

What is an LID?

An LID or 'Local Improvement District' is a specific geographic boundary encompassing a neighborhood or business district and formed by a group of property owners working together to bring about needed capital improvements within that boundary. An LID also provides a funding mechanism to property owners for the design and construction of desired improvements to rights-of-way and highways. The LID process is administered by the highway district.

Why Create an LID?

If you and a majority of your neighbors desire to enhance the safety, quality, appearance, and value of your neighborhood and/or business district but you feel development and funding of such improvements is overwhelming and you desire to fairly distribute the costs over all the properties within the neighborhood with affordable annual payments, then you may want to take advantage of the assistance available to you through the District in creating, constructing, and administering an LID.

What is the First Step in Creating an LID?

The property owners may present the Board with a petition requesting creation of an LID. Sixty percent (60%) or more of the owners in the proposed district must be in favor of the proposal. The petition must include a legal description of the proposed district boundary, an exhibit depicting the properties within the boundary, a list of property owners (as shown on record at the county courthouse) along with mailing and affected property addresses. Signatures of all property owners, resident and non-resident, favoring the LID shall be attached to the petition when submitted to the highway district. A review of the petition will be performed verifying the signatures and establishing a percentage of those owners who support the creation of the district. If sixty percent (60%) of property owners have signed the petition, the Board will consider creating a district.

Creating the District

The highway district will complete preliminary designs and cost estimates for the specified improvements. Anticipated engineering and administrative costs will be added to the construction estimate to help cover the highway district's expenses. A neighborhood meeting will be organized by the highway district to explain the LID formation process and anticipated costs to each property. The District Clerk will prepare a Resolution of Intent to Create an LID including the costs provided by engineering staff. The Board of Commissioners will review and must pass the Resolution before setting a date for a public hearing. All property owners within the LID boundary shall receive a notice of the public hearing and have opportunity at the hearing to submit in writing, or appear in person to support or protest the proposed district. The Board of Commissioners will determine at the public hearing if sufficient support exists to pass an ordinance forming the district.

Constructing the Improvements

The highway district will engage an engineering firm to perform surveys, design and prepare bid documents for the project improvements. Upon advertising and receiving competitive bids, the engineer will determine if estimated costs are still in line with those advertised in the Resolution of Intent (final LID assessments are not to exceed twenty percent (20%) of the amount in the resolution). The Board will administer construction staking, inspection, management, and interim financing of the project. From start to finish, property owner input of project development is always welcome and taken into consideration. If the Board is unable to obtain interim financing for the LID, it will not proceed.

Assessment Roll

The engineer will compile all pertinent expenses involved in constructing the improvements, add in twenty percent (20%) of those total expenses for engineering and administration (E&A) costs and combine with the interest paid for interim financing to determine the overall costs assessed to the District. Various methods of distributing the costs among the properties within the LID boundary will be reviewed to most fairly represent the benefits derived by those properties. Once a method of fairly distributing costs is determined, a list of properties and their assigned cost is prepared. This list is called the Assessment Roll, which is presented to the Board at an advertised public hearing.

Public Hearing

All property owners within the District will be notified of the public hearing date set for a regular Board meeting. The public hearing will be the opportunity for owners to comment on the assessment roll. Protests will be considered and documented. Upon confirmation of the Assessment Roll, the District will prepare a billing for each property owner and outline payment options.

LID Payment

Once the assessment roll has been set, each property owner shall have thirty (30) days to prepay the assessment in full without additional interest charges. Any remaining assessments, after the prepayment period, shall be totaled and financing arranged (usually in the form of municipal bonds) by the District. Normally, payments are set up for recovery of the assessments with the first payment due one year from the last day of the prepayment period. The District will send annual billings prior to the due date. Deferments of payments are subject to state and local laws and may subject affected properties to a recorded lien.