



CITY OF NEWPORT BEACH

Underground Utility Assessment District No. 87 (Balboa Island)

Information Meeting





Introductions and Roles

- ❖ City Staff
- ❖ Assessment Engineer
- ❖ Legal Counsel
- ❖ Financial Advisor
- ❖ SCE
- ❖ AT&T



Discussion Items:

- ❖ Description of the District
- ❖ Improvements to be funded
- ❖ Costs of the District
- ❖ Basis of the assessment
- ❖ Legal formation procedure
- ❖ Construction timing
- ❖ YOUR questions



Description of District

❖ Boundary Description

- ◆ Big Balboa Island

❖ Property Uses and Sizes

- ◆ Single Family Residential Parcels (~41%)
 - Ranging from 900 sf lot - 5,200 sf lot
- ◆ Multiple Residential Parcels (~53%)
 - Ranging from 1,200 sf lot - 5,500 sf lot
- ◆ Non-Residential Parcels (~6%)
 - Ranging from 1,200 sf lot - 12,200 sf lot



Assessment Funded Improvements

- ❖ Trenching and installation of vaults
- ❖ Undergrounding of utility lines
- ❖ Removal of wires and poles
- ❖ Repaving of affected roadways and alleys



City Funded Improvements

- ❖ Water system upgrades - \$2,000,000
- ❖ Sewer system upgrades - \$700,000
- ❖ Street & alley improvements
(City's share) - \$1,150,000
- ❖ City share of Assessments
 - ◆ \$ 29,000 - Fire Station
 - ◆ \$ 78,700 - Beek Center / Park
 - ◆ \$ 32,300 - Fuel Dock / Ferry
\$140,000
- ❖ Total City contribution - \$3,990,000



Costs of the District (Rounded)

Construction Costs	\$16,430,000
Incidental Expenses	\$1,302,000
Pre-Paid Financing Costs	\$2,708,000
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Total:	\$20,440,000

- ◆ Private service conversions not included



Assessment Basis

- ❖ **Property size is basis of apportionment**
 - ◆ Parcel area in Sq Ft (rounded to nearest 100)
 - Standard Lot Size = 2,600 sf (30' x 85')
- ❖ **Specific benefits to property**
 - ◆ Aesthetics
 - ◆ Service / Connection Reliability
 - ◆ Additional Safety
- ❖ **All properties receive the same benefits**



Assessment Basis (continued)

❖ Improved Aesthetics

- ◆ Improved streetscape aesthetics
 - Streets = streets and alleys

❖ Additional Safety Benefit

- ◆ Removes threat of downed lines and poles

❖ Connection Benefit

- ◆ Reduced threat of service interruption
 - Due to downed lines and poles
- ◆ All new distribution wires and equipment



Estimated Assessment Ranges

86% of parcels pay this or less: \$16,782

Est. annual payment*: \$1,730

Residential Parcels: \$5,809 to \$35,501

Est. annual payment*: \$630 to \$3,590

Non-Res Parcels: \$14,846 to \$49,701

Est. annual payment*: \$1,530 to \$5,010

*Estimated annual payment

- ♦ Assumes 15-years
- ♦ Assumes approx. 5.75% interest
- ♦ Paid on Property Tax Bill



Costs of Other Districts

DISTRICT	YEAR	TOTAL ASSESSMENT	AVERAGE PARCEL ASSESSMENT
69	2004	\$10,150,000	\$13,772
68	2004	\$6,600,000	\$11,279
99-2	2007	\$3,845,000	\$17,842
92	2008	\$2,000,000	\$38,028
101	2008	\$4,750,000	\$13,415
87	2009	\$20,440,000	\$16,782



Balloting Procedure

- ❖ Property owners vote "yes" or "no"
- ❖ Vote is weighted by Assessment Amount
- ❖ April 28 Public Hearing - Ballots due
 - ◆ before the end of the public hearing
- ❖ Only ballots submitted will be counted
- ❖ Sealed until after public hearing



Assessment Ballot Tabulation

- ❖ City Clerk's office officiating
- ❖ 50% approval required
 - ◆ Weighted by proposed assessment
- ❖ If more than 50% of assessments vote "no" the district CANNOT be formed
- ❖ Otherwise, Council makes final decision



Schedule of Events if Approved

- ❖ **Early May - Notices of Assessment Mailed**
 - ◆ 30-day cash payment period
 - ◆ 13.25% discount
- ❖ **Late June - Bonds sold**
- ❖ **July/Aug. - Construction begins**
 - ◆ Approx. 4-year construction duration
- ❖ **Sept./Oct. - 1st Payment on Tax Bill**
- ❖ **On-site conversions**
 - ◆ After undergrounding is complete
 - 2-3 years away
 - ◆ Property owners will be notified
 - Do not start on site-work before notification!



Private Service Conversions

- ❖ Not included in assessments
- ❖ Additional costs to property owners
 - ◆ Trenching on private property to service laterals
 - ◆ Conduits on private property
 - ◆ Service panel replacement
 - Recommended, not required
 - ◆ Estimated cost - \$2,000 - \$5,000
- ❖ After SCE installs underground conduits
- ❖ 3 bids and references suggested



Concerns we've heard about

- ❖ **Service panels will not meet code**
 - ◆ Panels not required to be replaced
 - It is recommended
 - ◆ It's up to the property owner to upgrade
- ❖ **Tie-ins at the house will be unsightly**
 - ◆ There are options available for this
- ❖ **The private work will disturb hardscaping**
 - ◆ Directional boring may be an alternative
- ❖ **Other private utilities will need replacing (sewer, water, gas)**
 - ◆ Generally, this has not been the case



Concerns we've heard about

- ❖ **What happens if a property doesn't convert?**
 - ◆ After due process, the City hires a Contractor to do the conversion
 - ◆ City Council hearing with the property owner
 - ◆ Cost of conversion is a lien against the property
- ❖ **How can we get information about converting?**
 - ◆ City requirements on Public Works page
 - ◆ Under "Underground Utility Districts"
 - "Guidelines for Private Underground Conversion"



Non-Payment on Tax Bill

- ❖ **If a property owner doesn't pay tax bill:**
 - ◆ City will send reminder notice in Spring
 - ◆ Penalty fees will accrue with the County
 - ◆ Demand letter might be sent
 - If multiple installments not paid for multiple years
 - ◆ City will work with the property owner

- ❖ **City has never foreclosed on a property for non-payment of assessments**



Response to "Island Breeze"

❖ "Safety as an issue"

- ◆ System is safe
- ◆ Wires and poles do fall, electrical arcs do happen
 - Utility companies will repair damage after it happens

❖ Cost - why don't we re-bid the project?

- ◆ Our bids were competitive to other projects
 - AD 78 (Little Island) - ~\$250 / foot in 2000
 - AD 99 (Balboa Alley) - ~\$225 / foot in 2008
 - AD 87 (Big Island) - ~\$227 / foot
- ◆ Bid held for 9 months (for AD establishment)
 - No guarantee that re-bid would be lower
- ◆ More complex project than other AD's



Response to "Island Breeze"

❖ Rule 20B Subsidy?

- ◆ Cost of a new "equivalent overhead system"
- ◆ SCE estimates this to be \$2,700,000
- ◆ This amount was deducted, per SCE

❖ Rule 20A funds available?

- ◆ City was allocated \$244,992 for 2009
- ◆ City has actively utilized Rule 20A funds
 - Has borrowed allocations through 2015
 - Bayside/Jamboree most recent project
- ◆ Balboa Island doesn't qualify for funding



Response to "Island Breeze"

❖ Why aren't SCE bids made public?

- ◆ SCE is a private, investor-owned company
 - They are not required to show bids
 - The City always asks and is always told "no"
- ◆ Bidding of AD's is relatively new - in last 5 years
 - Previously, costs were based on SCE estimates, only

❖ Water seepage and longer power outages

- ◆ These are issues with underground systems
- ◆ Outages tend to be less frequent, but
 - More difficult to locate the problem underground
 - Takes longer to fix because of this
- ◆ Utilities design for high water tables, but
 - Salt water will eventually get into the equipment
 - Corrosion will occur, so outages will occur



Response to "Island Breeze"

❖ Other districts didn't consider larger lots

- ◆ AD 86 (Balboa Peninsula) and 78 (Little Island)
 - Assessed on a per parcel basis
 - All lots assumed single family residential
- ◆ AD 87 (Big Island)
 - A lot of diversity (land use and parcel size)
 - More appropriate to use property size



Contact Information

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❖ City Website

- ◆ www.city.newport-beach.ca.us
 - Public Works Department homepage
 - Click on "Underground Utility Assessment Districts"
 - Click on "Preliminary AD No. 87"



Next Step:

❖ April 28 - Public Hearing

- ◆ Ballots due by end of public hearing
- ◆ Tabulation complete by end of Council Meeting

Please return your Ballot!!!

