

ORDINANCE NO. 322

CITY OF CRAIG

ADOPTING A PROCEDURE FOR CREATING LOCAL IMPROVEMENT
DISTRICTS AND LEVYING SPECIAL ASSESSMENTS FOR
PUBLIC IMPROVEMENTS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG:

Section 1. Classification. This ordinance is of a general and permanent nature and the code sections adopted hereby shall become a part of the code of the City of Craig, Alaska.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall be effective immediately upon adoption.

Section 4. Action. The attached chapter 6.10 entitled Local Improvements and Special Assessments is enacted as part of Craig Municipal Code.

APPROVED 9-10-91

Dennis Watson ATTEST
MAYOR DENNIS WATSON

Helen Gray
HELEN GRAY - CITY CLERK



LOCAL IMPROVEMENTS AND SPECIAL ASSESSMENTS

Chapter 6.10

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6.10.010 Policy established. The council establishes a policy whereby road construction, road upgrades, drainage and sidewalks and public improvements undertaken under the authority granted to first class cities by Chapter 35 of Title 29 Alaska Statutes for which assessments may be assessed under Chapter 46 of Title 29 Alaska Statutes may be financed in whole or in part by the levy and collection of special assessments upon the real property specially benefitted by such improvements.

6.10.020 Applicability of state law. Procedures not covered in this chapter or elsewhere in the Craig Municipal Code may be as prescribed pursuant to AS 29.46.010 through AS 29.46.140.

6.10.030 Curative provision. No improvement assessment shall be invalid by reason of a failure to give, in any report on the proposed assessment, in the assessment ordinance, in the lien docket, or elsewhere in the proceedings, the name of the owner of any lot or other parcel of land, or part thereof, or the name of any person having a lien upon or interest in such property, or by reason of any error, mistake, delay, omission, irregularity, or other act, jurisdiction or otherwise, in any of the proceedings specified in this chapter unless it appears that the assessment as made, insofar as it affects the person complaining, is unfair and unjust. The council shall have power and authority to remedy and correct all such matters by suitable action and proceedings.

6.10.040 Abandonment of proceedings. The council shall have full power and authority to abandon and rescind proceedings for improvements undertaken under this chapter at any time prior to the final consummation of such proceedings. If liens have been assessed upon any property under this procedure, they shall be cancelled, and any payments made thereon shall be refunded to the payor, such assigns, or legal representatives.

6.10.050 Initiation of improvement proposal. An improvement proposal may be initiated by

(1) petition to the council by the owners of one half in value of assessed valuation of the property to be benefitted, or

(2) the council.

(2) special assessment by petition.

6.10.060 Special assessment by petition - petition. The petition for an improvement by special assessment shall be in a form prescribed by the city administrator and shall include a description of the improvement sought by the petition. The original or a copy of the petition shall be signed by the owners of the properties of one half in value of the property to be benefitted.

The petition when signed shall be filed with the city clerk.

6.10.070 Special assessment by petition - council review.
After the petition has been filed with the city clerk, the council shall determine by resolution whether the petition has sufficient and proper signatures thereto, and whether the improvement is necessary. The findings of the council are conclusive. If the council finds that the improvement is necessary, the council shall also set a time for public hearing on the petition.

6.10.080 Special assessment by petition - notice of hearing.
A. Notice of such hearing shall be published at least once a week for three consecutive weeks in a newspaper of general circulation throughout the city with the first published notice to be at least sixty days prior to the date of such hearing if special assessment bonds are to be issued. If special assessment bonds are not to be issued to pay the cost of improvements, then notice of such hearing shall be published at least once in a newspaper of general circulation and the date of first publication and mailing of such notice may be not less than twenty days prior to such hearing date.

B. The notice shall contain a statement of the following:

1. a general description of the improvements to be ordered and a description of the boundaries of the proposed local improvement district;

2. a statement of the estimated cost of the proposed improvements and the estimated proportion of such cost to be borne by the property specially benefited thereby;

3. that a map or plat showing thereon the lots, tracts and parcels of land which will be specially benefited by the proposed improvement, the proposed assessment schedule and the proposed assessment against each such lot, tract or parcel of land is on file for public inspection at the office of the city clerk;

4. whether special assessment district bonds will be issued and sold to provide funds to pay the cost of improvements;

5. the time, date and place of such hearing; and that the owners of any property within the proposed district may file a written objection to the creation of such district and the ordering of the work to be done therein with the city clerk up to the time of the hearing.

6.10.090 Special assessment by petition - mailed notice.

A. Notice of such hearing shall also be mailed to all owners within the proposed district according to the tax roll of the city at the last address thereon, at least sixty days prior to the date set for such hearing if special assessment bonds are to be issued. If special assessment bonds are not to be issued to pay for the cost of improvements, then the notice shall be mailed not less than twenty days prior to such hearing date.

B. Such notice shall contain, in addition to the items required to be set forth in the published notice, the following:

1. a description of each lot, tract or parcel of land owned by the owner and the estimated assessment to be levied

against such property;

2. the estimated payment schedule of such assessment;

3. a statement that the assessment proposed to be levied against each such lot, tract or parcel of land is an estimated amount and that when actual costs are known they will be assessed against all of the real property in the local improvement district, hereinafter sometimes called L. I. D., in accordance with the benefits received.

6.10.100 Special assessment by petition - hearing. The public hearing shall be held by the council at the time indicated in the notice, which time shall be no earlier than ten days after the final date of publication of notice.

6.10.110 Special assessment by petition - objections.

A. If written protests as to the necessity of the local improvements are made by the owners of benefited properties which will bear fifty percent or more of the estimated cost of the improvements, the improvement shall not proceed until the protests have been reduced so that the property of those still protesting shall not bear fifty percent of the estimated cost of the improvement, except upon passage by the council of a resolution to proceed by a vote of at least five council members. Such protests must be filed with the city clerk before the close of the public hearing on the necessity of the improvement.

B. The council may decrease the extent of value of the improvement, or may delete from the properties to be assessed those not benefited in whole or in part by the improvement. At the conclusion of the public hearing, the council shall by resolution determine whether or not to proceed with the improvement. The resolution, pursuant to sections 6.10.150, 6.10.160, and 5.10.170, shall also specify the method of apportioning benefits to be employed. After the council revises the plans it shall, if it determines to proceed with the improvements under the revised plan, readvertise and renotice the proposed improvements and hold another hearing thereon, and be subjected to the same time limitations as required in the first instance, and so on until the objections have been reduced to less than fifty percent as referred to above.

C. If the owners of property bearing more than fifty percent of the estimated assessments agree in writing to any revised plan, there shall be no need to readvertise or hold further hearings and the council may proceed with the revised plan.

6.10.120 Special assessment by petition - city administrator's report. Upon passage by the council of a resolution that the improvement is necessary and the petition has sufficient and proper signatures, as provided in section 6.10.070, the council shall authorize the city administrator to prepare a report to the council concerning the need for the estimated cost of the improvement. The report shall contain a plan specifying the properties to be assessed and showing the desirable extent of the proposed improvement. The report of the city administrator may be presented

to the council either before or at the time of the public hearing required by this chapter.

6.10.130 Special assessment by petition - ordinance or resolution. If, as and when the council finds that the local improvement district shall be formed, it shall by ordinance, or by resolution if special assessment district bonds are not to be issued, find that the creation of such district is in the public interest, and create such district, describe the boundaries thereof, describe the improvements to be acquired, constructed and installed therein, declare the estimated cost thereof, declare the proportionate amount of the funds of the city, if any, to be applied thereto and order such work to be done. If necessary, such ordinance or resolution shall authorize the acquisition of all land necessary for such improvements, the payment of all damages caused thereby and the commencement in the name of the city of such eminent domain proceedings and assessment proceedings required to pay all eminent domain awards as may be necessary to enable the city to proceed with the work.

6.10.140 Special assessment district initiated by council.

A. The city council may, on its motion, direct the city administrator to prepare a report to the council concerning the need for and the estimated cost of a public improvement. The report shall contain a plan specifying the properties to be assessed and showing the desirable extent of the proposed improvement. The report of the city administrator may be presented to the council either before or at the time of the public hearing on the necessity for the public improvement.

B. Simultaneously with its motion authorizing the report by the city administrator, the council shall provide for notice of public hearing in accordance with the procedure established by sections 6.10.070 and 6.10.080.

C. At the conclusion of the public hearing the council shall determine by resolution whether or not to proceed with the improvement. The council shall not proceed with any public improvement if written protests as to the necessity of such improvements are made by the owners of benefited property which will bear fifty percent or more of the estimated cost of the improvement until the protests have been reduced so that the property of those still protesting shall not bear fifty percent of the estimated cost of the improvement, except upon passage by the council of a resolution to proceed by a vote of at least five council members. The resolution, pursuant to sections 6.10.150, 6.10.160, and 6.10.170, shall also specify the method for apportioning benefits to be employed.

6.10.150 Determination of assessment. The council shall assess fifty percent of the cost of all assessments made in accordance with this chapter against the properties benefited thereby; provided, that the council may decide prior to or at the time of determining whether to proceed with the improvement project, to

reduce or increase the portion of the cost to be assessed against the property benefited specially by the improvement, or that the nature of the improvement or lack of general funds requires that the improvements be financed by an assessment against the benefited property greater or less than fifty percent of the cost of the improvement.

6.10.160 Methods of determining proportion of benefits and assessments. The following methods shall be used in determining the proportion of benefits and assessments to real properties specially benefited from improvements authorized and constructed under this chapter:

A. Street and sidewalk improvements, squares, benefited areas. Except in the cases otherwise specifically provided for in the resolution ordering such improvement "property benefited" shall mean and shall include all property abutting upon or adjacent to the street, avenue, alley, drive, square or other public place proposed to be improved; provided, in the case of unplatted property, the area to be assessed shall extend back from the marginal lines of the improved area the same distance as adjacent platted lands which are specially benefited but not more than one hundred feet. "All of the property" shall be considered and held to be all the property specially benefited by such local improvement and shall be the property to be assessed to pay the cost thereof or such portion of the costs as are chargeable against the property specially benefited by such improvement, which cost and expense shall be assessed against all of such property so benefited in conformance to the special benefits so conferred on such property in the following proportions:

1. Sixty percent of the improvement assessable to such properties shall be distributed to each lot, tract or parcel of property in proportion to its area, the area to be assessed to a maximum of one hundred feet in depth; and

2. Forty percent of the costs assessable to such properties shall be distributed to each lot, tract or parcel of property in proportion to the frontage of that property on the improved street, avenue, alley, drive, square or other public place.

The total assessment thus determined shall be entered upon the assessment roll as the amount to be levied and assessed against each separate lot, tract or parcel of land or other property.

Corner lots shall be assessed on the same basis as above, except that where such lot is bounded by two streets which are being improved, the front footage basis shall be the full frontage on the longest side and one-half of the footage on the shortest side.

B. Sanitary sewers and storm sewers. In spreading assessments for sewers and drains, including storm drains, the cost shall be assessed in proportion to the area of each lot, tract, or parcel that abuts upon, or is beneficially affected by such improvement, such benefited area to be determined by the council by the resolution passed determining the necessity of the improvement.

This provision does not apply to street and road paving projects where the upgrading of street drainage associated with the street or road upgrade preliminary to paving is incidental to the overall road upgrade.

C. Other improvements. The council shall determine the method of proportioning the benefits from other types of improvements at the time of declaring the necessity of the improvement, or upon creation of the drainage district.

Reserve for delinquencies. In anticipation of delinquent assessments, there may be added to each separate assessment appearing on each assessment roll a sum not less than three percent nor greater than ten percent of such assessment. Such charge shall constitute a reserve to be used only to the extent that any amounts due on the debt incurred by the city for financing the property owners' share of the local improvement district in question cannot be met as they become due. Any balance remaining in the reserve after all debts incurred relative to the local improvement district in question have been repaid shall be refunded pro rata to such property owners within the local improvement district on whose lots the assessments have been paid promptly during the full period of any payment schedule without being in default at any time.. Any refunds due shall be paid to the then owner of the lot as shown on the tax roll for the year when the refund is declared. No such refund shall be in an amount greater than the original percentage charged to that lot.

E. Government properties. Assessments levied in any local improvement district may be levied against properties of the United States of America, the State of Alaska and the city as provided in this chapter and the assessments levied against any properties of the city shall have a lien thereon and shall be collectible as assessments levied against properties of owners except where prohibited by law. Should it appear for any reason that the assessments levied against the any properties of the United States of America or the State of Alaska are uncollectible, such assessments shall not be counted in the computation of the final assessment roll of any local improvement district and, if any assessments are collected, the same shall be paid into the fund of such local improvement district as are all other assessments.

6.10.170 Equal assessments for all parcels. In the event all the lots, tracts, or parcels of land in any local improvement district are substantially equal in size and are substantially equal in distance from the improvements constructed therein, as in the case of the typical subdivided area or subdivision in an area zoned "residential", and the benefits derived by each such lot, tract or parcel of land are substantially equal to the benefits derived by every other lot, tract or parcel of land within the district, or all of the property owners agree thereto, then the total assessment roll may be apportioned equally among all such lots, tracts and parcels of land; otherwise, the council shall determine the amount of individual assessments fixed in any assessment roll on such basis as may be legal, equitable and proper

under all the circumstances.

6.10.180 Assessments based on use factor. Nothing in this chapter governing local improvement districts shall prohibit the council from using some formula or method of determining benefits where it can be shown that the property benefited should bear a greater amount of the assessment. As an example, but not by way of limitation, where commercially zoned property is directly adjacent to residentially zoned property, but both are served by the same sewer connection and the multi-story building on the commercial property may have ten users while the residential property may have only two users, the commercial area may be required to bear more of the assessment costs.

6.10.190. Assessment roll and related procedures. Sections 6.10.070 through 6.10.190 relating to the assessment roll and procedures related thereto, are incorporated by reference as if fully set forth in this chapter as such sections may from time to time be amended and modified.

6.10.200 Advance payment of assessments. To facilitate the financing of construction of improvements authorized under this chapter, the director of finance is authorized to

accept from owners of real property advance payments of assessments based upon estimated assessments. The amount of the advance payment shall be credited against the actual assessment when the same shall have been levied by the council. If the advance payment exceeds the actual assessment, the difference shall be promptly refunded to the owner of real property who made the payment. If the advance payment is less than the actual assessment, the difference shall be billed to the owner of the real property in the same manner as provided for other assessments.

6.10.210 Invalid or insufficient assessments--Reassessment. If any special assessment fails to be valid in whole or in part, or if for any cause, mistake or inadvertence the amount assessed is not sufficient to pay the cost of a public improvement or the part thereof to be assessed against benefited property, then the council is authorized to cause such assessment to be reassessed pursuant to AS 29.46.100 or as may be provided by law.

6.10.220 Assessment segregation. Whenever property has been assessed in an entire tract and subsequently subdivided, any owner so desiring may make an application to the council for a segregation of the assessment and a determination of the amount due on each portion thereof. The council

shall thereupon cause an appraisal to be made of the entire property as a whole, and also of the segregated portions. If the council deems that such segregation can be made without prejudice to the city's security, it may order the assessment to be segregated and assessed against each portion of the divided property. In case the council determines that the city cannot, without injury to its security, permit such segregation, it shall require payment of the entire amount as a whole before any portion of the tract is discharged from the lien of such assessment.

6.10.230 Objection and appeal. A. The regularity or validity of an assessment may not be contested by a person who did not file with the city clerk a written objection to the assessment roll before its confirmation.

B. The decision of the Assembly or council upon an objection may be appealed to the superior court within thirty days of the date of confirmation of the assessment roll.

C. If no objection is filed or an appeal taken within the time provided in this section, the assessment procedure shall be considered regular and valid in all respects.

6.10.240 L.I.D.'s--Area and boundaries--Changes. A. An L.I.D. may include adjoining, vicinal or neighboring streets, avenues and alleys even though the improvements thus made are not connected or continuous as long as there is no more than two thousand five hundred feet between continuous units; provided, that the cost and expense of each continuous unit of the improvement may be ascertained separately as near as may be and, if so ascertained separately, the assessment rates shall be computed on the basis of the cost and expense of each unit.

B. The council may at any time at its discretion, by ordinance, eliminate from said district any unit of the improvement which is not completed and may proceed with the construction of the balance of the improvements within said district as fully and completely as though said eliminated unit had not been included within the district; provided, however, that the assessments to be levied to pay part or all of the costs of the improvements actually constructed may be levied only against the properties within such district specially benefited thereby.

6.10.250 L.I.D.'s--Hearing. A. The council shall by resolution fix a time, date and place for a hearing on the question of whether or not it should abandon the acquisition,

construction and installation of a portion of the improvements. Notice of such hearing shall be published once, at least ten days prior to the date thereof, in a newspaper of general circulation within the city, and shall be mailed at or prior to the same time to all owners of property within such district. Such notice shall state the proposed council action and shall also require that any owner who objects thereto should file a written notice of that objection with the city clerk at or prior to the hearing.

B. At the time of the hearing, the council shall hear all such protests and all evidence material to the question of whether or not the completion of such improvements should be abandoned and after considering the same the council shall then decide whether or not to so abandon a portion of the improvements. In the event that written objections to such proposed abandonment are filed by the owners of property in the district bearing less than fifty percent of the owners of property within the area proposed to be abandoned, the council shall proceed to complete the construction of the improvements originally authorized in such district. In the event protests equalling fifty percent or more are filed and the council decides that the portion of such improvements incurred to the time of such abandonment shall be assessed only against the property within such district specially benefited by the improvements actually completed.

6.10.260 L.I.D.'s--Limitation on creation. A. The city shall not proceed with an L.I.D. if it appears from the preliminary estimates and assessment roll that the amount of the estimated cost of improvements to be acquired, constructed and installed to be assessed against the property in the proposed district, when added to all other outstanding L.I.D. assessments against such property, is more than the current assessed value of the land within the district, including twenty-five percent of the current assessed value of the improvements thereon and seventy-five percent of the estimated cost of the improvements as a result of the L.I.D. to the land within the district, unless:

1. If special assessment district bonds are to be issued, the property owners or someone in their behalf deposits with the city a sum of money equal to the amount by which the estimated cost of improvements exceeds the limit hereinabove fixed; or

2. If special assessment district bonds are not to be issued, the persons objecting to the creation of the L.I.D. do not own property therein greater than twenty percent in current assessed value of all the property within the district.

B. The limitation fixed in this section shall not apply to the improvement of a particular disconnected unit included in an L.I.D. as permitted by Section 6.10.240, but shall apply only to the L.I.D. as a whole.

6.10.270 L.I.D.'s--Unanticipated costs. A. When the improvements in any L.I.D. are to be acquired, constructed and installed by a contractor or contractors, and if it appears after consideration of the contract cost plus all other costs of improvements that the total cost of improvements will exceed the estimated cost as it appears on the approving resolution or ordinance, by twenty percent or more, then at least fifteen days before the notice to proceed is given the contractor or contractors, the director of public works of the city shall give notice of such estimated increased cost by certified mail to the owners of the lots, tracts and parcels of land within the district at their last known address, and shall also publish, on or before the same date, a similar notice at least once in a newspaper of general circulation in the city.

B. The mailed and published notice shall state the amount, and percentage, of total cost of the expected additional charges over the last complete estimated cost, and shall further state that unless written objections to the city ordering the contractor or contractors to proceed are filed with the city clerk by the owners of property within the district bearing fifty percent or more of the estimated cost of the improvements to be paid from assessments within ten days from the date of the mailing and publishing of such notice, said contractor or contractors will be ordered to proceed, and that said estimate of costs as increased shall be the cost of improvements until all actual costs after completion are known.

C. In the event such written objections are so filed by the owners of property within the district bearing fifty percent or more of the estimated cost of the improvements to be paid from assessments, then no notice to proceed shall be given the contractor and further work on the project shall cease. The city shall bear the costs of the project to date of termination.

6.10.280 L.I.D.'s--Funding. A. Each L.I.D. of the city shall be given a number in the ordinance or resolution creating the district, and each such ordinance or resolution shall create an "L.I.D. No. _____ Fund." Into such fund shall be paid all receipts pertaining to the L.I.D. including, but not limited to, proceeds from the sale of warrants and/or bonds, transfers from the city general fund and assessments as paid.

B. Such funds shall be drawn upon for the purpose of paying construction costs of such L.I.D., redemption of warrants and bonds and the payment of interest thereon.

C. Within such fund, accounts such as may be necessary, such as construction revenue, bond redemption and sinking fund accounts, may be set up.

6.10.290 L.I.D.'s--Warrants. A. The city may provide by resolution or ordinance for the issuance of warrants payable out of such L.I.D. fund in payment of the cost and expense of any L.I.D. improvements. The warrants shall bear interest at a rate not to exceed ten percent per year and shall be redeemed either in cash or by exchange for special assessment district bonds of such district. Such warrants shall be redeemed in order of their number whenever there is enough money in such fund to redeem such lowest number warrant or warrants.

B. Warrants may be issued to the city general fund when the general fund advances the costs of improvements.

6.10.300 L.I.D.'s--Surplus money. All moneys remaining in any L.I.D. fund of any special assessment district after all costs of improvement in such district, including the redemption of all warrants and bonds of such district, have been paid, shall be paid into the guaranty fund of the city as provided in Section 6.10.370. If no special assessment bonds have been issued in any L.I.D., each surplus moneys shall then be paid into the L.I.D. revolving fund of the city.

6.10.310 L.I.D.'s--Improvement construction--Bids.

A. It shall be the general policy of the city to call for bids for making local improvements and to award the bid to the lowest responsible bidder. This general policy, however, shall not prohibit the council from providing that the city construct the local improvements rather than private contractors.

B. In the event more than one L.I.D. is advertised for bids at the same time, all L.I.D.'s shall be bid separately. The council shall have the authority, however, to accept the lowest aggregate bid for all of the L.I.D.'s bid at same time.

C. If the improvement cost of an L.I.D. is less than the amount requiring competitive bid as provided by law, the city may award the contract without bid.

D. At the option of the city, bids for improvements may be taken prior to the public hearing; however, no contract for construction shall be awarded prior to enactment of a resolution creating the improvement district, unless agreed to in writing by one hundred percent of the owners of the property to be benefited.

6.10.320 Bonds--Authority. A. Bonds to be entitled "L.I.D. No. _____. City of Craig, Alaska, Bonds" may be issued to provide funds to pay any part or all of the costs of improvements in any special assessment district, provided that such bonds shall not be issued in a total principal amount in excess of such costs of improvement.

B. Such bonds shall be issued pursuant to ordinance and shall be made payable on a date not sooner than two years later than the date upon which the last installment of the assessments securing such bonds becomes due and not later than two years six months after the date upon which the last installment of the assessments securing such bonds becomes due.

6.10.330 Bonds--Form and contents. A. Such bonds shall bear interest at a rate not to exceed ten percent per year, payable annually or semiannually, shall be in such denominations as may be provided in the ordinance authorizing their issuance, and shall be numbered from one up consecutively.

B. Each bond shall be signed by the mayor of the city and attested by its clerk; shall have the seal of the city impressed or reproduced thereon; refer to the improvement to pay for which it is issued and the ordinance ordering it; provide that the principal amount thereof and the interest thereon shall be payable out of the L.I.D. fund of such district or out of the local improvement guaranty fund of the city and not otherwise; provide that the bondholders' remedy in case of any nonpayment shall be confined to the enforcement of the special assessments levied for the improvements in such L.I.D. and to such guaranty fund; and have attached thereto interest coupons for each interest payment which coupons may have printed or reproduced thereon the facsimile signatures of such mayor and clerk.

6.10.340 Bonds--Sale. Such L.I.D. bonds may be issued to the contractor or contractors constructing and installing the improvements in such district, or may be sold by the city at public or private sale, but at not less than par and accrued interest. The proceeds of sale of such bonds shall be deposited in the applicable L.I.D. fund and be applied in payment of the costs of improvement either in cash or by the redemption of warrants or other obligations of the city issued to pay such costs.

6.10.350 Bonds--Redemption. The city treasurer shall call in and redeem the principal of one or more bonds of any issued in their numerical order whenever there is sufficient money in the L.I.D. fund against which the bonds have been issued, over and above the amount needed for payment of current annual interest and the annual interest next to fall due on all unpaid bonds of the issue. Such call shall be made by publication of a notice thereof in a newspaper of general circulation throughout the city as soon as practicable after the day of delinquency of any assessment installments, and in any other manner as may be deemed

necessary to advise the holder of the bonds being called of such call. The notice of call shall state the serial number or numbers of the bonds being called, that they will be paid on the date the next interest coupons on the same become due, and that interest thereon will cease on such call date.

6.10.360 Bonds--Nonliability of city. Neither the holder nor the owner of any L.I.D. bond, interest coupons or warrant issued against an L.I.D. fund, shall have any claim therefor against the city except for payment from the special assessments made for the improvement for which such bond or warrant was issued and except for payment from the local improvement guaranty fund of the city as to bonds issued the payment of which is secured by such fund. The city shall not be liable to the holder or owner of any such bond, interest coupon or warrant for any loss to the local guaranty fund occurring in the lawful operation thereof. A copy of the foregoing part of this section shall be plainly written, printed or engraved on each L.I.D. bond.

6.10.370 Bonds--Remedy of holders. If the city fails to pay any bonds, interest coupons or warrants issued against an L.I.D. fund or promptly to collect any assessments when due, the owner or holder of any bond may enforce payment of the principal thereof or interest thereon and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption shall be the same as in the case of a mortgage foreclosure on real property. Any number of owners or holders of bonds of any single L.I.D. may join as plaintiffs, and any number of owners or property upon which the delinquent assessments are liens may be joined as defendants in the same suit. Such owners and holders shall also have recourse against the local improvement guaranty fund.

6.10.380 Surplus money. A. If special assessment bonds have been issued in any L.I.D. based on the estimated cost of the improvements, and if after actual costs have been ascertained the amount of bonds issued exceeds the property owner's share of the actual costs plus any delinquency charge that may have been included in the assessment by more than one percent, credit shall be given on assessments due or refunded on assessments paid in full in the same proportion as they were levied.

B. If special assessment bonds have been issued in any L.I.D., all moneys remaining in any L.I.D. fund after all costs of improvements in such district (including the redemp-

tion of all warrants and bonds of such district which have been paid) shall be paid into the guaranty fund of the city as provided in Section 6.10.380.

C. If no special assessment bonds have been issued in any L.I.D.; all moneys remaining in any L.I.D. fund after all costs of improvements in such district (including the redemption of all warrants which have been paid) shall be paid into the L.I.D. revolving fund of the city.

6.10.390 Local improvement guaranty fund--Established.

A. There is established a local improvement guaranty fund of the city (herein at times called the "guaranty fund") for the purpose of guaranteeing the payment of the principal of all special assessment bonds, interest coupons pertaining thereto, and warrants issued upon any special assessment district funds. The guaranty fund shall be kept separate from all other funds of the city. All assets of this fund shall be held in trust for the uses and purposes provided in this chapter. Money in this fund shall be deposited in a bank in which such a deposit is covered by the full amount of Federal Deposit Insurance Corporation insurance available to banks or in a savings and loan association in which such a deposit is covered by the full amount of federal savings and loan insurance acceptable to the city. Such insurance shall be equal to Federal Deposit Insurance Corporation. Money in this fund may also be invested in direct obligations of the United States of America or other obligations, the payment of the principal of and interest on which is guaranteed by the United States of America.

B. Prior to the issuance of any special assessment fund warrants or bonds, the city shall deposit in the guaranty fund a sum which, when added to the existing moneys in the guaranty fund, shall not be less than twenty percent of the principal amount of all special assessment fund warrants and bonds. The city shall always maintain in the guaranty fund an amount not less than twenty percent of the principal amount of all outstanding special assessment fund warrants and bonds then outstanding. Any moneys paid out of the guaranty fund to redeem special assessment district bonds, coupons pertaining thereto, or warrants shall be replaced by the city as soon as possible out of any legally available sources.

6.10.400 Local improvement guaranty fund--Use. A. Defaulted special assessment bonds, interest coupons pertaining thereto, and special assessment fund warrants shall be purchased out of the guaranty fund and, as between the several issues of bonds, coupons or warrants, no preference shall exist, but they shall be purchased in the order of their presentation.

B. Whenever any sum is paid out of the guaranty fund on account of principal or interest on a special assessment district bond or warrant, the city, as trustee of such fund, shall be subrogated to all the rights of the holder of such bond, interest coupon or warrant so paid, and the proceeds thereof or of the underlying assessment shall become a part of the guaranty fund.

C. All interest and earnings derived from the investment of moneys in the guaranty fund shall be credited to such fund.

D. As provided in Section 6.10.290, if special assessment district bonds have been issued, all moneys remaining in any L.I.D. fund or of any special assessment district fund after all costs of improvements in such district including the redemption of all warrants and bonds of such district have been paid shall also be paid into the guaranty fund.

E. Should the council, after determining that the amount in the guaranty fund meets all required guaranty requirements plus foreseeable future requirements, find there are excess moneys in the guaranty fund, it may authorize transfer of said excess to the revolving fund.

6.10.410 Local improvement district revolving fund-- Created--Purpose. There is created a local improvement district revolving fund of the city, which shall be used for the following purposes:

A. Financing the property owners' share of the cost of improvements of an L.I.D. not available from other moneys of the municipality or where the sale of special assessment bonds is not feasible;

B. Financing the municipal share of the cost of improvements of an L.I.D. not available from other moneys of the municipality;

C. Making payments into the guaranty fund.

6.10.420 Local improvement district revolving fund-- Sources. A. Moneys to be paid into this revolving fund may be provided from general taxes, from the sale of general obligation bonds of the city, or from any other legal sources as determined by the council.

B. As provided in Section 6.10.290, if special assessment district bonds have not been issued, all moneys remaining in any L.I.D. fund after all costs of improvements in such district including the redemption of all warrants and bonds of such district have been paid shall also be paid into the revolving fund.

6.10.430 Local improvement district revolving fund-- Repayments. When any disbursements are made from such revolving fund to pay part of the costs of improvements in any L.I.D., any assessment paid by owners in such L.I.D. shall be repaid to the revolving fund to the extent of the moneys disbursed by such fund to such L.I.D.