



## FORMING LOCAL IMPROVEMENT DISTRICTS (LIDs)

### Local Improvement Districts:

Every year the District Management Office considers numerous proposed Local Improvement District requests, recommendations, and petitions. These districts call for the construction of paving, curb and gutter, sidewalks, wastewater lines, storm drainage systems, and other similar public improvements.

Local Improvement Districts, in many cases, are an outward sign of Denver's high standard of living and its continuing effort to address and remedy environmental concerns. Most districts are formed in older, more established neighborhoods, but they can involve newer subdivisions as well.

In each case, the proposed district would call for an improvement that might benefit certain property owners. The limits of the district indicate these properties. The property owners within the limits of the Local Improvement District generally pay for the improvement if the district is approved and constructed.

Normally a citizen requests the improvements proposed in the Local Improvement District. The City also has the authority to request a local improvement District .

There may be some citizens who are "for" a Local Improvement District and others who are "against" it. The process described here was established to give citizens and opportunity to voice their opinions. The technical procedure for the creation of a Local Improvement District and assessment of the final costs to the benefiting properties is specifically outlined in the Denver City Charter.

### Did You Know?

The installation of curb and gutter, sidewalks, paving and most utilities is the responsibility of the adjacent property owner. In new subdivisions, for example, the initial costs to construct the public improvements are borne by the developer. These costs are in turn passed along to the property owners with the sale of the property. Generally, other than special capital improvement projects, the City does not pay for the initial construction of streets, alleys, sidewalks, and similar public improvements.

In some instances, the Manager of Public Works can order the formation of a Local Improvement District, even though majority consent of the assessable ownerships is not obtained.

Improvements are generally constructed by private contractors and include a three year warranty. Contracts are awarded to the lowest acceptable bidder and the City reserves the right to reject any and all bids.

To initiate a proposed Local Improvement District project, citizens can call 720 913-8823 to discuss the proposed improvements with Engineering staff and obtain a petition. Engineering staff will review the request to determine adequacy of right of way, drainage, and utilities.

### How is a Local Improvement District created?

#### **Proposing a Project**

Improvement Districts can be initiated by property owner petition or by an administrative recommendation from City staff.

- Petitions

The purpose of the "Petition for Public Improvements" is to initiate the survey, study, design, and estimate of public improvements, which will then be presented to the Manager of Public Works for consideration at a Public Hearing. The petition requires signatures of 35% of the assessable owners to go forward to the Manager of Public Works to authorize the City Engineer to begin work on the proposed improvement project.

- Administrative Recommendation

The Manager of Public Works may administratively recommend a Local Improvement District project. Typically, administratively recommended Local Improvement District projects are needed for the health, safety, and welfare of the public or are necessary in conjunction with other funded public improvement projects or maintenance concerns.

### **The Public Hearing**

Once a project has been proposed for inclusion in a Local Improvement District, the following progression of events takes place:

1. Engineering projects are scheduled for preliminary design by either the City Engineering Staff or contracted through a private consulting engineering firm. Preliminary designs include:
  - Land survey and review of right of way
  - Study of drainage, access, etc
  - Engineering design
  - Utility coordination
  - Construction quantities
2. Detailed individual estimated costs and notices are prepared and mailed to the assessable owners. Paving, curb and gutter, sidewalk, driveways, sewer taps, and/or water taps, or other public improvements to include right-of-way acquisition may be part of the assessment. Included in the mailing are the following:
  - Notice of proposal (newspaper publication)
  - Public Hearing Notification (date, time, place)
  - Objection instructions (for complaint, opposition or protest)
  - Individual estimated assessment which can be based on frontage, area or a combination
3. Estimated costs are tabulated and objection responses returned are presented for consideration by the Manager of Public Works. Each project is brought up for discussion in the Public Hearing. Upon consideration of the information provided, the Manager of Public Works determines which local improvement projects are to be included in the Local Improvement District Program.
  - A typical block may have a total frontage 1000' (500' each side of the alley).
  - A typical alley may cost \$100,000.00.
  - The frontage cost is  $\$100,000.00/1000 = \$100.00$  per front foot.
  - A 50' frontage parcel will have a cost of \$5000.00.
  - The annual cost for 50' frontage, spread over 12 years including interest will be about \$500.00.

### **Financing**

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.

### **Constructing the Project**

Projects included by the Manager of Public Works at the Public Hearing will be constructed at the earliest possible time. Designs are finalized, construction plans and specifications are prepared, and contract documents are packaged for distribution.

The City advertises for private contractor bids for the construction. The lowest acceptable bidder is awarded the contract. Construction is scheduled and completed by the contractor. City inspectors and project managers oversee the construction to ensure quality.

## 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.