



County Improvement Districts, Maricopa County, Arizona

Maricopa County is home to over half of Arizona's residents—4.5 million people. It is the fastest-growing county in the nation, encompassing 27 cities and towns including Phoenix, five Native American reservations, and Arizona State University. A hiking and climbing destination, Maricopa County is known for its expansive national forests and regional parks, mountains, and desert trails.

Financing Challenges and Indicative Solution

The county needed to raise funds to improve roadways, street lighting, and other infrastructure. To accomplish this, it established County Improvement Districts (CIDs). CIDs were already permitted by State law, which allows them to be formed by residents in a neighborhood or community in an unincorporated area to fund infrastructure improvements like road paving, street lighting, water or sewer service, community parks, or traffic calming.

County Improvement Districts (CIDs)

Maricopa County has four major CIDs—for paving, public lighting, street lighting, and road maintenance, along with ones for community parks and sewer and water services. Formed by property owners, they are financed by issuing improvement bonds that are repaid by placing assessments or taxes on the properties that benefit from them. Some CIDs require ongoing payment for continuous services, such as street lighting or sewer service.

Paving Improvement Districts are used to pave streets or make roadway improvements on private roads. They are designed to turn over ownership, operation, and maintenance to the Maricopa County Department of Transportation, and all improvements must meet its criteria.

Public Lighting Improvement Districts (PLIDs) are used to make street lighting improvements along existing public streets. After construction, ownership is turned over to the local power utility company and all improvements must meet its lighting standards. Property owners within the PLID purchase energy for public lighting improvements by forming a Street Lighting Improvement District (SLID).

SLIDs are used to pay energy bills for lighting public streets and parks. SLIDs are established once all the streets in a subdivision are constructed and inspected, and energy costs are collected annually as part of the property tax. They do not cover construction costs, which are the responsibility of the developer.

Maintenance Improvement Districts are used to hire road-grading services for publicly dedicated access easements, which are typically existing dirt roads. Roads are graded approximately four times a year by a licensed, bonded contractor who is selected through a sealed bid process. Once this type of maintenance is established through a CID, it cannot be terminated unless it is taken over by an incorporated city or town.



Formation Process

Once property owners determine a CID is needed, the first step is getting a projected cost from a private engineering firm. It should include the design, bond marketing, administration, legal expenses, intergovernmental agreements, capitalized interest, easement acquisition, hydrologic and drainage analysis, environmental reports, tests, permits, construction, utility relocation, and other fees associated with the total scope of work.

A petition for the CID is then sent to the Office of the Superintendent of Streets (OSoS), which was created by the county's Board of Supervisors (BOS) to facilitate the formation process. Along with the cost estimate, the petition must include the name of the proposed CID, the reason it is necessary, a general outline of the improvement, justification that the benefit will be provided and enhance the CID area, a map specifying the location and boundaries, and an ownership list with information for all parcels within the CID.

A neighborhood meeting is then held, with an OSoS staff member in attendance, to discuss the benefits and responsibilities of forming a CID. After all concerns and comments are addressed, the OSoS prepares a final petition and sends it to the applicant. The applicant collects signatures for the petition from a majority of the property owners, or at least 51 percent of them plus a majority of those who own the frontage of properties, within the proposed CID.

Once the petition is returned, the OSoS sets up a public hearing with the BOS. A notice about the hearing is published in the county's main newspaper and a notice is mailed to all property owners within the proposed CID. A bond must be filed before the notifications to pay hearing expenses, such as publishing and mailing fees.

At the hearing, all issues and objections are considered and, if the BOS determines that a public convenience, necessity, or welfare will be promoted, the CID boundaries are finalized and plans begin to take shape. Arrangements are made for engineering, construction, and/or maintenance, and financing and CID formation continue moving forward. It can take a minimum of 13 to 18 months to complete a CID, depending on its type, complexity, design, and construction.

Assessments

The total improvement cost is financed by bonds through public or private sale or issued to the contractor. Once improvements are complete, assessments are placed on all lots/parcels within the CID. The BOS has absolute authority to accept or deny the formation of special taxing districts.

A consensus of the property owners, with recommendations from the OSoS, usually determines the payment method for assessing properties in the CID. For SLIDs, assessments for energy costs are usually based on property values unless the owners specifically request costs be assessed per square footage, which must be approved by the board of directors. For other CIDs, assessments are based on the lineal foot of all property frontages, per lot, per acre, or by any combination of these.



Before assessments or taxes can be levied, the OSoS must file a notice of establishment with the Arizona Department of Revenue and county assessor on or before November 1 of the prior year. The assessment may be paid in full at the time it is recorded or financed as bonds over 10 to 25 years and paid in semiannual installments of principal plus 8 percent interest or by annual collection on the tax roll.

If an assessment is delinquent, the CID must sell the property's lien to pay off the bonds. The buyer must hold the lien for a minimum of 13 months from the date of sale before applying for a superintendent's deed to the property. During this period, the assessment lien, plus penalties, must be paid in full. Once a superintendent's deed is issued, the buyer has control of its redemption value. For CIDs on the tax roll, delinquencies are considered to be the same as delinquent general property taxes and prior special assessments.

By improving everything from street lighting and roads to parks and utility services, CIDs have vastly enhanced Maricopa County's safety, transportation, and quality of life. As a result, they are playing a positive role in the county's growth.

Sources:

[Maricopa County – Active Districts](#)

[Maricopa County – County Improvement Districts](#)

[Maricopa County Parks – Homepage](#)

[Maricopa County – Maricopa County Quick Facts](#)

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[Outdoor Project – 15 Must-Do Hikes Near Phoenix, AZ](#)

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