

City of Newport Beach

Guiding Principles for Assessment District Benefits

General

The City recognizes that the process of forming an underground utility assessment district is largely driven by interested property owners (proponents). In response to these requests, the City administers the district formation process in accordance with established State laws and codes to support the improvement of connection, safety, and aesthetics associated with an underground utility system.

Article XIID of the California Constitution, and the assessment district implementing legislation, requires an assessment engineer that possesses a California Professional Civil Engineer License to prepare an unbiased report for presentation to the legislative body containing the following:

- (1) A description of the improvements or services to be financed;
- (2) A cost estimate for the improvements or services (and incidental expenses such as financing costs, assessment engineering costs, collection costs, and the costs of complying with notice and protest requirements);
- (3) An assessment diagram depicting the boundaries of the assessment district and the parcels within the assessment district;
- (4) A description of the method of spreading the assessments throughout the assessment district; and
- (5) An assessment roll listing of all the parcels proposed to be assessed and the proposed assessment against the parcels.

By law, a California Registered Professional Engineer must be retained as an assessment engineer to provide an unbiased judgment. It is the assessment engineer's responsibility to provide an independent assessment and apportion the cost associated with each parcel in a fair and equitable manner. The City's position is to review the Engineer's Report and verify that the engineer applied sound judgment in preparing the reports.

Assessment Methodology

In an effort to provide assessment methodology consistency amongst proposed and future underground districts, the City has established these general guidelines to provide a consistent base for each Engineer's Report. It should be noted that each district is distinct; hence varying cost-sharing factors may be introduced to account for possible exceptions.

Typically, properties within a property-owner initiated assessment district are zoned for residential or mixed-use commercial, and may cover the entire buildable area, having full utilization of the property. There is a direct correlation between the size of the property and

the extent to which a property may be developed and any market appreciation associated with underground utilities. Because parcel size is one of the main factors controlling the extent a property can be developed, the size of each parcel should be used as the base unit for measuring benefit.

To establish the benefit to the individual parcels within an assessment district, the highest and best use of each property will be considered. For example, a vacant property will be considered developed to its highest potential and connected to the system.

Benefit Categories

There are typically three benefits associated with converting overhead utilities to an underground system that should be included in the assessment methodology – connection, safety, and aesthetics. Since there is no established basis to determine the significance of each benefit, all the benefit factors should be weighted equally (i.e., 1/3, 1/3, and 1/3).

In general, the installation of a new underground utility system (electric, telephone, and cable facilities) and removal of the existing overhead facilities (including wires and utility poles) will provide a special benefit to all parcels connected to and adjacent to the system; therefore, all properties may be subject to a district-wide benefit under each of the three categories.

Further parcel-specific benefits may be assessed on a case-by-case basis to resolve special conditions. For example, a property that will have an adjacent utility pole removed, but remain connected to an overhead service may have a reduced assessment. Or, other properties that have higher aesthetic benefit such as bay or ocean views may be assessed higher.

1) Connection Benefit

In general, the construction of a new underground system improves the reliability of the system over an older aerial system. When compared to overhead systems, fewer outages occur due to various acts of nature, traffic collisions, and obstructions (i.e., trees). Nevertheless, it should be noted that it is the utility providers' responsibility to provide reliable services, whether overhead or underground.

All properties that are connected, or have the ability to be connected, to all or a portion of the three underground utility services within the district boundary will be assessed with a Connection Benefit.

2) Improved Safety

When overhead utilities fall, adjacent properties are at risk. This is especially true during seismic or storm events when utility poles and lines may fall. Falling facilities can lead to personal injuries and damage to structures including fire. Properties immediately adjacent to the facility generally have a greater risk. Furthermore, in compact

communities such as Balboa Peninsula, Balboa Island, and old Corona del Mar, the negative effects of falling lines and poles are widespread including blocked roadways, and property damage due to impact, and alleys and the potential for multiple structure fires, damage, and injury.

Properties that are adjacent to, or in proximity of, an overhead facility will be assessed with a Safety Benefit.

3) Improved Aesthetics

The removal of aerial utilities improves the overall aesthetics of the streetscape within the district, which provides a special benefit to all properties within the district. Properties will benefit from the overall beautification of the neighborhood through vehicle and pedestrian access. While these types of visual benefits derived from the underground initiatives are difficult to quantify, they are real and substantial

Properties that are adjacent to, or in proximity of, of an overhead facility will be assessed with an Aesthetic Benefit.