the property
 - property street address associated with the tax key number
 - name of the property owner
 - address of the property owner with the street, city, state, and zip (this is not necessarily the same as the property address)
 - property class
 - dollar value of the land
 - dollar value of the improvements
 - total assessed value of land and improvements

The process for calculating the individual property assessments is as follows:

- 3.2 The Budget & Finance Committee prepares the budget for the upcoming fiscal year. The District commercial property owner assessments will equal the budgeted revenue and expense amounts less any amount appropriated from capital reserves.
- 3.3 There are 3 types of assessment calculations:
- A. Minimum: A minimum assessment will be assigned to properties having a total assessed value of land and improvements below a specific value (See Appendix A for current and historical values).
 - B. Maximum: A maximum assessment will be assigned to properties having a total assessed value of land and improvements above a specific value (See Appendix A for current and historical values).
 - C. Linear Method calculation: Properties that fall between the Minimum and Maximum value of land and improvements or other properties assigned the linear method identified in section 3 below (such as parking or vacant lots) will have their assessment calculated using a specific Assessment Ratio (AR).
 - D. Assessment Ratio (AR) calculation:
 - a. Calculate the sum of the total assessed value for all properties (and parking lots) that fall between the minimum and maximum property values in Appendix A. (This is the Grand Total for linear assessed properties).
- Example: For 2008, 28 properties and 9 parking and vacant lots were assessed by the linear method and the total assessed value of land and improvements for

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these 37 properties was \$20,000,000.

- b. Calculate the total revenue for properties assigned the minimum assessment (number at or below minimum times current minimum assessment)

Example: For 2007 36 properties were at or below the minimum property value.
 $\$450 \times 36 = \$16,200$ raised from minimums

- c. Calculate the total revenue for properties assigned the maximum assessment (number at or above maximum times current minimum assessment)

Example: For 2007 8 properties were at or above the maximum property value.
 $\$3,500 \times 8 = \$28,000$ raised from minimums

- d. Calculate total revenue from properties assigned minimum and maximum (add b and c above).

Example: For 2007: $\$16,200 + \$28,000 = \$44,200$

- e. Calculate the property owner assessment amount by subtracting the projected budget incomes from the total approved expenses.

Example: if the fiscal year 2007, approved expenses is \$90,000 and the revenues from the city annual contribution (see Appendix A for current and historical amounts), other programs, contributions, etc. equal \$20,000, the property owner assessment would be $\$70,000$ ($\$90,000 - \$20,000$).

- f. Calculate revenue raised by linear assessment by subtracting revenue from properties assigned minimum and maximum (calculation in d above) from the property owner assessment (calculated in e above)

Example : The revenue raised by linear assessment equals \$70,000 (e above) less the \$44,200 from min. and max assessments or $\$25,800$.

- g. Calculate the Assessment Ratio (AR) by dividing the revenue raised by linear assessment by the property owner assessment

Example : revenue raised by linear assessment = \$25,800

total assessed value for linear assessed properties = \$20,000,000

$$AR = \$25,800 / \$20,000,000 = .00129$$

- h. Calculate the assessment for each property between minimum and maximum by multiplying the Assessment Ratio (AR) times the total assessed value of land and improvements for each property.

Example: parcel #371007600 had a total assessed value of land and improvements for 2008 of \$880,200. The assessment for this property is:

$$\$880,200 \times .00129 = \$1,135.46$$

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- i. Perform the calculation in h above for each property between the minimum and maximum or assigned the linear method. The total of all of these should equal the amount calculated in f above (revenue raised by linear assessment).
- j. If the linear method of assessment results in an assessed value greater than the maximum assessment, the maximum assessed value must be changed so that the linear method results in assessments less than the maximum. This is done by changing the maximum assessed value to be equal to or greater than the result of the following calculation:

Maximum Assessment Value/Assessment Ratio (AR)

Example: Maximum Assessment = \$3,500

Assessment Ratio (calculated in g above) = .00129

$\$3,500 / .00129 = \$2,713,178$

Round down to a number below the calculated number such as \$2,700,000 for this example

- k. If the linear method of assessment results in an assessed value less than the minimum assessment, the minimum assessed value must be changed so that the linear method results in assessments greater than the maximum. This is done by changing the minimum assessed value to be equal to or less than the result of the following calculation:

Minimum Assessment Value/Assessment Ratio (AR)

Example: Minimum Assessment = \$450

Assessment Ratio (calculated in g above) = .0029

$\$450 / .00129 = \$348,837$

Round up to a number above the calculated number such as \$350,000 for this example

- l. Reassign maximum and minimum values based on calculations in j and k and calculate a new Assessment Ratio and repeat calculations a thru h. **Repeat this process until the linear method gives assessment values below the maximum and above the minimum.**

3.4 There are also special property determinations.

- A. All **vacant lots and parking lots** are assessed using the linear calculation when their value (or combined value for adjacent parking lots) is below the current maximum total assessed value of land and improvements. Minimum assessment shall not be applied to any parking or vacant lot. See Appendix B for listing of current parking and vacant lots.
- B. There are some property owners who, from time to time, may **request** that multiple properties in the same ownership could be combined. If the Budget and finance committee is aware of changes in ownership that would make properties

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eligible for combination, the owner will be contacted to verify the properties meet requirements for combining. A request must be made in writing by the owner, with proof of ownership, and received no later than August 1. If received after August 1, the request, if granted, will not become effective until the next assessment period.

The following are the factors considered in approving a request for combination of parcels. In all cases the parcels being combined must have the same ownership:

- 1) Adjoining parcels (buildings) having the same owner and used for a single business enterprise. Adjoining parcels having the same owner but different businesses operating in each parcel (building) may not be combined.
- 2) Parking lots used for the exclusive use of an adjoining building may be combined and as a single parcel for assessment calculation. The total assessment shall be proportioned based on the total assessed value of land and improvements for each parcel.

Example: A building has a value of \$250,000 and the adjoining parking lot has a value of \$50,000. As separate parcels the building would be assessed at the minimum (\$450) and the lot would be assessed using the linear method ($\$50,000 \times .00129 = \64.50) for a total of \$514.50. The combined value of both properties is \$300,000, which is still below the minimum, resulting in a total assessment of \$450 (the minimum). The assessment for each is calculated as follows:

$$\begin{aligned} \text{Building} &= \$450 \times (\$250,000/\$300,000) = \$375 \\ \text{Parking lot} &= \$450 \times (\$50,000/\$300,000) = \$75 \end{aligned}$$

- 3) Parking lots that are not located adjacent to a building but used for the exclusive use of the building businesses and/or owners may be combined and apportioned as in 3.2 above.
 - 4) Vacant lots adjoining a parking lot, or two or more adjoining parking lots may be combined,
- C. **Manufacturing properties** are assessed separately by the State of Wisconsin and the assessment information is provided in November.
- D. **Nonprofit organizations** are not subject to the assessment. See Appendix B for special notes on specific properties.
- 3.5 In addition to the business property assessments, there are approximately 41 properties that are owned by the **City of Wauwatosa** within the District. The City makes an annual voluntary payment for these properties of \$6,400.00, as of 2007.
- 3.6 The Assessor's list also has a number of properties listed in the District that are not assessed by the District. These properties are exempt nonprofit organizations; residences and apartment buildings; and local government and railroad property.

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APPENDIX A

Assessment Minimums and Maximums

Year	Minimum		Maximum	
	<u>Assessment</u>	<u>Property Value</u>	<u>Assessment</u>	<u>Property Value</u>
2004	\$450	\$202,828	\$3,500	\$1,574,903
2005	\$450	\$202,828	\$3,500	\$1,574,903
2006	\$450	\$335,200	\$3,500	\$2,600,000
2007	\$450	\$335,200	\$3,500	\$2,600,000
2008				
2009				

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APPENDIX B

Parking and Vacant Lots

<u>Parcel ID</u>	<u>Address</u>	<u>Owner</u>	<u>Type</u>
370034500	7600 W. State	Russel Drover	Vacant Lot
370021805	W. State	Westside Pick 'N Save	Parking Lot
370035400	W. State	Raymond & Charles Perry	Parking Lot
370041900	Harwood Ave.	Harwood A Wis General Ptnshp	Parking Lot
371005501	Menomonee Pky	James & Shirley Howard	Parking Lot
371006801	Underwood Ave	James & Shirley Howard	Parking Lot
371006901	Underwood Ave	Linda Craite	Parking Lot
371015100	Harwood Ave.	Cairy Kain	Parking Lot

Combined Ownership

As of 2007

Property Owner & Business:	Richard A. Streff	Streff Advertising
Tax Key & Address:	371006100	7610 Harwood Ave.
	371006000	7600 Harwood Ave.

Notes on Non-profit organizations

1) Milwaukee Hospital Inc. which is the for profit portion of the Aurora Hospital owned property known as Milwaukee Psychiatric Hospital is assessed. The nonprofit portion is not assessed. The property value listed on the list provided by the City Assessor is the value for the for profit portion per the City Assessor. The property address is 1220 Dewey Ave. and the tax key no. is 370050104.

2) Irish Fest Center There was also a question as to whether or not the Irish Fest Center was to be included in the District Assessment. Although it is a nonprofit, it petitioned to be included within the District. The center is located at 1532 Wauwatosa Ave.; tax key no. 370045400. This issue has been researched and the result is that the Irish Fest Center will not be included in the BID assessment process.

Jane Anderson, the Irish Fest Executive Director, does not recall that Irish Fest ever requested to be included in the BID District or that Irish Fest agreed to be assessed. Rich Lochrie provided me with a copy of the "Application for Change of Zoning" dated 10-22-97 that indicates that Irish Fest did request to have a zoning change to "Village Trade District". I researched this with Nancy Welch, City Community Development Director. She indicated that Irish Fest merely applied for a change of zoning from "BB 2Family Residential to "Village Trade District". The zoning change has nothing to do with BID district membership or being included in the District Assessment process.