

Lake County, Montana
General Procedure for Creating Rural Improvement Districts
Rewritten August 2013

Policy Statement

Authorization to create a Rural Improvement District (RID) is provided in Section 7-12-2101 through 7-12-2196 of Montana Code Annotated (MCA) which states that whenever the public interest or convenience may require, the Board of County Commissioners is authorized and empowered to order and create RID's outside of the limits of incorporated cities and towns for the purpose of constructing or purchasing one or more of the improvements described in 7-12-4102.

The RID procedure may be utilized for projects involving water systems, sewer systems, road paving, and similar projects as set forth in MCA 7-12-4102. Specific section of the law governing the creation of these types of public works shall be followed.

The Board of County Commissioners encourages residents to utilize the RID procedure of creating public work projects, but reserves the right to approve or disapprove the use of an RID.

Section 1. Public Interest and Convenience

- A. Pursuant to Section 7-12-2102, MCA, the Commissioners may create a RID or Rural Maintenance District (RMD) whenever the public interest or convenience may dictate. The following will be applied by the Commissioners in evaluating whether the project is in the public interest or convenience.
 - I. The number of individuals directly benefited and in what ways
 - II. The financial burden on each individual property owner in the proposed district.
 - III. The impact on county maintenance.
 - IV. The support within the proposed district for its creation. To determine the support for the proposed district, the Commissioners have established this policy. Nothing in this policy shall be construed as limiting the Commissioners from advocating an RID or RMD, even if the property owners have not previously signed a waiver of protest to the creation of a district.

Section 2. Petition Procedure

- A. Property owners who are interested in establishing a RID or RMD should contact the Lake County Commissioners.
 - I. An informal meeting may be held with any interested property owners and a County Commissioner. The guidelines and procedures for creating a RID or RMD will be reviewed at this meeting.
 - II. If the property owner(s) wish to proceed with an improvement project, they will be required to file a petition with assistance from the county. This will require an engineering cost estimate of the detailed project. An Engineer designated by the County will be used for obtaining this estimate.
- B. The petition must include:
 - I. A description of the project.
 - II. A statement as to why the project is in the public interest or convenience.
 - III. Legal description of the district with its lots, tracts, and parcels.
 - IV. A map of the proposed district shall be attached to the petition. This map can be obtained with assistance from the County Commissioner assigned to help with the project.
 - V. An approved engineer who will be responsible for estimates and other engineering and associated work.
 - VI. Cost estimate of the proposed project certified by the engineer.
 - VII. Method of assessment.
 - VIII. Method of financing.
 - IX. A pay-back schedule.
 1. For the assessment method chosen, an estimate of the dollar amount for each individual property owner to pay his/her portion of expenses if paid in one payment.

2. For the assessment chosen, an estimate of the dollar amount for each individual property owner to pay his/her portion over the term of the financing.
- X. Number of individual lots, tracts, or parcels within the proposed district.
 - XI. Signatures of the owners of 60% of the parcels in the proposed district as of the date that the owners signed the petition.
 - XII. Owners report which includes the names, mailing addresses, and tax ID numbers for the individual lots, tract, or parcels within the district.
- C. The petition is submitted to the County Commissioners and the signatures are verified by the County Elections Office.

Section 3. Resolution of Intention and Notice of Resolution of Intention

- A. Upon receiving and verifying the signatures on the petitions, the Commissioners may pass a Resolution of Intention to create the district. The Resolution of Intention must have within it the following:
- I. A designated number for the district.
 - II. Description of the boundaries of the district.
 - III. State the general character of the improvements.
 - IV. State the name of the engineer overseeing the work and the approximate estimate of the work.
 - V. Specify the method of assessment.
 - VI. Specify that if an increase occurs in the number of benefited lots and the lots are assessed on an equal basis, the bonded indebtedness or assessment per lot will be recalculated.
- B. The Commissioners must publish a notice of the Resolution of Intention and establish a hearing date to consider all protest. The notice must be published twice in consecutive weekly papers, and must be mailed to every person within the proposed district.
- C. Notice of Resolution of Intention must include the following:

- I. Those items found in Section 3A-III, 3A-V, and Section 3A-VI
- II. Must refer to the resolution on file in the County Clerk's office, for the description of the boundaries.
- III. If a revolving fund is pledge to secure payment of bonds, the notice must include a statement set forth in 7-12-2105(b) MCA.

Section 4. Protest and Hearing

- A. The protest period is no less than 30 days, and commences after the first legal publication.
- B. During the protest period, any owner may make a written protest against the proposed RID. In order to stop the RID, the owners representing more than 50% of the cost associated with the proposed district must protest. MCA 7-12-2112
- C. The written protest must include the identity of the property owned by the protestor and be delivered to the county clerk, who shall endorse on the protest document the date of its receipt by the county clerk.
- D. A hearing will be held at the next regular meeting of the Commissioners after the expiration of the protest period.
- E. If sufficient protest, no further proceedings may be taken for 6 months.
- F. The Commissioners may pass a resolution to create of the RID if:
 - I. When sufficient protests are not filed within 30 days.
 - II. When protest found by Commission to be insufficient or is overruled.
 - III. When protest against extending the proposed district has been heard and denied.
 - IV. When a petition to create RID has consent from all owners of property within the district. 7-12-2102(2) MCA

Section 5. Maintenance

- A. No road, street or other improvement shall, upon approval of the RID, become the responsibility of the county to maintain, except that the Commissioners will continue

to maintain any road that is paved or otherwise improved by a RID if that road was maintained by the county when the RID was created.

- B. After the creation of an RID and completion of the project the district may have the option to petition to create a RMD to maintain the improvement. In some instances the petition for a creation of a RMD may be done at the same time and along with the petition to create a RID.

Section 6. Assessment Cost

- A. To defray the cost of making or acquiring any of the improvements provided for in this part, including incidental expense, the Board of County Commissioners shall assess the entire cost of the improvements against benefited lots, tracts, or parcels of land in the district, based upon the benefits received, and shall adopt one or any combination of the following methods of assessment for each improvement made or acquired for the benefit of the district:
 - I. Each lot, tract, or parcel of land in the district may be assessed an equal amount based upon the total cost of the improvement.
 - II. If by unique circumstances the above mentioned assessment is not feasible the Commissioners may choose another method of assessment as found in 7-12-2151 MCA.
- B. A fee payable to the County to compensate for the time and effort of its employees in setting up, reviewing and administering the RID will be assessed. The initial fee shall be payable to Lake County and shall be in the amount of five percent (5%) of the amount of the bonds sold. This fee may be paid out of the proceeds of the bond sale.
- C. It shall be the policy of the Commissioners to establish and maintain, pursuant to the authority in Sections 7-12-2181 through 7-12-2186, MCA, a RID revolving fund. The fund will be maintained and administered according to the above mentioned statutes and the provision of this policy. The Revolving Fund contribution will be equal to five percent (5%) of the principal amount of the bonds.
- D. The Commissioners shall by resolution levy and assess a tax on all property within the district to cover the cost of the improvements. The payment may be spread over a term not to exceed 30 years. However, the Commissioners prefer to establish a term of 5 to 10 years.
- E. The cost of the improvements shall be paid by special improvement bonds, or by loan from Lake County. The assessment will vary depending upon the interest rate that can

be obtained with the bonds or loan. The interest rate for the loan from Lake County will be based upon the Prime lending rate.

- F. The Commissioners will sell the bonds or administer the loan and then proceed with construction.
- G. The County Treasurer will collect the district assessments through tax notices. However, owners may prefer to prepay the total assessment prior to the sale of the bonds or loan.

Creating a Rural Improvement District (RID)

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The RID procedure may be utilized for projects involving water systems, sewer systems, road paving, and similar projects as set forth in MCA 7-12-4102. Specific section of the law governing the creation of these types of public works shall be followed.

The Board of County Commissioners encourages residents to utilize the RID procedure of creating public work projects, but reserves the right to approve or disapprove the use of an RID.

Property owners who are interested in establishing a RID or Rural Maintenance District (RMD) should contact the Lake County Commissioners. An informal meeting may be held with any interested property owners and a County Commissioner. The guidelines and procedures for creating a RID or RMD will be reviewed at this meeting. A County Commissioner may be assigned to help fill out and obtain the necessary documents for the required petition.

The petition must include

- A description of the project.
- A statement as to why the project is in the public interest or convenience.
- Legal description of the district with its lots, tracts, and parcels.
- A map of the proposed district shall be attached to the petition.
- An approved engineer who will be responsible for estimates and other engineering and associated work.

- Cost estimate of the proposed project certified by the engineer.
- Method of assessment.
- Method of financing.
- A pay-back schedule.
- Number of individual lots, tracts, or parcels within the proposed district.
- Signatures of the owners of 60% of the parcels in the proposed district
- An owners report

Petition to establish a Rural Improvement District (RID)

Cover Sheet

To: Lake County Board of Commissioners

This petition is respectfully submitted this ____ day of _____, 20__.

Petitioner/Initiator (and/or) Contact Person:

Name: _____

Address: _____

Phone number: _____

I swear that all of the information presented in this petition is true and correct and the landowner's signatures are the original true and consenting landowners.

Petitioner's Signature

Date

List of all attachments

In a letter please describe the improvements in the project and why they are in the public interest or convenience to do so. Address the letter to: The Board of County Commissioners, Lake County, Montana

Also please fill out the papers below and obtain the following documents (a County Commissioner will assist you):

- The legal description of the proposed district and its boundaries
- An owner's report, which has the name, mailing address, and tax ID number for every lot, tract, or parcel within the proposed district.
- A map of the proposed RID.

The Engineer who will be working on the RID: _____

The Estimated Cost for the project: _____

The Method of assessment

Equal Assessment. Each lot, tract, or parcel of land in the district may be assessed an equal amount based upon the total cost of the improvement.

Other _____

Method of Financing

Bonds

Loan from Lake County

Number of Individual lots, tracts and parcels in the proposed district: _____

Pay-back Schedule

1. For the assessment method chosen, an estimate of the dollar amount for each individual property owner to pay his/her portion of expenses if paid in one payment is \$ _____

2. For the assessment chosen, an estimate of the dollar amount for each individual property owner to pay his/her portion over the term of the financing is \$ _____ over the term of _____ years.