

Statutory Improvement District aka Special Assessment District (Roadrunner Area north of Hwy 70)

City Council Work Session
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Statutory Improvement District (aka Special Assessment District)

- Assessment - pro-rata charge that a governing body can assess against real estate parcels for certain public projects
- Pro-rata charge is levied in a specific geographic area known as the Improvement District
- Assessment may only be levied against parcels of real estate which have been identified as having received a direct and unique "benefit"
- Governed by: NMSA 1978, Chapter 3 Municipalities, Article 33 Improvement Districts

NM Statutes Key Provisions

- Governing body determines if creation of improvement district necessary for public safety, health, or welfare of community
- Provisional Order Method – Most Commonly Used
 - Does not require vote or “buy-in” from property owners
 - Council adopts resolution directing engineer to prepare preliminary plans and estimate cost
 - Council holds public hearing/protest process
- Petition Method
 - 66.66% of benefitting property owners petition Council
 - Council holds preliminary hearing, etc.

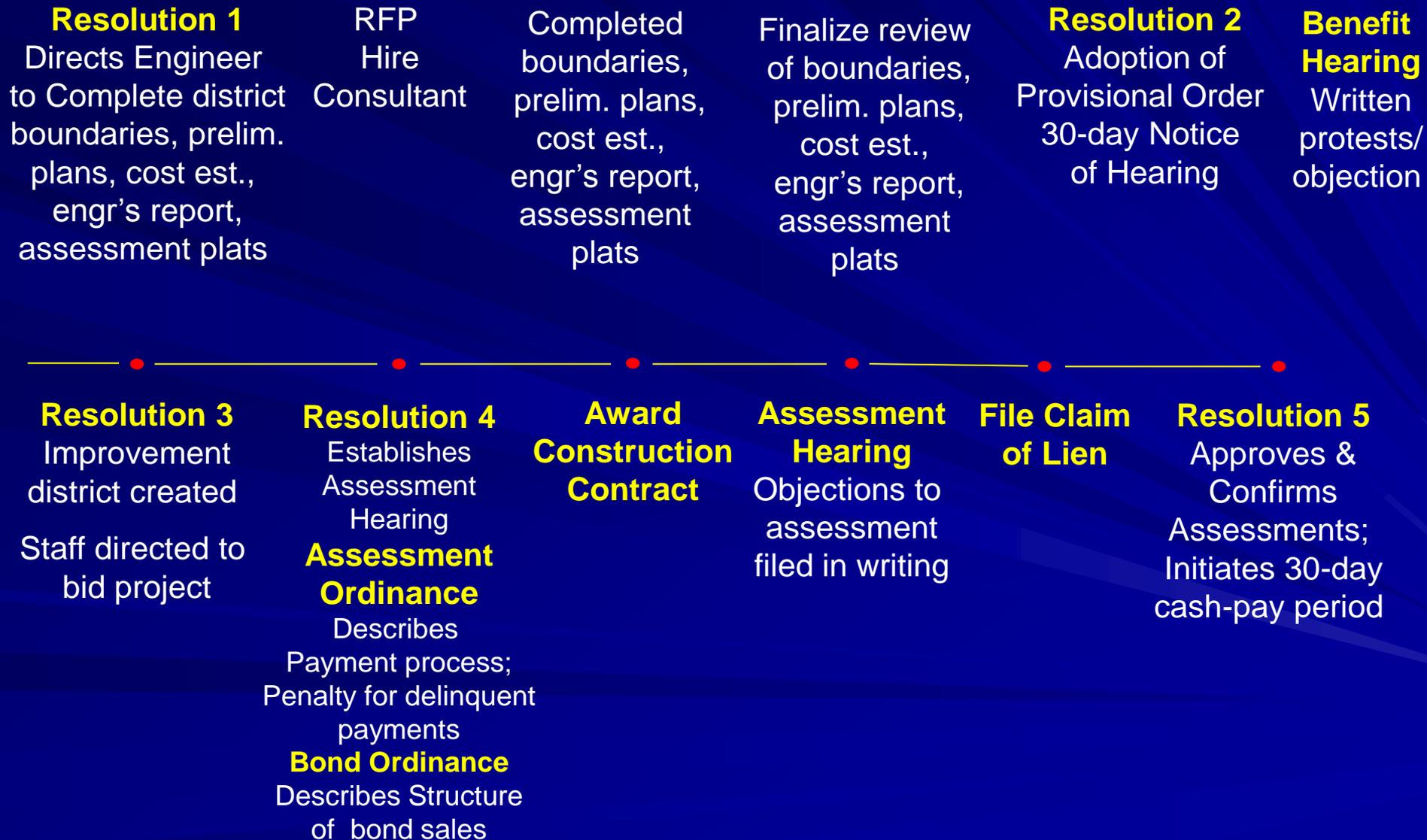
NM Statutes Key Provisions

- District includes all benefitted property
- Improvement District may be created to construct:
 - Streets (including R-O-W Acquisition)
 - Drainage Projects

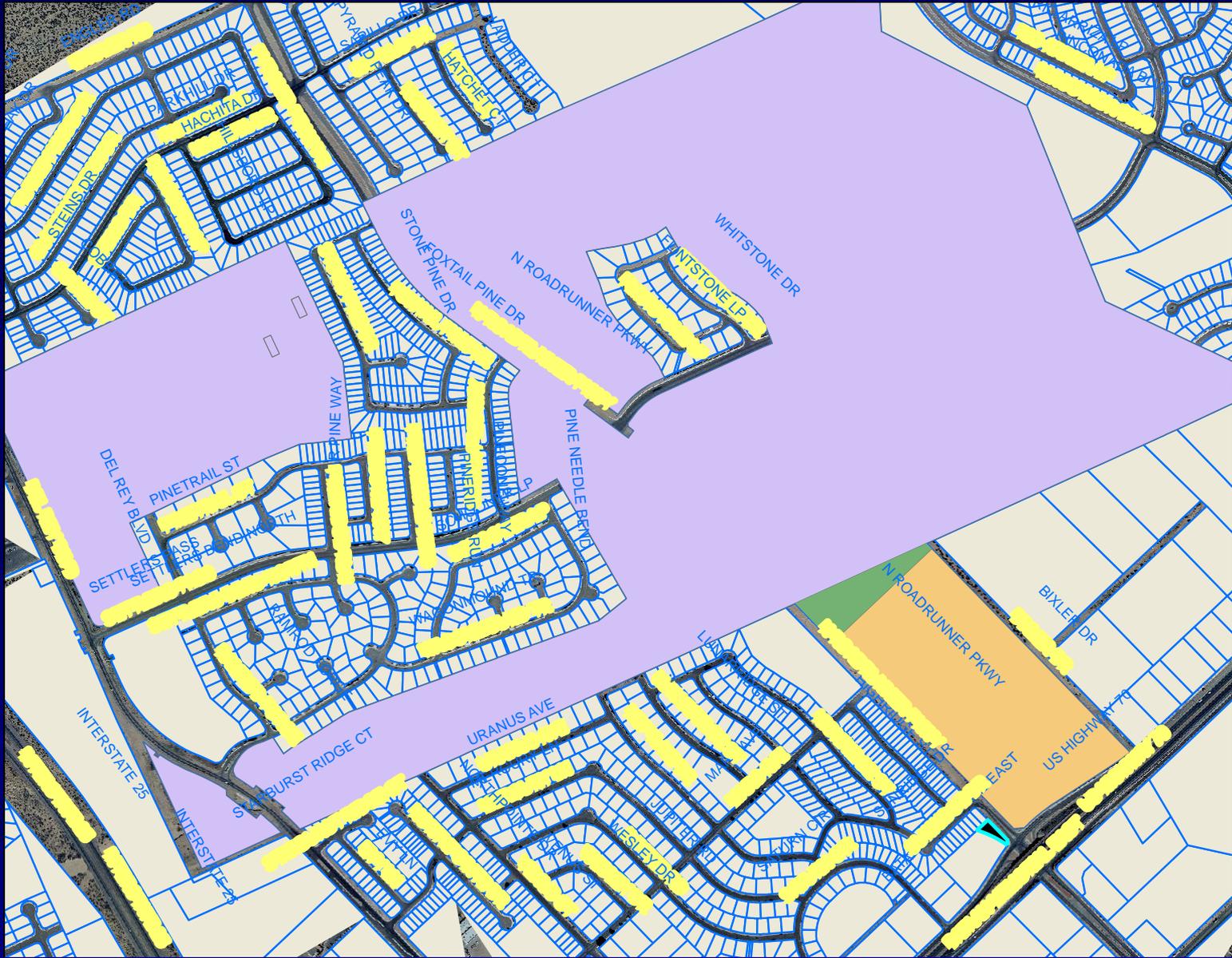
Improvement District -Summary

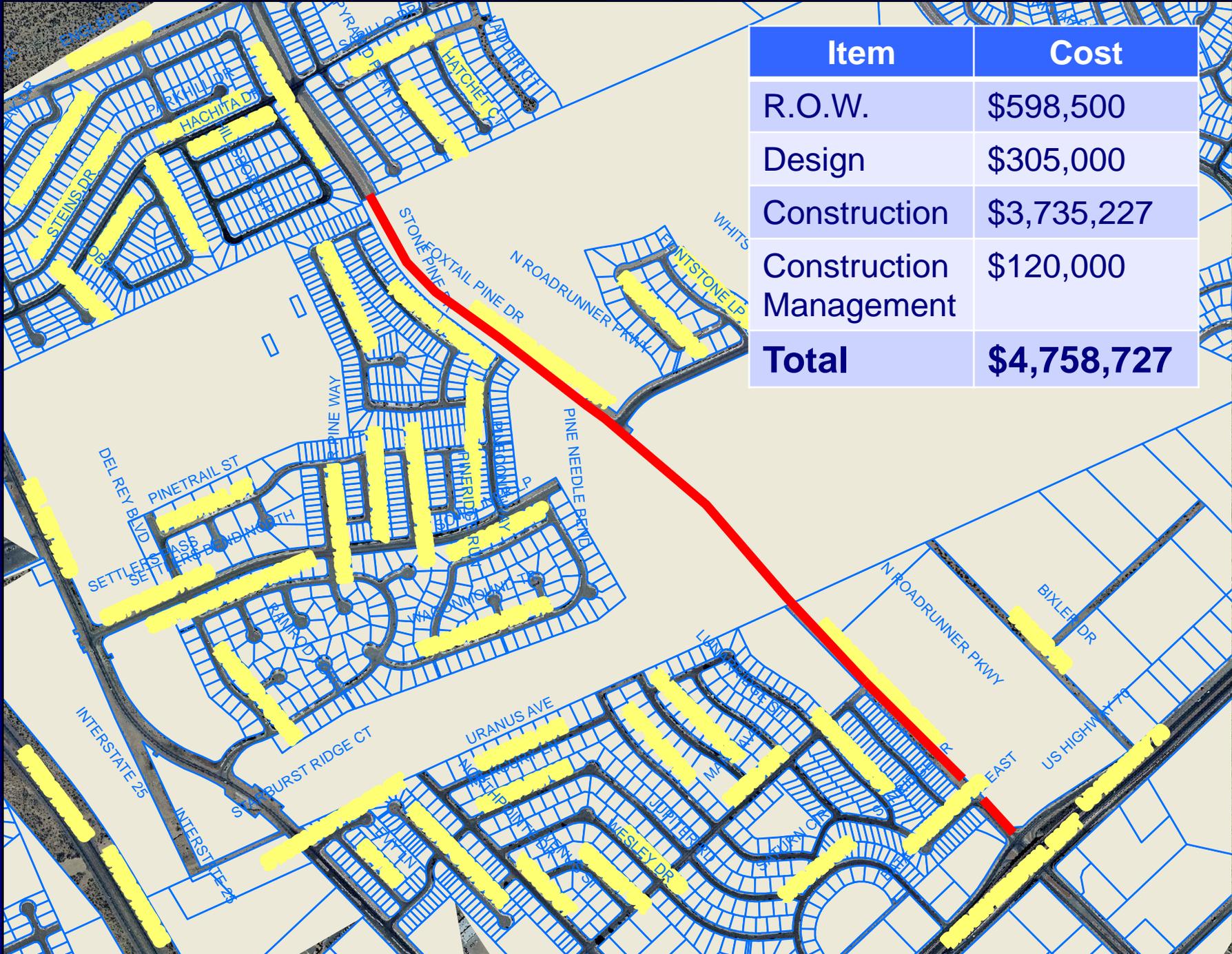
- Compliance with state statutes required
- Mandatory assessment for all benefitting properties within improvement district
- City pays for improvement project with bond proceeds or general fund monies
- Benefitting property owners are assessed a pro-rated cost of project based on increase in property values
- Need appraisal of before and after value of benefitting properties
- City will not recover full costs if project costs more than increase in property values

Statutory Improvement District - Steps

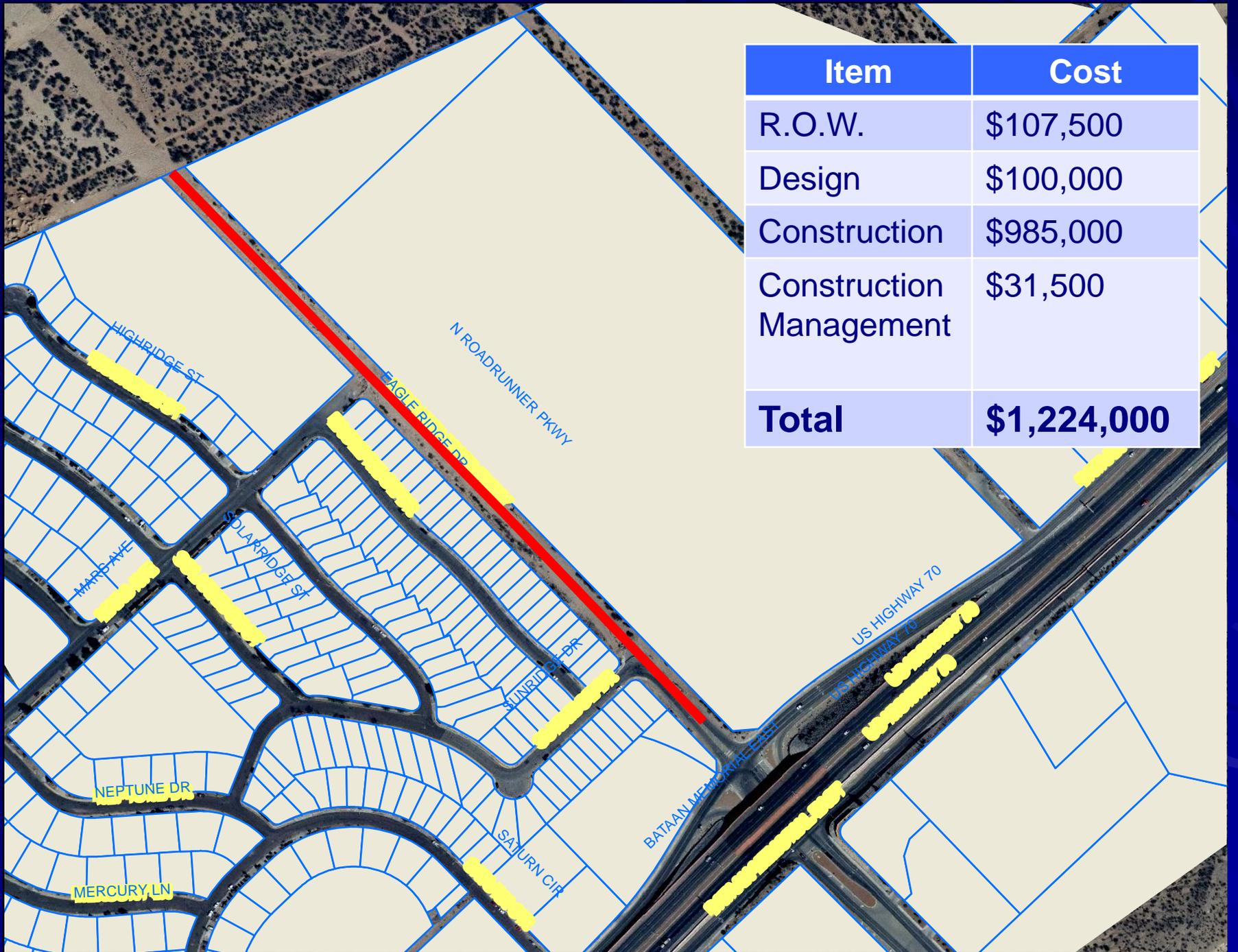


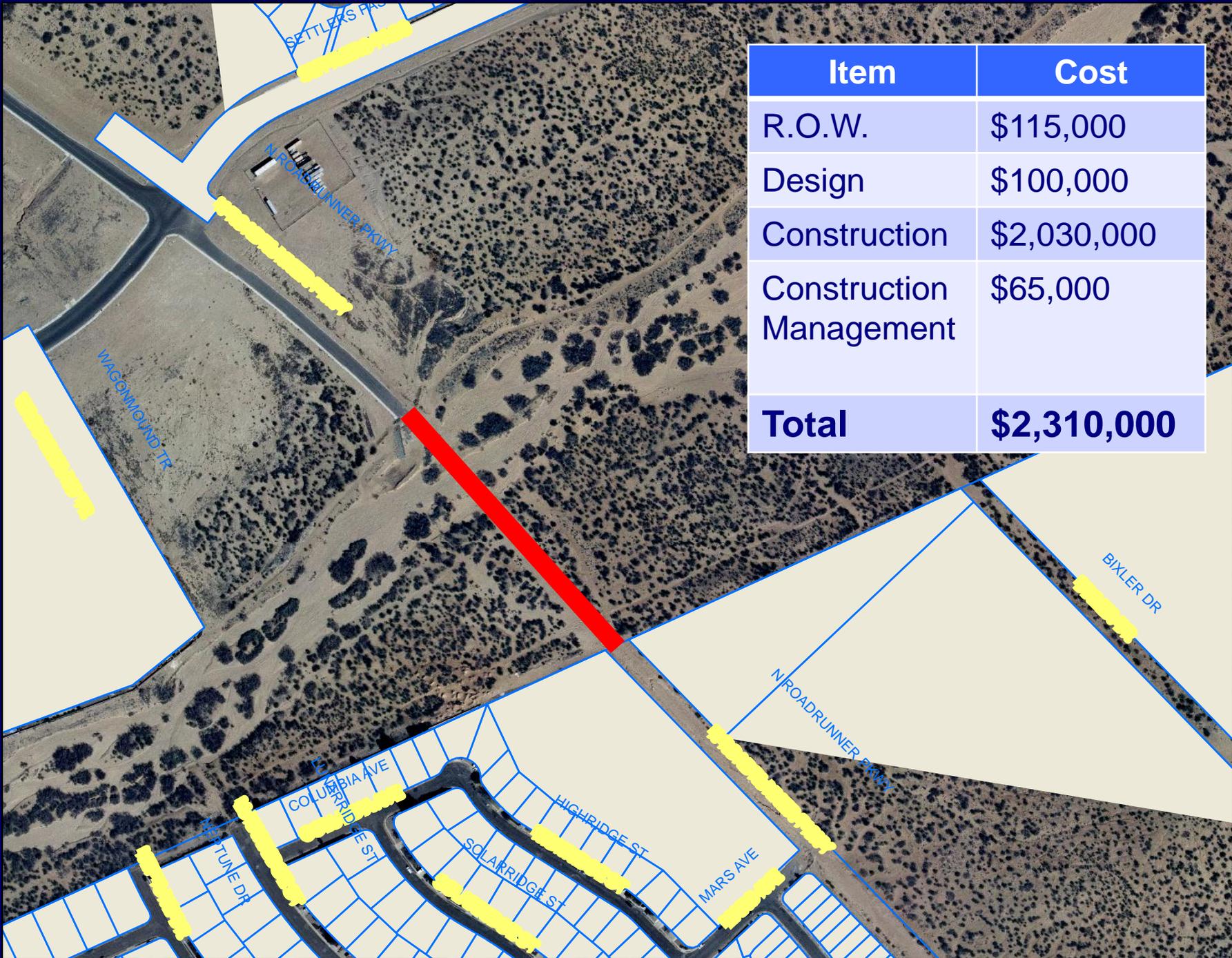
Roadrunner Parkway Area





Item	Cost
R.O.W.	\$598,500
Design	\$305,000
Construction	\$3,735,227
Construction Management	\$120,000
Total	\$4,758,727





Item	Cost
R.O.W.	\$115,000
Design	\$100,000
Construction	\$2,030,000
Construction Management	\$65,000
Total	\$2,310,000



Voluntary Assessment District

Voluntary Assessment District

- Can be initiated by benefitting property owner(s)
- Voluntary but project should not go forward without a majority of benefitting properties
- Benefitting property owner(s) sign voluntary repayment agreement
- Payment terms designated in the agreement
 - Property owners repay City for improvements when their land, benefitting from the improvements, is sold, exchanged, assigned, transferred, subdivided, or developed
 - Complete payment must be made within a certain number of years from date of project completion (usually coincides with time City has to pay back debt)
 - Assessment would be pro-rated cost of entire project cost applied to each property (e.g., cost/acre charge)

Voluntary Assessment District

- Municipal lien or mortgage placed on designated properties
- City pays for project with bond proceeds or general fund monies
- Recent Voluntary Assessment Districts
 - Northrise Dr (RR Pkwy to SRB); Rinconada and SRB (US 70 to Northrise; 2 CIP utility lines (water & wastewater); Morning Star (SRB to RR Pkwy)
 - Rinconada Blvd (Northrise to SRB); Portions of SRB (US 70 & Lohman); the South Fork Arroyo Crossing at SRB; Lohman Ave to SRB)

Benefits - SAD & VAD

- May be created to construct:
 - Streets (including R-O-W Acquisition)
 - Flood Control and Drainage Projects
- Viable financial mechanisms under the right circumstances
- Improve existing transportation system
- Improve drainage system

Issues / Concerns (SAD)

- Takes a considerable amount of time to establish
- Five (5) Resolution Process
- Protests
- Funding
- Commitment of Staff time
- Could delay other projects
- Timing of Cash Flow
- City will not recover full costs if project costs more than increase in property values

Issues / Concerns (VAD)

- Best interest of the City
- Funding
- Commitment of Staff time
- Timing of cash flow
- Number of property owners

Potential Costs

- Hire Consultant (SAD)
- Professional Staff Time
 - Attorney
 - PW Director
 - Finance Director
 - PW/PD Administrator
 - Civil Engineer Senior
 - Land and Real Estate Manager
 - Bond Counsel
 - Treasurer
- Time
 - Commitment
 - Delays to projects or other work

Policy Question

Should the City use the Statutory Improvement District (aka Special Assessment District) or Voluntary Assessment District as a primary means to construct roadway and drainage projects?

Questions?