



## RESOLUTION NO. 37956

1 A RESOLUTION relating to the formation of Local Improvement Districts ("LIDs");  
2 repealing Resolution No. 32989 and Substitute Resolution No. 35757; and  
3 amending the Tacoma City Council Local Improvement District Policy.

4 WHEREAS, since fall 2007, a cross-functional team with representatives  
5 from the City's Water and Power divisions; Community and Economic  
6 Development, Legal, and Public Works departments; and the City Manager's  
7 Office has reviewed the current Tacoma City Council Local Improvement  
8 District Policy ("Policy") with the purpose of drafting an updated Policy, and

9 WHEREAS City staff identified the following six Policy issues that need  
10 to be clarified or addressed in the proposed updated Policy: (1) Level of  
11 neighborhood support necessary to conduct formation hearings, (2) Formation  
12 method and remonstrance level, (3) Funding level participation of the City and  
13 property owners, (4) Contractor bid proposals resulting in increased property  
14 owner assessments, (5) Project prioritization process, and (6) Process for  
15 formation of LIDs outside City limits, and

16  
17 WHEREAS the Environment and Public Works Committee reviewed these  
18 proposed changes at its September 10, 2008, October 14, 2009, and  
19 November 19, 2009, meetings and issued a "do pass" recommendation; Now,  
20  
21 Therefore,

22 BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

23 Section 1. That Resolution No. 32989 and Substitute Resolution No. 35757  
24 are repealed in their entirety.  
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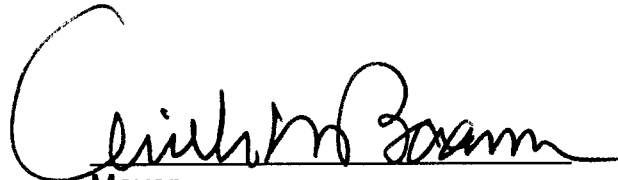


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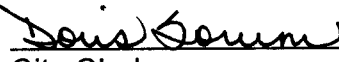
Section 2. That the Tacoma City Council Local Improvement District

Policy ("Policy") is amended, as set forth in the attached Exhibit "A," said document to be substantially in the form of the proposed Policy on file in the office of the City Clerk.

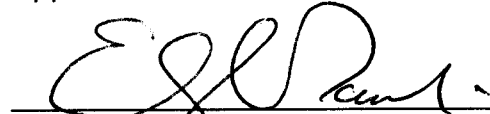
Adopted DEC 15 2009

  
Mayor

Attest:

  
City Clerk

Approved as to form:

  
City Attorney



## EXHIBIT "A"

### Tacoma City Council Local Improvement District Policy

#### A. References:

Revised Code of Washington (RCW) Chapter 35.43  
Tacoma Municipal Code (TMC) Chapter 10.04  
Resolution No. 32989, adopted April 25, 1995 (LID Policy)  
Resolution No. 35757, adopted February 18, 2003 (Residential Fixed Rates)  
Resolution No. 30947

#### B. Background and Purpose:

Since the 1890s, Local Improvement District(s) (LIDs) have been successfully utilized by the City of Tacoma to finance the construction of public infrastructure.

The purpose of this policy is to establish a framework under which proposed LIDs will be considered for formation by the City Council. The adoption of this policy replaces Resolution No. 32989.

#### C. Definitions:

1) "Special benefit" is defined as the increase in value of real property derived from the construction of an LID. At times, it may be necessary to ascertain special benefits by a professional appraiser.

2) "Complete streets" are defined as roadways designed, constructed and operated in order provide safe, attractive, and comfortable access and travel for all users, including pedestrians, bicyclists, motorists, and public transportation. Complete streets create a sense of place and improve social interaction, while generally improving property adjacent land values. The City will include complete streets concepts in our designs of LIDs where practicable.

3) "Formation hearing" is a hearing conducted by the Hearing Examiner set by the City Council for the purpose of providing notice to property owners responsible for the cost of the proposed LID, taking testimony from the affected property owners, establishing the LID boundaries, and to determine the level of Remonstrance against the proposed project prior to LID formation by the City Council.



1 4) "LID" is an acronym for Local Improvement District, and both shall  
2 refer to those taxing districts formed pursuant to the authority granted by state  
3 law.

4 5) "LID Assistance Program" is the program established by the City  
5 Council, funded by federal Community Development Block Grants, for the  
6 purpose of assisting low-income homeowners to offset all or a portion of their  
7 LID assessments.

8 6) "Neighborhood Advisory Survey" is a nonbinding document provided  
9 by the City to a property owner(s) or citizen(s) who are interested in having a  
10 public improvement constructed through an LID.

11 7) "Opinion Survey" is a City-sponsored direct mailing sent to property  
12 owners within a defined area to determine if there is sufficient support for a  
13 proposed improvement that the City is interested in constructing. The results of  
14 the survey may then be used by the City Council as a guide to determine if  
15 there is enough public support to proceed to an LID formation hearing.

16 8) "Property owner" is the owner or reputed owner of record of real  
17 property as listed on the tax rolls of the Pierce County Assessor-Treasurer.

18 9) "Remonstrance" is the action of property owners who file timely  
19 written protests with the City Clerks Office against the formation of an LID.

20 10) "Level of support" is determined by the sum total of the estimated  
21 assessments indicating interest and dividing that sum total by the sum total of  
22 the assessments for the requested improvement and is generally shown, but is  
23 not limited to, by property owners signing and returning a Neighborhood  
24 Advisory Survey or an Opinion Survey to the City.

25 11) "Total cost of the improvement" is the sum total of all costs related,  
26 but not limited, to engineering, construction management, financing,  
administration and construction of the LID.

12) "Total assessment" is the sum total of those costs that will be borne  
directly by the property owners.

#### **D. Staff Recommendations for Preformation:**

City staff will assess the level of support of the property owners for the  
improvement prior to recommending a formation hearing to the City Council  
consistent with the intent of this policy. Staff recognizes that support for the  
improvement is subject to change during the formation process due to changes  
such things as ownership, duration of formation process, and the economy.



1 Staff will evaluate and consider opportunities to coordinate construction of the  
2 improvement with other public infrastructure projects or if other funding sources  
3 exist for the improvement, such as grants.

3 Staff will work closely with property owners to review design standards,  
4 including Complete Street elements, and discuss the financial impacts of the  
5 project to the property owners.

6 Staff will notify the City Council prior to the preformation process if the LID is  
7 any one of the following: (1) A comprehensive/streetscape project, (2) located  
8 in a mixed-use center, (3) located in an economically distressed area, or  
9 (4) where the City has identified that significant development will occur as a  
10 result of the LID. If the City Council determines that the project serves the best  
11 interest of the City, the City Council may provide additional funding for the  
12 project by adopting a resolution declaring its intent.

#### 10 **E. LID Formation:**

11 The preferred method of LID formation in the City of Tacoma is by resolution.  
12 State law (RCW 35.43) outlines requirements for the resolution method.

13 The City Council may form an LID under emergency circumstances, such as  
14 when the Health Officer of a city, town, county or state files a report with the  
15 appropriate legislative authority, showing the necessity for sanitary sewer mains  
16 or water mains to be constructed, citing health and/or safety issues; OR when  
17 the Chief of the Fire Department files a report showing the necessity for fire  
18 hydrants to be installed.

17 In order for the City Council to form an LID under an emergency, the ordinance  
18 must be passed by unanimous vote of the City Council.

19 The formation of an LID is a legislative act by the City Council. Except for LIDs  
20 determined by the City Council, prior to remonstrance, to be in the best interest  
21 of the City, the City Council shall not pass an LID formation ordinance when  
22 property owners representing 50 percent or more of the total assessment file  
23 remonstrance with the City Clerk's office. For LIDs that have been determined  
24 by the City Council to be in the best interest of the City, in accordance with  
25 section D of this policy, the City Council may revise the remonstrance level  
26 requirement up to the limit allowed under RCW 35.43.180, which divests the  
City Council of authority to form an LID by resolution when property owners  
representing 60 percent or more of the total assessment file remonstrance with  
the City Clerk's office. Regardless of the level of support, the City Council  
reserves the right to not form a proposed LID if it determines that the project is  
not in the best interest of the City.



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**F. Funding:**

Property owners, unless otherwise identified in Table 1, shall be responsible for all costs of the improvements as deemed appropriate. The total assessment of the property owners will be determined by the total cost of the improvement and will vary depending upon the proximity of the property to the improvement and on the amount of special benefit the improvement(s) adds to the property.

Provided that City funding is available, the City may participate financially in the types of LIDs at the percentage rates identified in Table 1.

The City's participation shall generally be made available only to residential (single-family dwellings) street and alley paving projects that are in established neighborhoods where a majority of either the lineal footage of property or the total assessments for the proposed district predominantly consists of single-family dwellings and they will incorporate some aspects of complete streets. The City may also provide financial assistance to property owners who qualify for the LID Assistance Program.

The City may participate financially in other types of LIDs that are not identified in Table 1 if they receive grants, there are other sources of funding, or it is deemed to be in the best interest of the City. The City Council reserves the right to allocate LID funding to these types of improvements.

**TABLE 1  
Percentage of Cost Participation**

Description	Property Owner Assessments	City Participation
Residential alley paving (single-family dwellings) <sup>(1)</sup>	85%	15%
Residential street paving (single-family dwellings) incorporating concepts of complete streets <sup>(1)</sup>	60%	40%
Sanitary Sewers <sup>(2)</sup>	Variable	Variable
Water Mains <sup>(3)</sup>	Variable	Variable
Undergrounding Overhead Primary Electrical Distribution Systems <sup>(4)</sup>	70%	30%
Projects identified by City Council resolution to be in the City's best interest	Variable	Variable

Note: The adoption of this policy replaces Resolution No. 35757; the existing City participation policy for fixed rate LIDs



- 1 (1) Per Public Works Policy-Storm Sewer costs are 100 percent City funded
- 2 (2) Per TMC 12.08 and Public Works Policies
- 3 (3) Per Tacoma Water Customer Service Policies
- 4 (4) Per Tacoma Power Customer Service Policies

5 If the cost of the improvement and property owner assessments increases after  
6 LID formation and the increased costs do not exceed the special benefit of the  
7 improvement, City staff will notify the property owners of the increase to their  
8 preliminary assessment increase and will construct the improvement.

9 If the cost of the improvement exceeds the special benefit of the improvement,  
10 City staff will notify the property owners and will ask the City Council to dissolve  
11 the LID in a separate ordinance. If the City Council determines that the  
12 construction of the improvements serves a public interest, it may elect to  
13 construct the improvements and the costs in excess of the special benefit will  
14 be the responsibility of the City as determined by the City Manager and  
15 Tacoma Public Utilities Director, as appropriate.

16 LID projects, other than emergency LIDs, will be formed on a first-come,  
17 first-served basis. The City, subject to the availability of City resources, will  
18 form LID projects in the chronological order in which the Neighborhood  
19 Advisory Surveys or Opinion Surveys are returned to the City.

20 Once an LID is formed by ordinance and if it subsequently fails to move forward  
21 to construction, the LID remains established until it is dissolved by City Council  
22 in a separate ordinance.

### 23 **G. Formation of LIDs outside the City Limits:**

24 The City Council, for the purpose of extending or upgrading public utility  
25 services or undergrounding overhead utility lines outside the corporate  
26 boundaries of the City and within unincorporated Pierce County, may pass  
LID formation ordinances provided the requirements of Resolution No. 30947  
are met. A copy of Resolution No. 30947 is attached as Exhibit "A" for  
reference.

The City Council may pass LID formation ordinances within the Tacoma Public  
Utility Service areas and in the boundaries of another municipality where it has  
been determined to be in the best interests of both parties. An interlocal  
agreement may be executed between the jurisdictions describing the nature of  
the intended improvement, as well as identifying the responsibilities of the  
respective staff of the municipalities.



REQUEST FOR
[ ] ORDINANCE [X] RESOLUTION

Request #: 12464
Ord./Res. #: 37956

1. DATE: November 17, 2009

2. SPONSORED BY: COUNCIL MEMBER(S) N/A

Table with 3 columns: Requesting Dept/Program, Contact/Person Presenting/Attorney, and Phone. Includes checkboxes for committee status and signatures of Richard E. McKinley, Robert K Biles, and Rey Arellano.

5. REQUESTED COUNCIL DATE: December 15, 2009

6. SUMMARY AGENDA TITLE: (A concise sentence, as it will appear on the Council agenda.)

Repealing Resolution No. 32989 and 35757 and amending the Tacoma City Council policy with respect to the formation of Local Improvement Districts (LIDs).

7. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

Since the fall of 2007, a cross-functional team with representatives from Tacoma Water, Tacoma Power, Community and Economic Development, Legal, Public Works, and the City Manager's Office reviewed the current policy with the purpose of drafting an updated policy. Staff identified six (6) City Council policy issues that needed to be clarified or addressed in the updated policy. The policy issues were:

- 1. Level of Neighborhood Support Necessary to conduct Formation Hearings
2. Formation Method and Remonstrance Level
3. Funding Level participation of the City and Property Owners
4. Contractor bid proposals result in increased Property Owner assessments
5. Project Prioritization Process
6. Process for Formation of LIDs outside City Limits

Staff, working closely with the Environment and Public Works Committee, crafted a new policy that addressed the above referenced policy issues.

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Table with 2 columns: Source Documents/Backup Material and Location of Document. Lists Resolution No. 32989, Resolution No. 35757, and Updated LID Formation Policy, all located at City Clerk's Office.



REQUEST (CONT)

CITY CLERK USE ONLY

Request #:	12464
Ord/Res #:	37956

9. WHICH OF THE CITY'S STRATEGIC GOALS DOES THIS ITEM SUPPORT? (CHECK THE GOAL THAT BEST APPLIES)

- A.  A SAFE, CLEAN AND ATTRACTIVE COMMUNITY
- B.  A DIVERSE, PRODUCTIVE AND SUSTAINABLE ECONOMY
- C.  A HIGH-PERFORMING, OPEN AND ENGAGED GOVERNMENT

10. IF THIS CONTRACT IS FOR AN AMOUNT OF \$200,000 OR LESS, EXPLAIN WHY IT NEEDS LEGISLATIVE APPROVAL:

N/A

11. FINANCIAL IMPACT:  EXPENDITURE  REVENUE

- A.  NO IMPACT (NO FISCAL NOTE)
  - B.  YES, OVER \$100,000, Fiscal Note Attached
  - C.  YES, UNDER \$100,000, (NO FISCAL NOTE)
- Provide funding source information below:

FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	City \$	Other \$	Total Amount
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If an expenditure, is it budgeted?  Yes  No    Where? Cost Center:  
Acct #:

Resolution No. 37956 Amended

Adopted: DEC 15 2009

Maker of Motion: Strickland

Seconded: Manthou

Voice Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
<i>Vacant</i> <del>Ms. Anderson</del>				
Mr. Fey	<i>X</i>			
Ms. Ladenburg	<i>X</i>			
Mr. Lonergan	<i>X</i>			
Mr. Manthou	<i>X</i>			
Ms. Strickland	<i>X</i>			
Mr. Talbert	<i>X</i>			
Ms. Walker	<i>X</i>			
Mayor Baarsma	<i>X</i>			

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Ms. Anderson				
Mr. Fey				
Ms. Ladenburg				
Mr. Lonergan				
Mr. Manthou				
Ms. Strickland				
Mr. Talbert				
Ms. Walker				
Mayor Baarsma				