



A CITIZENS GUIDE TO THE BENEFITS OF LOCAL IMPROVEMENT DISTRICTS (LIDs)

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Frequently asked questions about LIDs: Local Improvement Districts

Take a good look around your neighborhood. If improvements such as street paving, alley paving, sidewalks or streetscape improvements would enhance the appearance of your neighborhood, or installation of sewer lines would mean better service to you and your neighbors, you might want to learn more about LIDs, or Local Improvement Districts.

LID's are a local approach of neighbors working together with government to improve the appearance of and services in their neighborhood. Here are some of the improvements you could seek:

Pave your street or alley

Build sidewalks

Fix a stormwater problem

Install a sewer system

Install streetscape improvements

What is an LID?

An LID is a specific geographical district formed by a group of property owners working together to bring needed capital improvements such as alley paving, sidewalks, streetscape improvements, street pavement or sewer lines. An LID is a financing method available to property owners for design and construction of those improvements. The City undertakes all aspects of design, financing and construction of improvements and sells bonds to provide cash for the project. Property owners within the benefit district repay the money through special assessments, usually over 12 years.

Why form an improvement district?

Neighborhoods should consider forming an LID to fund improvements that would benefit each property owner. LIDs have several advantages. Perhaps the biggest benefit to those needing the improvements is LIDs provide a means of spreading the cost of the improvements among several property owners. This reduces the cost of improvements compared to the cost of charging an individual property owner.

What are the advantages of an LID?

Property owners are able to spread the cost of the improvements over a period of time and may take advantage of the City's ability to borrow money at lower interest rates than individuals. The larger, more expansive LIDs also allow property owners not familiar with construction, contracting, engineering or financing to depend on the City to undertake the process for them, acting as agent to manage the project's design and construction.

What are the disadvantages of an LID?

The process is long and complex, and may take longer than normal projects, due to public notice requirements, establishment of the Local Improvement District and public hearings.

How long does it take?

The actual time depends on a number of factors, including the scope of the proposed improvement. A typical alley LID may take 9 to 18 months, with a more complex LID, such as the street, storm drainage and utility improvements, taking two years from the time an interest petition was submitted, to project completion.

Is there any limit on the size of an LID?

No. But the improvements and the geographical area should be sufficient size and type to benefit an entire neighborhood or community for total service and aesthetic appearance. LIDs are not confined to residential areas alone. They can enhance business districts or mixed use areas.

Can I protest an LID?

Yes. If 35% or more of the property owners of the total assessable petitioned LID protest, the City is prevented by City Charter from proceeding. The percentage is calculated on dollar volume of assessments, not by percentage of signatures. But, this does not apply to LIDs where the Manager of Public Works has determined the necessity for such improvements. The Manager then has the authority to authorize the LID to proceed.

How do I protest?

In writing. List your name and spouse's name, street address, legal description of your property and any reasons for your protest. Written protests can be filed with the Public Works Department any time from the filing of the petition until the public hearing date.

What costs are involved in an improvement district?

Construction costs.
Engineering and surveying fees.
Right-of-way and easement purchases.
Property owner searches.
Advertising, mailing and publishing costs.
Accounting and clerical costs.

Who is responsible for these costs?

Costs associated with an LID are assessed to each property owner in the improvement district.

Why doesn't the City pay for these improvements using taxes paid by citizens?

Denver, like other local governments, is empowered with the task of planning such improvements as streets, sidewalks and curbs in order to assure uniform planning. But the truth is that general tax dollars do not pay for streets, sidewalks and other improvements that many of us take for granted when the beneficiary is a specific group, such as a neighborhood. These have generally been paid for by local assessments to the property owner.

How are LID's Financed?

Local Improvement Districts are financed by the issuance of public improvement bonds or by monies available in the City's public improvement revolving fund. The issuance of bonds must be approved by the electors within the

corresponding district. The funds provided to finance these improvements are repaid from assessments on the property owners benefited by the improvements. These assessments can be repaid with interest, over time, typically twelve years.

How does the City levy LID assessments?

All property owners are charged for the improvements based on the value received by their property from the improvements. Value is determined by the lineal feet of the property bordering the improvements or the area of the property or a combination of frontage and area. Specific assessment methods include front footage, area, or a combination thereof.

Improvement District Assessment

Completed LID Construction

Final Costs

When the Local Improvement District construction is completed, inspected, and accepted by the City, final costs are calculated based on the actual cost of construction. From that, individual final assessments are prepared. Final assessments are based on the actual cost of construction plus a charge for engineering/administrative cost.

Final costs are mailed to the property owners. Included is payment information and notification of the Board of Equalization.

Board of Equalization

A Board of Equalization is held to discuss final costs. At this time City Council may authorize the final assessments and assess the costs.

Payment

Property owners are billed by the Denver County Treasurer's office similar to taxes.

60 Days to Pay

Payment received by the Treasurer can be made any time after the Public hearing up until sixty days from the final publication of the assessing ordinance. During this period of time no interest or collection fees are charged.

Installment Payments

After the 60 day deadline, outstanding assessments will automatically be forwarded to the County Treasurer's office for collection similar to property taxes and the following will apply:

- A 3% collection fee is added to the amount due.
- Installment payments are subject to an interest rate equivalent to the rate the City will pay to finance the assessment installments.

Getting Started

Most LIDs in the City and County of Denver begin with one or more citizens inquiring about a specific capital improvement they would like to see in their neighborhood. Depending on the interest expressed within the neighborhood, Public Works Department staff members review these inquiries to see if the project appears feasible, and provide a pre-estimate of the cost. It must be emphasized that at this early stage in the process, the cost is nothing more than an estimate.

Informational packets are assembled outlining the proposed LID, its intended purpose and projected costs involved. This information is distributed to property owners within the proposed LID. Notice is provided to property owners that informal neighborhood meetings may be held where property owners can discuss their concerns with City Public Works staff.

Proponents of the LID then gather signatures of other property owners and submit a Petition for Formation of an LID to the City. Public Works staff prepare the petition.

Questions?

Feel free to contact the City and County of Denver Public Works Department at (720) 913-8823 weekdays between 7:00 a.m.-3:30 p.m.. Further information may be obtained by visiting the Denver Public Works Department at 201 W Colfax Avenue Dept. 509.