

Infrastructure Assistance Coordinating Council Conference
October 24-26 2023

Road/Local Improvement Districts Successful Solutions

Session S-28

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Discussion Overview

- ▶ LIDs – When to make the decision
- ▶ LID Process – The Basics
- ▶ Successful Solutions
 - Political Realities
 - LID Funding
 - LID Assessments
 - Public Involvement

Resources:

RCW 87.03

MRSC <http://www.mrsc.org/subjects/pubworks/lidv5app.aspx>

LID - When To Make the Decision

- Types of Improvement Districts
 - LID vs. ULID vs. RID
- What is an LID?
 - Special assessment for improvements within an area which will realize a special benefit from those improvements.
 - Debt service is paid for by individual property owners.
- When LIDS are used to finance capital improvements
 - Generally in previously developed areas
 - Lack of sufficient capital improvements/services
 - Convert substandard privately owned infrastructure to publicly owned and maintained infrastructure

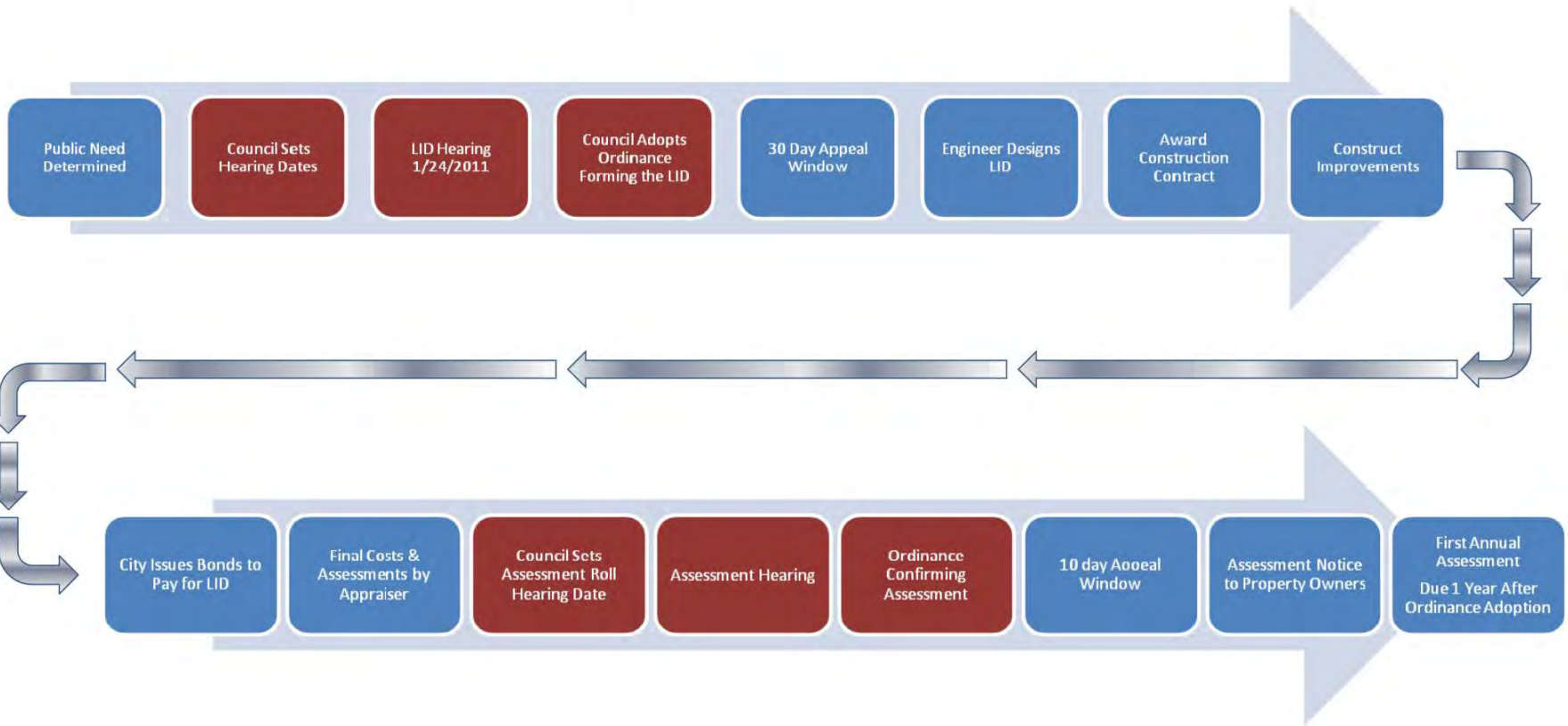
LIDs – The Basics

- ▶ Determine the scope of improvements
 - Minimum needs vs. affordable improvements
- ▶ Define the boundary of benefitting properties
- ▶ Public Process
 - Initial contact - Interest and feasibility
 - Open Houses – Assess support and answer questions
 - Proceed with formal process/action/notification
- ▶ Adopt LID Ordinance
 - Voting/Protest Process

LIDs – The Basics

- ▶ LID Funding (Interim/Permanent Financing)
 - Municipal Bonds 10-20 Years (traditional funding source)
 - Public Works Trust Fund Loan - State/Fed source
 - City Enterprise Fund Investment - local source
- ▶ Assessment Methods
- ▶ Design and Construction
- ▶ Final Assessment Rolls
- ▶ Payments begin 1 year after Final Assessment Ord.
 - Annual payments
 - Assessment deferrals available for qualified owners

Local Improvement District (LID) Process



LIDS – The Politics of It All

- ▶ The LID process is only a funding mechanism
 - Technically - This is correct
 - Practicality - Wrong - High political hurdles
 - Property owner buy in
 - Is this really necessary?
 - Affordability
 - History - Past political promises?
 - Education - Process and Benefits
 - Elected officials
 - All of the above
 - Unnecessary Hardships
 - They want close to a consensus vote; not just a majority
 - Is an LID the only option?

LID Proponents

- ▶ Citizen initiated LID/RIDs
 - Citizens perceive negative impact by existing conditions – usually RIDs "I hate the dirt road."
- ▶ Utility LIDs are typically initiated by local jurisdictions
 - Public works understands the necessities of the project.

Challenges:

- Utilities are out of sight, out of mind to citizens
- General public's first impression is "This is being forced on us."
- Upgrades should have been a City/County responsibility.

Successful Start

- ▶ Necessary upfront efforts – BE PREPARED
 - Perform a 10% design of project
 - Develop detailed estimate with contingencies
 - Produce design on aerial photo with basic parcel info
 - Puzzle out scoping alternatives
 - Brainstorm viable assessment alternatives
 - Investigate demographics of effected community
 - Internally ask about past efforts and history
 - Do your best not to start preliminary rumors
 - Prepare staff and electeds about City's preliminary project feasibility efforts

Money, Money, Money

- ▶ Assess affordability
 - Mid to Low income community
 - Burdensome: More than \$1,200 per year
 - Impacting: \$800 to \$1,200 per year
 - Tolerable: Less than \$ 800 per year
 - Higher income community may not be much different
- ▶ Longer payback period = smaller yearly financial impact
- ▶ Low interest makes a big difference
- ▶ Free money is always good – Grants or City funding

Funding Sources

- ▶ Interim financing vs. Permanent financing
- ▶ Funding Sources
 - Traditional Bonding
 - Small projects under \$2,000,000 - 10 Year bond (Market Driven)
 - Larger Project can be bonded for a 20 year period
 - Higher interest rates
 - Public Works Trust Fund
 - Less than 1% interest and eligible for 20 year payback
 - Enterprise funds with excess reserves
 - Excellent choice for interim funding
 - Long term investment source for the enterprise fund

Assessments – Paying a Fair Share

▶ Types of Assessments

- Front Foot
- Acreage/Lot Size
- Number of Parcels
- Assessed Value

▶ Provide a menu of assessment options to the group

- What is typically done and what is also possible
- Give choices that will involve them in the process
- Be prepared to calculate shares based on project estimate

▶ Assessment Deferrals are available for qualified people

▶ Vote/petition is weighted based on each fair share

Public Involvement - Homework

- ▶ Investigate any background history of the area
 - Have LIDs in the area failed in the past?
 - Have LIDs been adopted but created public resentment?
 - Have past promises for been made and never finished?
 - Be able to respond (not answers) to theses topics.
- ▶ Find your supporters
 - Who is most impacted by existing conditions
 - Who understands the necessity of the project
 - **MAKE SURE THEY WILL BE AT KEY MEETINGS**
 - **REFER THE MEDIA TO THEM FOR GOOD QUOTES**

Public Involvement - Start Right

- ▶ Engage LID with workshops before the public process
 - Lets you gauge potential success of the LID
 - Shows concerted effort for due diligence
 - Public hearings will be more productive (LID process)
 - Well informed public give better testimony
 - Fewer open ended questions that cause council concern
 - Speak to the necessity for the LID
 - Overview of the LID process and options
 - Be prepared to give bottom line estimates and details
 - Follow up with people individually

Public Involvement

- ▶ Follow the "Successful Start" slide
 - People want answers; they also want input on outcomes
 - Host meetings with three knowledgeable staff
 - Break into small groups if needed
 - Spread the demand for individual attention
 - Back stop each other for responses
 - Help with crowd control – The Voice of Reason

- ▶ You will need three workshops
 - First workshop will get the word out
 - Second workshop will be the best attended
 - Third provides further detail and answers specifics
 - Meeting for elected official attendance
 - Council updated with workshop information

Public Hearings

▶ LID Process

- Contact your Bond Council – involve them in each step
- Do not screw up the LID procedure
 - Mail required notices
 - Make required publications
 - Track affidavits
 - Get the resolutions and ordinances right
 - Did I mention – Keep you Bond Council involved!
- Reference:
 - Checklist for LID Procedures in Washington Cities

Recap

- ▶ Do Your Homework ahead of time
 - Preliminary Design
 - Conservative Estimates
 - Funding Sources
 - Assessment Scenarios
- ▶ Public workshops preliminary to public process
- ▶ No support = No project
- ▶ Strictly adhere to the LID Process
 - Consult with Bond Council often
 - Keep Electeds informed

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