

Bay Village Shoreline Special Improvement District

A New Tool to Fund
Erosion Control Projects

August 2, 2021

Ba

McDonald Hopkins

Bay Village Shoreline SID

- **Purpose:** Develop and implement plans for shoreline improvement projects in Bay Village.
- An **erosion control improvement project** means acquiring, constructing, installing, equipping, improving maintaining or repairing real or tangible personal property necessary or useful for making improvements to abate erosion along Lake Erie or an inland waterway.

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- **Boundaries:** Bay Village city limits. All properties within the SID on which an erosion control project can be constructed are eligible.
- **Benefits:** SIDs are cost-effective ways of creating economies of scale for these projects by placing the up-front financing, engineering, construction, and legal costs on the tax duplicate, payable over time (15-20 years).

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- **Benefits (cont'd):** We find institutional lenders eager to finance erosion control projects on terms favorable to property owners.
- All participation is **voluntary**. Costs are borne by each owner; shared costs divided equitably.
- Requires establishment of **SID board** (at least 5, including owners and city officials) and coordination with city government and banks.

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- **Steps to formation:**

1. Property owners petition government to form a special improvement district (initial interest and petition forms already developed). Plan should include cost estimates, assessment method and length, obligation to maintain improvements, etc.
2. We create nonprofit entity with board to run the SID; city must approve of petitions and SID plan.

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- **Steps to formation (cont'd):**

3. Once city approves of initial petitions and nonprofit, entity is formed with state.

4. Final assessment petition is circulated, signed and submitted to city.

5. Once approved, assessments against property may occur after projects are financed. Owners or SID board may bid out and contract for work.

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- **Considerations and thoughts:**
 - Governing docs allow for **new owners and projects** to be added to SID over time.
 - **Assessment methodology** should be uniform. Should be calculated based on cost of project rather than value. May use “in proportion to the benefits” or “foot front” methodology.

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- **Considerations and thoughts (cont'd):**
- **Participation:** Petitioner may not withdraw petition for assessment once final petition has been signed. (OK to withdraw earlier.)
- **Retroactivity:** Probably not much benefit to someone who's already paid for improvements (tax-exemption issue); need buy-in as early as possible and SID board can decide.

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- **Considerations and thoughts (cont'd):**
- **Financing:** Partial assessments would be possible if projects are more than erosion.
- **Construction methods, means, materials, design etc.:** SID board should have final approval and can provide for variance.
- **Contractors:** SID board may be bidding authority but owners may choose to go it alone.

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