

ADMINISTRATIVE PROCEDURES



Procedure Number: 22-71

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C. Dumbauld
County Administrator

SUBJECT: **IMPROVEMENT DISTRICTS**

DEPARTMENT RESPONSIBLE: **Finance And Risk Management**

1. **STATEMENT**

This procedure is to provide the minimum requirements to be used in determining the feasibility for the establishment of County Improvement Districts. Improvement Districts are formed for the purpose of financing public improvements with the issuance of public debt or the levy of property taxes. Districts should be economically feasible and financially sound for Pima County to consider the proposed district. County Improvement Districts subject to this procedure are created under Arizona Revised Statutes, Title 48, Chapter 6 and are subject to the requirements set forth in those Statutes.

2. **DEFINITIONS (ARS §48-901 thru §48-1088):**

Improvement Districts: Improvement Districts are special taxing districts that, upon sufficient petition by property owners, can be created by the County Board of Supervisors for the purpose of improving or constructing public improvements, such as streets, sanitary sewer lines, or drainageways. The owners of property benefited by the improvements are assessed the cost of the improvements and a lien is placed against the real property within the district. In some cases, the cost of the maintenance of district improvements are paid by a special tax levied on the property within the boundaries of the improvement district. These types of districts are the traditional improvement districts governed by a board of directors consisting of the members of the Board of Supervisors.

Domestic Water Improvement District (DWID): A DWID is a special taxing district that, upon sufficient petition by property owners, can be created by the County Board of Supervisors for the purpose of constructing, improving, or purchasing a domestic water delivery system. This type of district is generally governed by a separate, elected board of directors.

Street Lighting Improvement District (SLID): A SLID is a special taxing district that, upon sufficient petition by property owners, can be created by the County Board of Supervisors for the purpose of purchasing electricity for the lighting of

public streets and parks within the improvement district. The cost of the district is paid by a special tax that is levied on the property within the boundaries of the improvement district. This type of district may only purchase electricity for lighting and cannot construct street lights. However, county improvement districts can be formed to construct or acquire lighting projects. This type of district is governed by a board of directors consisting of the members of the Board of Supervisors.

Road Improvement and Maintenance District: A Road Improvement and Maintenance District is a special taxing district that, upon sufficient petition by property owners, can be created by the County Board of Supervisors for the purpose of improving one or more roads to less than the County standard and providing for ongoing maintenance of the improved road. This type of district shall be governed by a separate, elected board of directors.

3. PROCEDURE

- 3.1. Any department dealing with property owners for the formation of any type of County improvement district shall contact the Improvement District Office of the Finance and Risk Management Department to coordinate required information for a proposed district.
- 3.2. Property owners wishing to form a district shall be required to submit to the Improvement District Office a written request for the establishment of the district. This request must include the type of district, the specific boundaries of the district, a description of the proposed improvement, and an indication of the support for the district from the owners of the property within the boundaries. If the request does not meet the County's minimum specifications listed in Section 4 below and/or there is a lack of support from the property owners, the Improvement District Office will notify the requestor that Pima County does not intend to pursue formation of the district.
- 3.3. If the request meets the County's minimum specifications list in Section 4 below, the Improvement District Office will perform a preliminary review of the feasibility of financing the improvement. If the result of the feasibility review is favorable, the request for roadways, drainage, sewer, and other public improvements will be submitted to the applicable public works department (e.g., Transportation Department, Regional Wastewater Reclamation Department, Regional Flood Control Department, etc.) for further evaluation and recommendation. All other improvement districts will be evaluated by the Department of Finance and Risk Management (Finance) and the Superintendent of Streets.
- 3.4. The Improvement District Office will notify the requestor of the results of the reviews and coordinate further action with the property owners if the formation of the district is recommended.

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- 3.5. If the request to form a district progresses to the stage of a formal petition, petitioners are required by §48-904 to file a bond when the petitions are filed.

4. MINIMUM SPECIFICATIONS FOR EACH DISTRICT

Improvement Districts

County Roadways - In order to establish an Improvement District to improve a road and for an improved road to be accepted by Pima County, at a minimum, the following five (5) requirements must be met: 1) proper dedication or acquisition to the County of adequate rights-of-way, 2) the roadway construction meets the County's minimum standards for paved roads, 3) the road must connect to an existing paved road currently maintained by the County or another jurisdiction, 4) the district must consist of a minimum of 50 participants, and 5) there must be sufficient property valuation ratio to support public financing of the cost of improvements.

Sanitary Sewer Lines – In order to establish an Improvement District for sanitary sewer lines to be accepted and maintained by Pima County, at a minimum, the following five requirements must be met: 1) proper dedication or acquisition to the County of adequate rights-of-way, 2) sewer line construction meets the County's minimum standards, 3) the sewer lines must connect to existing County sewer lines, 4) the district must consist of a minimum of 50 participants, and 5) there must be sufficient property valuation ratio to support public financing of the cost of improvements.

Drainageways – In order to establish an Improvement District for drainageways to be accepted and maintained by Pima County or the Pima County Regional Flood Control District, at a minimum, the following four requirements must be met: 1) proper dedication or acquisition to the County or the Regional Flood Control District of adequate rights-of-way for drainage facilities and for diverted or impounded water, 2) drainageway construction meets the County's minimum standards, 3) the district must consist of a minimum of 50 participants, and 4) there must be sufficient property valuation ratio to support public financing of the cost of improvements.

Domestic Water Improvement Districts (DWID) – In order to establish an Improvement District, a DWID needs to establish economic feasibility and the ability to operate and finance a domestic water delivery system. The number of parcels and number of residents needs to be large enough to provide a pool of qualified individuals to run for the board of directors. Based on the number of residents within the District and percentage of residents that are registered to vote, it is probable that a District with a low number of parcels or a low number of registered voters would be unlikely to sustain a viable operation and a separately elected board of directors. Therefore, the district should consist of a minimum of 500 connections and 150 registered voters in order to be established unless

significant factors mitigate against a low number of voters, such as a long history as a regulated water company. DWIDs are not designed to resolve or replace private well agreements among a small number of property owners.

Street Lighting Improvement Districts (SLIDs) – In order to establish a Street Lighting Improvement District, a SLID will need to be able to enter into a contract for electricity with the applicable utility company. Therefore, either (1) a utility company must be willing to construct, reconstruct, and repair the necessary lighting facilities for the district or (2) a separate county improvement district must be formed to construct the lighting facilities under Title 48, and a public utility company or electrical district must be available to sell electricity to the SLID.

Road Improvement and Maintenance Districts – A Road Improvement and Maintenance District needs to establish economic feasibility and the ability to operate and finance the road maintenance. Pima County does not intend to manage numerous unrelated road districts. Any district formed should be governed by a board consisting of at least 3 qualified electors residing within the district. The number of parcels and number of residents should be large enough to provide a pool of qualified individuals to run for the board of directors. Based on the number of residents within the District and percentage of residents that are registered to vote, it is probable that a District with a low number of parcels and a low number of registered voters would be unlikely to sustain a viable operation and a separately elected board of directors. Therefore, the district should consist of a minimum of 200 properties and 100 registered voters in order to be established.