



**DOUGLAS COUNTY  
ADMINISTRATIVE POLICIES AND PROCEDURES**

<b>TITLE</b> Local Improvement Districts (LID) Gravel Road Paving and Other Infrastructure Construction	<b>Approval Date</b> April 1, 2014
<b>POLICY CUSTODIAN</b> Public Works Engineering	<b>Revision Date</b>

**PURPOSE:** To provide a method for partnering with property owners to finance and construct infrastructure by assessing the whole or part of the costs of the improvements to benefiting property owners.

**DEPARTMENTS**

**RESPONSIBLE:** Public Works – Engineering

**DEPARTMENT(S)**

**AFFECTED:** Public Works – Engineering

**POLICY:**

A local improvement district (LID) is created when property owners within a defined benefited area petition the County to make street, drainage, water, utility and/or sanitary sewer improvements.

The State of Colorado has legislated detailed procedures to be used in creating an LID, constructing the improvements and assessing the property owners benefiting from the improvements. The LID program has been set up to follow these legislated detailed procedures set forth in Section 30-20-602, *et seq.*, of the Colorado Revised Statutes (“State Statute”).

The LID program allows County staff to work with property owners to define LID boundaries, develop construction cost estimates and estimate assessments for the lots within the LID. State Statute requires a petition, public hearings before the Board of County Commissioners (“Board”) and an election. The LID program also allows County staff to procure tax-exempt bonds or local bank construction loans to finance the cost of the improvements constructed within the LID and collect special assessments over a ten (10)-year period to pay for the improvements.

The bonding limit for an LID is two million dollars (\$2,000,000). This bonding amount may limit the size of the LID, requiring phasing of improvements. Local bank construction loan amounts are only limited by the local banks willingness to provide loans for an LID.

The payback period for the LID is normally ten (10) years. Property owners within the LID pay 1/10<sup>th</sup> of the principal, plus interest and a County collection fee, each year for the ten (10)-year period. The interest rates on the bonds or local bank construction loans are market driven and set at the time of closing on the bonds or the

loans. The special assessments are shown on the property tax statements and collected when the property taxes are paid. The special assessments start the year after construction is completed. Property owners may pay the entire assessment, plus collection fee, within thirty (30) days of the public hearing, which is held to set the final assessments based on actual cost, without incurring interest cost. The principal balance of the assessment can be paid at any time during the ten (10)-year repayment cycle.

The Board, at times, may elect to participate in funding of a portion of the costs associated with the LID. County financial participation depends on budget availability and Board approval. If the County is not able to participate financially in the LID, the Board may elect to finance the LID costs incurred until the bonds or local bank construction loans are in place. This would depend on budget availability and Board approval of a reimbursement resolution prior to the petition for creation of the LID.

**ELIGIBILITY:**

Existing neighborhoods that require improvements to, or the addition of, certain infrastructure relating to streets, drainage, water supply, dry utilities and/or sanitary sewer improvements may be able to use the LID program for construction and financing of those improvements:

1. The requested improvements must be allowed by State Statute.
2. Street improvements will only be considered for public streets.
3. Any proposed paving project must connect to an existing paved road (maintained by the County) to provide continuity of travel and maintenance.
4. Property ownership by any individual, corporation or trust shall be less than twenty five percent (25%) for all properties located within the LID.
5. Land developers are not allowed to use the LID program for construction of infrastructure associated with new land development or redevelopment projects.

**PROCEDURES:**

**Property Owners' Responsibilities:**

Property owners within the LID will be responsible for initiating the formation process, which may include holding informal meetings and discussions to determine preliminary support for the project. A property owner within the LID will be designated by project proponents as the liaison between the County and the LID proponents and will be referred to as the LID Representative.

**Preliminary Studies and Development of Costs Estimates:**

If preliminary engineering studies are required to define the improvements, the LID proponents will be responsible for all costs to provide these preliminary engineering studies. Douglas County staff will prepare a cost estimate for the construction of the improvements to be used in the formation of the LID.

**Development of a Project Information Sheet:**

County staff and the LID Representative will prepare a project information sheet that will be distributed by the LID Representative to property owners within the LID. In order to minimize potential misunderstanding, the LID Representative will distribute only County-approved or County-prepared informational material.

**Neighborhood Informational Meeting:**

The LID Representative will initiate a neighborhood informational meeting, schedule and coordinate with Douglas County staff to discuss:

1. Potential benefits from forming an LID
2. Potential impacts from the LID
3. LID formation process
4. Anticipated cost of the project
5. Anticipated schedule
6. Design considerations

The LID Representative will be responsible for coordinating and arranging the venue for the meeting. With assistance from County staff, the LID Representative will provide a formal meeting notification to the owners within the LID. Said notification will be sent to owners of property as they appear on the County's assessment records. The notification will contain a description of the LID, the meeting location, the meeting date and the meeting time. A project information sheet will be sent via first-class mail to all property owners within the LID informing them of the informational meeting. County staff will review the project information sheet and the mailing list prior to notifications being sent out. The cost of mailing said notifications will be the responsibility of the LID proponents.

**Petition Process to Determine Project Support:**

If LID proponents wish to proceed with the LID formation process after completion of the neighborhood informational meeting, County staff will prepare the petitions to be sent to all property owners within the LID. The petition shall contain a description of the proposed project, including the estimated cost of assessments for which property owners within the LID will be responsible. Those owners who are in support of the LID shall sign and notarize the petition and return them to County staff or the LID Representative. The petition must have the support of at least **fifty-one percent (51%)** of the owners of property within the LID. Each individual lot within the LID, as recognized by the County Assessor's Office, will receive one petition in the petition process. All owners on the property deed must be in support of the LID and sign the petition in order for the property to be considered in support of the LID. County staff will contact those property owners who have signed the petition to verify the vote. A business meeting before the Board will be held to accept the petitions, set a public hearing to create the LID and set the election questions for the LID.

**LID Creation and Election Questions Public Hearing:**

County staff must provide no less than thirty (30) days advance notice of all LID public hearings before the Board, including certified mailings to all property owners within the LID and advertisement in the newspaper. County staff will prepare a Creation Resolution, TABOR Notice and an Election Question Resolution for approval by the Board at the public hearing. The Election Question Resolution must be approved by the Board and certified by the County Elections Manager a minimum of fifty-five (55) days prior to the date of the general election held in November of each year.

**LID General Election:**

County Election staff will mail the LID election question to the property owners within the LID during the general election for the County. The general election is held on the first Tuesday in November each year. A simple majority of ballots determines the outcome of the LID election. If a majority of the ballots returned are not in favor of the LID, then the LID process stops. LID election costs are approximately \$2,000 - \$5,000. Should the LID not be approved, the LID proponents may be responsible for such costs.

**Design and Construction of LID Improvements:**

County staff will manage the design and construction of the improvements associated with the LID. Design of the improvements will start immediately after the general election. Construction plans and specifications will be prepared for the improvements and competitive bids will be received for the LID improvements. If the bids are higher than the assessments approved by the petition and election, then the LID process stops. If the bids are equal to, or lower than, the estimated assessments, then the County will close on the chosen financing (bonding or local bank construction loan) and contract with the selected contractor to complete the construction of the improvements.

**Close-out and Setting the Final LID Assessment:**

Once construction is completed and final LID costs are known, County staff will calculate the final LID assessments and present the final assessments to the Board at a regularly scheduled business meeting for acceptance and approval. This final approved assessment will be used at a final public hearing to set the final assessments and closeout the LID, so that collection of the assessment can start on the following tax year statement.

**Paying the LID Assessment:**

After the final assessment for the LID has been set at the public hearing, property owners can pay the full assessment, including collection fee, within thirty (30) days of the public hearing date. If full payment is not received by the Treasurer Department within thirty (30) days, the first special assessment payment, including interest and collection fee, will be billed with, and due with, the property taxes for the property in January of the following year. The total assessment will be pro-rated on the annual property tax statement over a ten (10)-year period, plus interest and collection fees.