

(continued)

it will cost less to build a road to less than county standards, but the long term cost may be more because the District is responsible for ongoing maintenance of the road.

There are a number of costs involved regardless of which type of district is used. Costs may include engineering, bond attorney and financial consultant, administration costs associated with the debt authorization process and sale of bonds, construction management and so on. The more topographical concerns that exist the more expensive engineering and improvements may be. Unless all of the property owners in a district are willing to donate right-of-way the cost of right-of-way acquisition can become an expensive matter. Condemnation of right-of-way may be required which involves not only the cost of the right-of-way itself but also attorneys' fees.

Who pays for the Road Improvements

Regardless of which type of district is used, the property owners in the district are responsible for all costs related to the district. Assessments are made against each property in the district to pay for the improvements.

A cash demand period is allowed, during which property owner may pay their assessment in full and avoid interest charges on the bonds. Assessments that are not paid in full during the cash demand period are paid off through semi-annual payments for the period of the bond. The level of road improvement may determine the period of the bond. Property owners who wish to pay off their assessments after the cash demand period has ended may have to pay not only the principal due, but all of the interest as well. An assessment is a lien against the property not against the person

How are Assessments determined?

The district's bond attorney will advise the district Board of Directors as to how assessments should be made. Assessments are made on the basis of benefit. Persons forming a CRID or RIMD should not assume that each parcel in the district will be assessed the same amount for the improvements.

This is particularly true in cases where parcel size in the district varies, or where the benefit for some property owners is greater than for the other property owners

Are there Other Options?

Several communities have formed road associations which collect money from property owners on a voluntary basis and then use the funds to obtain private road grading services or to otherwise improve the road. This method may work well in areas where there is a strong sense of community and a willingness among property owners to work together for the benefit of all. Where a strong sense of community is lacking, an improvement district may be the most appropriate method to use for road improvement.

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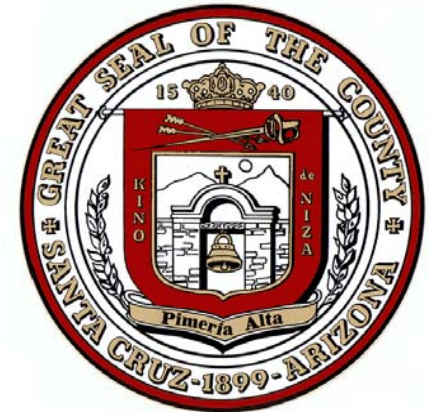
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Santa Cruz County Public Works Department



ROAD IMPROVEMENT DISTRICTS

November 2008

**SANTA CRUZ COUNTY
BOARD OF SUPERVISORS
ROAD IMPROVEMENT DISTRICT**

County Road Improvement Districts (CRID)

**Road Improvement & Maintenance Districts
(RIMD)**

A County Road Improvement District (CRID), ARS 48-902, is an improvement district that is formed for the purpose of improving roads in the district to County Standard with the expectation that upon completion of the improvements the County will assume maintenance responsibility for the road or roads as public roads. Specifications for County Standard are set forth in the Board of Supervisors Ordinance 1999-3 (Available on the County website or through the Public Works Department). The Board of Supervisors sits as the Board of Directors for this type of district and is responsible for administration of, including the work involved with the improvement process.

A Road Improvement & Maintenance District (RIMD), ARS 48-1081, is an improvement district that is formed for the purpose of improving roads or easements to a standard that is less than the county standard. Roads improved under this type of district will not be accepted by the County for maintenance. Instead the district is responsible for maintenance and any other matters that may arise as a result of the road improvement, including liability. This type of district has a local elected governing board comprised of at least three people who reside in the district and are registered to vote. The district's local board of director is responsible for administration of the district, including the work involved with the improvement process. **A RIMD cannot be used to improve and maintain private roads as private roads.**

Forming a Road Improvement District

CRIDs and RIMDs are both formed in the same manner:

- Petitions containing the signatures of a majority of the persons owning real property in the proposed district or by the owners of 51% or more of the real property in the proposed district are filed with the Board of Supervisors (through Public Works if for a CRID and through Special Districts if for RIMD) along with a check or bond to cover the County's expenses in the event the district is not formed. The petitions include information such as statements that establishment of the district will benefit property owners in the district and serve the public convenience, necessity, and welfare; the boundaries of the proposed district, along with a map of the same; and a general description of the proposed improvements. A petition to incur expense is included with the petition to establish, and it must contain the signatures of a majority of the property owners whose property fronts on the actual improvements to be made (petitions forms are available through the County).
- Upon receipt of the petitions, the Board of Supervisors sets a hearing on establishment of the proposed district and mails notice of the hearing to each property owner of record within the proposed district. Persons wishing to object to establishment of the district file written objections with the Clerk of the Board of Supervisors prior to the hearing date.
- The Board of Supervisors holds the hearing on establishment, at which time it hears comments from the public, determines if the petition has been signed by the requisite number of property owners, determines if there is any property within the proposed boundaries, and if the Board determines that establishment of the district will promote the public convenience, necessity and welfare it orders the establishment.

Making the Improvements

The legal process for making the improvements is the same for CRIDs and RIMDs and is set forth in Title 48, Chapter 6 of the Arizona Revised Statutes. In the CRID, once the district is established, an engineer is hired to determine the specific improvement to be made and to provide a cost estimate. A bond attorney and financial consultant for the district are also hired. In a RIMD, similar requirements may be necessary depending on the level of improvements anticipated

Upon receiving the final cost estimate from the engineer, the Board of Directors (whether this is the Board of Supervisors or a local board) passes a Resolution of Intention to Order Improvements and sets a hearing to consider protests against the proposed work. If the owners of a majority of the frontage of property fronting on the proposed improvements file a written protest further proceedings may be stopped. If this occurs, a tax is levied on all properties in the district to pay for the engineering work that was done.

If there are not sufficient protests against the proposed work to halt proceedings, the Board of Directors proceeds with the process of going to bid for the improvements and going to bond to pay for the improvements. Once the improvements are done, the road or roads in a CRID are accepted by the County for future maintenance

What does it cost?

The cost to district property owners in a **CRID** will be higher initially because of the cost to build a road to county standard. However, the long term cost may be less because in the end the road is accepted by the county for future maintenance. The cost to district property owners in a **RIMD** will be lower initially because