

Local Improvement Districts: A neighborhood approach to local improvements

Do you wish your street had better lighting? Would you like to improve your street with curbs, gutters, and sidewalks? Are homes in your neighborhood on septic tanks and you would like to see them connected to a sanitary sewer system? Do kids in your neighborhood need a small park to play in?

A local improvement district (LID) may be just the thing you need to make your neighborhood wish list come true. Since 1893, property owners in the City of Everett have used LIDs for a wide variety of projects benefiting properties of a broad range of uses. LIDs are often used to install improvements such as sidewalks, curbs, and gutters; sanitary sewer, water, and drainage utilities; street and alley paving; and street lighting. An LID may be a viable approach to financing the improvements you've been considering for your neighborhood.

What is an LID?

A Local Improvement District (LID) is a medium for financing local improvements that specially benefit an identifiable group of property owners. Through an LID, benefiting property owners

are assessed for the actual cost of these improvements in accordance with the increase in value their property realizes as a result of the improvements. An LID can also be literally defined as the geographic boundaries surrounding the properties that specially benefit from the local improvements.

The City of Everett's LID program provides property owners with two basic services. First, LIDs offer a reliable source of low-interest, tax-exempt financing for local improvements, and the LID bonds sold on behalf of owners included in LIDs allow the repayment of assessments over a period of usually between 10 to 20 years. Second, LIDs serve as a way of constructing local improvements collectively, rather than piecemeal over a number years or if at all. (To be constructed under an LID, the improvements must be of a public nature, and must be installed in a public right of way.)

Numerous state statutes govern the LID process. These statutes protect the property owners' rights of due process, their right to become involved. Each LID involves informal public meetings and at least two formal hearings. These meetings and hearings are conducted to solicit the owners' input at various stages of the process, and to help them preserve their personal interests in the project.

Property owners are notified of all proceedings related to the LID, and the LID staff routinely goes well beyond the statutory notice require-

ments to keep owners fully informed about the project.

Here are answers to the questions most often asked about LIDs:

How are LIDs formed?

How much will the LID cost?

How does the City levy LID assessments?

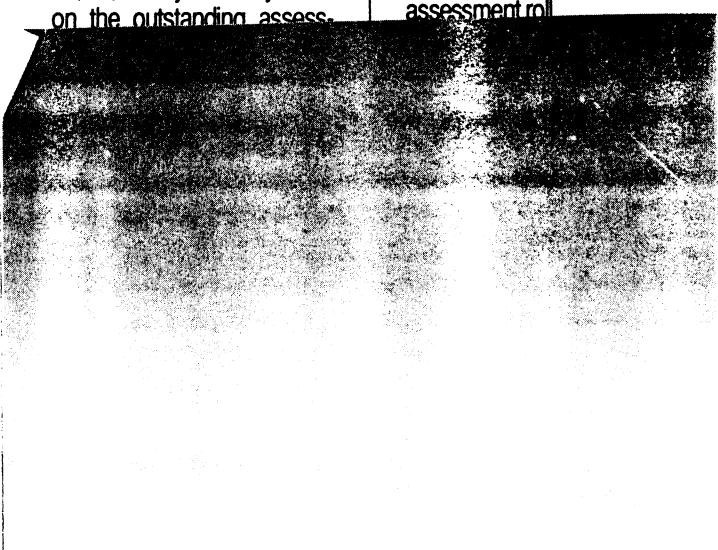
To what extent are the property owners involved in the LID process?

How does the City determine how much each property owner should pay?

How are assessments paid?

All the assessments that are not paid during the thirty-day prepayment period are amortized over a period of usually 10, 15, or 20 years. Payments on the outstanding assess-

ments are made annually, and consist of equal installments of principal and accrued interest. The first annual payment is due approximately a year after the hearing to confirm the final assessment roll.



How much will the LID cost?

The cost of different types of local improvements is determined by a number of factors, such as construction conditions, current trends in construction bids, right-of-way acquisition costs, etc. For this reason, it is impossible to say how much different improvements will cost without formulating specific cost estimates. Be assured, however, that final LID assessments are based on the actual cost of improvements. The

City of Everett does not derive a profit from LID projects. The LID program is simply a service to property owners in the City who wish to install local improvements.

In terms of cost, the LID program has been further enhanced for those LIDs that involve the installation of new sanitary sewers. For more information regarding the financing plan for sewer LIDs, call the LID Administrator at: 259-8809.

How does the City levy LID assessments?

Once the improvements are constructed, the actual cost of the project is calculated and the property owners are mailed notices of their final assessment for the improvements. These notices also advise property owners of another hearing at which the City Council will confirm, by ordinance, all the final assessments. At this hearing, proper-

ty owners will have the opportunity to express any objections they may have to the amount of their assessments.

After the final assessment roll is confirmed property owners can, within a specified thirty-day period, prepay a portion or all of their final assessments. The first annual installment on the assessments that are not prepaid are then due approximately a year later.

To what extent are the property owners involved in the LID process?

The City assumes responsibility for the design, construction, financing, and administrative details of its LID projects. Property owners do, however, have many opportunities to

provide their input at public meetings and at hearings before the City Council. Property owners are also conferred with on matters of design that directly affect their property.

Here's a list of phone numbers for other information you may need when considering local improvements:

1. LID information: 259-8809
2. Annexation information: 259-8731
3. City limit information: 259-8800
4. Building code information: 259-8810
5. Zoning code information: 259-8731

How are LIDs formed?

LIDs are usually formed in response to requests from property owners. To make a request for the formation of an LID, simply call or meet with the LID Administrator to discuss your proposal.

If, after talking to the Administrator, you want to pursue an LID, the LID Administrator will begin evaluating the proposal in greater detail, and City staff will formulate a preliminary estimate of the project cost. Once the preliminary estimate is completed, the LID Administrator will meet with all affected property owners to discuss the project and its costs, and determine if the owners are interested in pursuing an LID. If there appears to be sufficient interest, the Administrator will start the official formation process.

The actual formation of an LID can be commenced either by petition submitted by property owners representing a simple majority of the total area within the proposed LID boundaries, or by the City Council's adoption of a resolution declaring its intent to form an LID. Most of the City of Everett's LIDs are commenced by resolutions of intention, although petitions are

often used to informally document property owner support.

Once the resolution of intention is adopted, the LID Administrator calculates the preliminary assessments and sends notices to all the property owners affected by the proposed LID. The notices advise owners of (1) the time, date, and place of hearing at which the City Council will decide whether or not to form the LID, and (2) what their estimated share of the cost will be if the LID is formed.

The Council then conducts a formation hearing, at which property owners have the opportunity to express their support of or opposition to the proposed LID. Based on the hearing, the Council will either reject or adopt the ordinance forming the LID. If the ordinance is adopted, property owners are allowed an additional thirty-day period in which to protest the formation of the LID, then another thirty-day period in which to file legal appeals against the formation, if they so desire. If the City's authority to proceed with the LID is preserved through the protest and appeal periods, the improvements will then be designed and constructed.

How does the City determine how much each property owner should pay?

Methods of apportioning shares of cost vary according to the type of improvement installed. State statutes allow the assessments to be apportioned on several different bases, such as gross area, frontage foot, and a zone system; but whatever method of apportionment is used, it must

fairly reflect the special benefits attributable to each ownership. The City often uses the "special benefit method" when apportioning assessments. With this method, assessments are based on the increase in fair market value properties realize as a result of the improvements.

How are assessments paid?

All the assessments that are not paid during the thirty-day

periods are made annually, and consist of equal installments of principal and accrued interest.

