



ATTACHMENT I

PRELIMINARY ENGINEER'S REPORT

For

Underground Utility

Assessment District No. 116b

(Balboa Blvd / Neptune Ave / 47th St / 45th St /
Channel Rd)

Prepared under the provisions of the
Municipal Improvement Act of 1913

For the

City of Newport Beach

County of Orange, California

October 22, 2015



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AGENCY: CITY OF NEWPORT BEACH

PROJECT: ASSESSMENT DISTRICT NO. 116b

TO: CITY COUNCIL

**ENGINEER'S "REPORT" PURSUANT TO THE
PROVISIONS OF SECTIONS 2961 AND 10204
OF THE STREETS AND HIGHWAYS CODE**

The purposes of this Assessment District is to provide financing to underground power, telephone and cable facilities in the area generally bounded by Balboa Boulevard, Neptune Avenue, 47th Street, 45th Street, and Channel Road. The proposed underground utility improvements will provide conversion to an upgraded utility system and will enhance neighborhood aesthetics, safety and reliability.

The construction of these improvements will conform to existing City of Newport Beach, Southern California Edison, AT&T and Time Warner Cable standards. The proposed improvements are of special and direct benefit to the properties within the boundary of the assessment district.

Pursuant to the provisions of Article XIID of the State Constitution, Part 7.5 of the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931", being Division 4 of the Streets and Highways Code of the State of California, and the "Municipal Improvement Act of 1913", being Division 12 of said Code, and the Resolution of Intention, adopted by the City Council of the CITY OF NEWPORT BEACH, State of California, in connection with the proceedings for Underground Utility Assessment District No. 116b (hereinafter referred to as the "Assessment District"), I, Alison M. Bouley, P.E., a Registered Professional Engineer and authorized representative of Harris & Associates, the duly appointed Engineer of Work, herewith submits the "Report" for the Assessment District, consisting of six (6) parts as stated below.

PART I

This part contains the plans and specifications which describe the general nature, location and extent for the proposed improvements to be constructed, and are filed herewith and made a part hereof. Said plans and specifications are on file in the Office of the Superintendent of Streets.

PART II

This part contains an estimate of the cost of the proposed improvements, including capitalized interest, if any, incidental costs and expenses in connection therewith as set forth herein and attached hereto.

PART III

This part consists of the following information:

- A. A proposed assessment of the total amount of the costs and expenses of the proposed improvements upon the several subdivisions of land within the Assessment District, in proportion to the special benefits to be received by such subdivisions from said improvements, which is set forth upon the assessment roll filed herewith and made a part hereof.



- B. The total amount, as near as may be determined, of the total principal sum of all unpaid special assessments and special assessments required or proposed to be levied under any completed or pending assessment proceedings, other than that contemplated for the Assessment District, which would require an investigation and report under the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931" against the total area proposed to be assessed.
- C. The total true value, determined from the latest Assessor's roll, of the parcels of land and improvements which are proposed to be assessed.

PART IV

This part contains the proposed maximum annual administrative assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the CITY OF NEWPORT BEACH, and not otherwise reimbursed, resulting from the administration and collection of assessments, from the administration and registration of any associated bonds and reserve or other related funds, or both.

PART V

This part contains a map showing the boundaries of the Assessment District, and a diagram showing the Assessment District, the boundaries and the dimensions of the subdivisions of land within said Assessment District, as the same existed at the time of the passage of the Resolution of Intention. The Boundary Map and Assessment Diagram are filed herewith and made a part hereof, and part of the assessment.

PART VI

This part shall consist of the following information:

- A. Description of facilities
- B. Right-of-Way Certificate
- C. Environmental Certificate

This report is submitted on October 22, 2015.

HARRIS & ASSOCIATES



ALISON M. BOULEY, P.E.
R.C.E. No. C61383
ENGINEER OF WORK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



Preliminary approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA,
on the ____ day of _____, 2015.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

Final approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA, on
the ____ day of _____, 2015.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

Part I Plans and Specifications

The plans and specifications to construct the utility undergrounding improvements, and any ancillary improvements thereof, for the area generally described as Underground Utility Assessment District No. 116b, (Balboa Boulevard, Neptune Avenue, 47th Street, 45th Street, and Channel Road), describe the general nature, location and extent of the improvements for this Assessment District are referenced herein and incorporated as if attached and a part of this Report.

Said Plans and Specifications for the improvements are shown on the assessment diagram. Final plans and specifications will be prepared by the City in conjunction with the utility companies and will be on file in the office of the Superintendent of Streets when completed.



**Part II
 Cost Estimate**

| | <u>Length in ft.</u> | <u>CALCULATION Cost per ft.</u> | <u>Final Estimate</u> |
|---|----------------------|-------------------------------------|--------------------------------|
| <u>Utility Engineering & Construction</u> | | | |
| Southern Calif | 1,130 | \$310 | \$350,000.00 |
| AT&T | 1,130 | \$178 | \$201,000.00 |
| Time Warner | 1,130 | \$84 | \$95,000.00 |
| | | | <u>\$646,000.00</u> |
| Contingency 10% | | | \$65,000.00 |
| TOTAL CONSTRUCTION | | | \$711,000.00 |
| <u>INCIDENTIAL EXPENSES:</u> | | | |
| Assessment Engineering | | | \$50,000.00 |
| Contract Inspection | | | \$20,000.00 |
| City Administration | | | \$20,000.00 |
| Financial Advisor | | | \$20,000.00 |
| Bond and Disclosure Counsel | | | \$55,000.00 |
| Underwriter's Counsel | | | \$15,000.00 |
| Paying Agent | | | \$2,500.00 |
| Credit Rating Fee | | | \$0.00 |
| Printing, Advertising, Notices | | | \$2,500.00 |
| Miscellaneous | | | <u>\$3,700.00</u> |
| Subtotal Incidental Expenses | | | \$188,700.00 |
| Construction | | | <u>\$711,000.00</u> |
| Subtotal Incidental & Construction | | | \$899,700.00 |
| <u>FINANCIAL COSTS</u> | | | |
| Underwriter's Discount | | 1.0% | \$9,700.00 |
| Bond Reserve | | 5.0% | \$48,500.00 |
| Capitalized Interest - 5.0% for 3 months | | 1.3% | \$12,100.00 |
| Subtotal & Financial Cost | | 7.3% | <u>\$70,300.00</u> |
| TOTAL ESTIMATE | | | <u>\$970,000.00</u> |

Part III Assessment Roll and Method of Assessment Spread

WHEREAS, on _____ the City Council of the CITY OF NEWPORT BEACH, State of California, did, pursuant to the provisions of the 1913 Act "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code, of the State of California, adopt its Resolution of Intention No. 2015-____, for the installation and construction of certain public improvements, together with appurtenances and appurtenant work in connection therewith, in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 116b (hereinafter referred to as the "Assessment District"); and

WHEREAS, said Resolution of Intention, as required by law, did direct the Engineer of Work to make and file a "Report", consisting of the following as required by Section 10204 of the Act:

- a. Plans and Specifications
- b. A general description of works or appliances already installed and any other property necessary or convenient for the operation of the improvement, if the works, appliances, or property are to be acquired as part of the improvement.
- c. Cost Estimates
- d. Assessment Diagram showing the Assessment District and the subdivisions of land therein;
- e. A proposed assessment of the costs and expenses of the works of improvement levied upon the parcels within the boundaries of the Assessment District;
- f. The proposed maximum annual assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the City and not otherwise reimbursed resulting from the administration and collection of assessments or from the administration and registration of any associated bonds and reserve or other related funds.

For particulars, reference is made to the Resolution of Intention as previously adopted.

NOW, THEREFORE, I, Alison M. Bouley, P.E., the authorized representative of HARRIS & ASSOCIATES, pursuant to Article XIID of the California Constitution and the "Municipal Improvement Act of 1913", do hereby submit the following:

1. Pursuant to the provisions of law and the Resolution of Intention, I have assessed the costs and expenses of the works of improvement to be performed in the Assessment District upon the parcels of land in the Assessment District specially benefited thereby in direct proportion and relation to the special benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram, a copy of which is attached hereto and incorporated herein.
2. As required by law, a Diagram is hereto attached, showing the Assessment District, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within said District as the same existed at the time of the passage of said Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been given a separate number upon said Diagram and in said Assessment Roll.

3. The subdivisions and parcels of land the numbers therein as shown on the respective Assessment Diagram as attached hereto correspond with the numbers as appearing on the Assessment Roll as contained herein.
4. NOTICE IS HEREBY GIVEN that bonds will be issued in accordance with Division 10 of the Streets and Highways Code of the State of California (the "Improvement Bond Act of 1915"), to represent all unpaid assessments, which bonds shall be issued in one or more series, each with a term not to exceed the legal maximum term as authorized by law, THIRTY-NINE (39) YEARS from the 2nd day of September next succeeding twelve (12) months from their date. Said bonds shall bear interest at a rate not to exceed the current legal maximum rate of 12% per annum.
5. By virtue of the authority contained in said "Municipal Improvement Act of 1913", and by further direction and order of the legislative body, I hereby recommend the following Assessment to cover the costs and expenses of the works of improvement for the Assessment District based on the costs and expenses as set forth below:

| | As Preliminarily Approved | As Confirmed |
|--|--------------------------------------|-------------------------|
| Estimated Cost of Design and Construction: | \$711,000 | \$0 |
| Estimated Incidental Expenses: | \$188,700 | \$0 |
| Estimated Financial Costs: | \$70,300 | \$0 |
| Estimated Contribution: | \$0 | \$0 |
| Estimated Total to Assessment: | \$970,000 | \$0 |

For particulars as to the individual assessments and their descriptions, reference is made to Table 1 (Assessment Roll) attached hereto.

6. The Method of Spread of Assessment is as set forth in the exhibit identified as Part III (Exhibit 1), which is attached hereto, referenced and so incorporated.

Table 1
Assessment Roll

| Asmt No. | Assessor's Parcel Number | Total True Value | Existing Liens | Assessments as Preliminarily Approved | Assessments as Confirmed and Recorded | Value to Lien Ratio |
|----------|--------------------------|------------------|----------------|---------------------------------------|---------------------------------------|---------------------|
| 1 | 42441201 | \$ 763,937 | \$ - | \$21,896.15 | | 35 |
| 2 | 42441202 | \$ 371,241 | \$ - | \$18,970.09 | | 20 |
| 3 | 42441203 | \$ 658,699 | \$ - | \$18,970.08 | | 35 |
| 4 | 93061448 | \$ 848,482 | \$ - | \$9,482.94 | | 89 |
| 5 | 93061449 | \$ 1,019,980 | \$ - | \$9,482.94 | | 108 |
| 6 | 42441205 | \$ 602,298 | \$ - | \$18,970.08 | | 32 |
| 7 | 93061450 | \$ 1,044,000 | \$ - | \$9,482.94 | | 110 |
| 8 | 93061451 | \$ 832,373 | \$ - | \$9,482.94 | | 88 |
| 9 | 42441207 | \$ 117,602 | \$ - | \$18,970.08 | | 6 |
| 10 | 42441208 | \$ 525,161 | \$ - | \$18,709.98 | | 28 |
| 11 | 42441209 | \$ 289,820 | \$ - | \$15,679.05 | | 18 |
| 12 | 42441210 | \$ 1,280,763 | \$ - | \$17,187.18 | | 75 |
| 13 | 42441211 | \$ 122,396 | \$ - | \$17,187.19 | | 7 |
| 14 | 42441212 | \$ 430,808 | \$ - | \$17,187.19 | | 25 |
| 15 | 42441213 | \$ 210,600 | \$ - | \$17,187.19 | | 12 |
| 16 | 42441214 | \$ 1,500,078 | \$ - | \$17,187.19 | | 87 |
| 17 | 42441215 | \$ 1,507,749 | \$ - | \$17,187.19 | | 88 |
| 18 | 42441216 | \$ 79,351 | \$ - | \$17,187.19 | | 5 |
| 19 | 42441217 | \$ 643,698 | \$ - | \$17,187.19 | | 37 |
| 20 | 42441218 | \$ 80,107 | \$ - | \$17,187.19 | | 5 |
| 21 | 42441219 | \$ 732,250 | \$ - | \$17,042.46 | | 43 |
| 22 | 42329114 | \$ 826,153 | \$ - | \$17,743.03 | | 47 |
| 23 | 42329113 | \$ 539,992 | \$ - | \$20,413.19 | | 26 |
| 24 | 42329110 | \$ 159,406 | \$ - | \$19,756.66 | | 8 |
| 25 | 42329109 | \$ 1,045,102 | \$ - | \$17,224.93 | | 61 |
| 26 | 42329105 | \$ 415,782 | \$ - | \$17,208.17 | | 24 |
| 27 | 42329104 | \$ 139,959 | \$ - | \$19,517.55 | | 7 |
| 28 | 42329102 | \$ 764,212 | \$ - | \$18,131.08 | | 42 |
| 29 | 42329103 | \$ 393,119 | \$ - | \$18,093.32 | | 22 |
| 30 | 42329106 | \$ 124,280 | \$ - | \$17,136.84 | | 7 |
| 31 | 42329108 | \$ 794,902 | \$ - | \$17,187.19 | | 46 |
| 32 | 42441301 | \$ 973,380 | \$ - | \$17,187.19 | | 57 |
| 33 | 42441302 | \$ 1,013,339 | \$ - | \$17,187.19 | | 59 |
| 34 | 42441303 | \$ 623,513 | \$ - | \$17,187.19 | | 36 |
| 35 | 42441304 | \$ 85,765 | \$ - | \$17,187.19 | | 5 |
| 36 | 42441305 | \$ 641,917 | \$ - | \$17,187.19 | | 37 |
| 37 | 42441306 | \$ 466,689 | \$ - | \$17,187.19 | | 27 |
| 38 | 42441307 | \$ 114,107 | \$ - | \$17,187.19 | | 7 |
| 39 | 42441308 | \$ 591,222 | \$ - | \$17,187.19 | | 34 |
| 40 | 42441309 | \$ 456,777 | \$ - | \$17,187.19 | | 27 |
| 41 | 42441310 | \$ 614,042 | \$ - | \$17,090.71 | | 36 |
| 42 | 42441315 | \$ 730,720 | \$ - | \$18,504.43 | | 39 |
| 43 | 42441316 | \$ 414,236 | \$ - | \$17,187.19 | | 24 |
| 44 | 42441317 | \$ 173,137 | \$ - | \$17,187.19 | | 10 |
| 45 | 42441318 | \$ 106,567 | \$ - | \$17,187.19 | | 6 |

| Asmt No. | Assessor's Parcel Number | Total True Value | Existing Liens | Assessments as Preliminarily Approved | Assessments as Confirmed and Recorded | Value to Lien Ratio |
|----------|--------------------------|----------------------|----------------|---------------------------------------|---------------------------------------|---------------------|
| 46 | 42441319 | \$ 386,161 | \$ - | \$17,187.19 | | 22 |
| 47 | 42441320 | \$ 109,581 | \$ - | \$17,187.19 | | 6 |
| 48 | 42441321 | \$ 272,455 | \$ - | \$17,187.19 | | 16 |
| 49 | 42441322 | \$ 1,376,744 | \$ - | \$17,187.19 | | 80 |
| 50 | 42441323 | \$ 406,114 | \$ - | \$17,187.19 | | 24 |
| 51 | 42441324 | \$ 883,296 | \$ - | \$17,088.60 | | 52 |
| 52 | 42329401 | \$ 526,572 | \$ - | \$18,791.80 | | 28 |
| 53 | 42329101 | \$ 800,004 | \$ - | \$82,105.84 | | 10 |
| | | \$ 30,630,638 | \$ - | \$970,000.00 | \$0.00 | 32 |



Table 2
Debt Limit Valuation

| | |
|------------------------------------|-----------------|
| A. ESTIMATED BALANCE TO ASSESSMENT | \$970,000 |
| B. UNPAID SPECIAL ASSESSMENTS | \$0 * |
| TOTAL A & B | \$970,000 |
| C. TRUE VALUE OF PARCELS | \$30,630,638 ** |
| AVERAGE VALUE TO LIEN RATIO | 32 :1 |

* Unpaid Special Assessments shall consist of the total principal sum of all unpaid special assessments previously levied or proposed to be levied other than in the instant proceedings.

** True Value of Parcels means the total value of the land and improvements as estimated and shown on the last equalized roll of the County or as otherwise reasonably calculated.

This report does not represent a recommendation of parcel value, economic viability or financial feasibility, as that is not the responsibility of the Assessment Engineer.

CERTIFICATION

I, the undersigned Assessment Engineer, do hereby certify that (i) the total amount of the principal sum of the special assessments proposed to be levied, together with the principal amount of previously levied special assessments, as set forth above, do not exceed one-half (1/2) the total true value of the parcels proposed to be assessed, and (ii) the amount proposed to be assessed upon any parcel does not exceed one-half of the true value of the parcel.

EXECUTED on October 22, 2015.

HARRIS & ASSOCIATES



ALISON M. BOULEY, P.E.
R.C.E. NO. C61383
ASSESSMENT ENGINEER
CITY OF NEWPORT BEACH
COUNTY OF ORANGE, STATE OF CALIFORNIA



Exhibit 1 Method and Formula of Assessment Spread

Since the improvements are to be funded by the levying of assessments, the "Municipal Improvement Act of 1913" and Article XIID of the State Constitution require that assessments must be based on the special benefit that the properties receive from the works of improvement. In addition, Section 4 of Article XIID of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the local agency levying the assessment must separate the general benefits from the special benefits. It also provides that parcels within a district that are owned or used by any public agency, the State of California, or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. Neither the Act nor the State Constitution specifies the method or formula that should be used to apportion the costs to properties in any special assessment district proceedings.

The responsibility for recommending an apportionment of the costs to properties which specially benefit from the improvements rests with the Assessment Engineer, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. In order to apportion the assessments to each parcel in direct proportion with the special benefit which it will receive from the improvements, an analysis has been completed and is used as the basis for apportioning costs to each property within the Assessment District.

Based upon an analysis of the special benefit to be received by each parcel from the construction of the works of improvement, the Assessment Engineer recommends the apportionment of costs as outlined below. The final authority and action rests with the City Council after hearing all testimony and evidence presented at a public hearing, and tabulating the assessment ballots previously mailed to all record owners of property within the Assessment District. Upon the conclusion of the public hearing, the City Council must make the final determination whether or not the assessment spread has been made in direct proportion to the special benefits received by each parcel within the Assessment District. Ballot tabulation will be done at that time and, if a majority of the returned ballots weighted by assessment amount are not in opposition to the Assessment District, the City Council may form the Assessment District.

The following sections set forth the methodology used to apportion the costs of the improvements to each parcel.

SPECIAL BENEFITS

In further making the analysis, it is necessary that the properties receive a special benefit distinguished from general benefits conferred on real property located in the District or to the public at large.

The purpose of this Assessment District is to provide the financing to underground existing overhead electrical, telephone and cable facilities as well as rehabilitate the affected portions of streets and alleys within the District. These facilities are the direct source of service to the properties within the Assessment District.

The proposed replacement of existing overhead utility facilities (power, telephone and cable facilities) with underground facilities and removal of the existing utility poles and the overhead wires will provide a special benefit to the parcels connected to and adjacent to, or in near proximity of, the facilities as follows:

- **Improved Aesthetics Benefit.** This benefit relates to the improved aesthetics of the streetscape due to the removal of overhead wires and utility poles. For the purposes of this report, a street is defined as either a street or alley. The removal of guy wires and other support structures related to the overhead facilities are included in the definition of improved aesthetics. Properties that are directly adjacent to overhead facilities receive an aesthetic benefit. This benefit is based on the area of the parcel.
- **Additional Safety Benefit.** This benefit relates to the additional safety of having the overhead distribution wires placed underground and having the power poles removed, which eliminates the threat of downed utility lines and poles due to wind, rain and other unforeseeable events. Falling facilities can lead to personal injuries and damage to structures, including fire. Properties immediately adjacent to the facilities usually have a greater risk. Furthermore, in compact communities like the Balboa Peninsula, the negative effects of falling lines and poles are more widespread including blocked roadways and alleys, and property damage due to impact. Properties that are adjacent to, or in proximity of, overhead facilities receive a safety benefit. This benefit is equal for all parcels receiving this benefit and is therefore based on the average parcel area within the assessment district boundary.
- **Connection Benefit.** This benefit relates to the enhanced reliability of service from the utilities being underground, due to having all new wires and equipment and having that equipment underground, which reduces the threat of service interruption from downed lines. When compared to overhead systems, fewer outages occur due to various acts of nature, traffic collisions and obstructions (such as trees). Properties that are connected to, or have the ability to connect to, the facilities proposed to be undergrounded receive a connection benefit. This benefit is equal for all parcels receiving this benefit and is therefore based on the average parcel area within the assessment district boundary.

By virtue of such special benefits, the proposed improvements will provide a higher level of service, increase the desirability of the properties and will specifically enhance the values of the properties within the Assessment District. In addition, properties will receive easier access to garage parking within the residential alleyways. Therefore, the proposed improvements are of direct and special benefit to these properties.

GENERAL BENEFITS

Section 4 of Article XIID requires that the general benefits imparted by the utility undergrounding project be separated from the special benefits and that only the special benefit portion of the costs of the project be assessed against those parcels which are identified as receiving special benefits. Separating the general from the special benefits requires an examination of the facts and circumstances of the project and the property being assessed.

In this particular assessment district, the streets and alleys along which the existing overhead utility facilities are being undergrounded function as local and collector streets. No other roadways are designated as an arterial, a major arterial or a scenic corridor in the Transportation Element of the City's General Plan. Furthermore, the City has an established network of arterial streets which

appear to function as intended to provide for the movement of traffic around and through the community at large without the need to utilize local collector streets for such purposes. Under these circumstances, any use of the streets within the assessment district as “through” streets is incidental.

The properties situated within the assessment district are used almost exclusively as residential. Under this circumstance, the impacts, both visual and safety, are largely isolated to those properties (and the persons who inhabit them) which front on these local streets and alleys, with only incidental impacts on those who visit homes within the assessment district or who pass through the assessment district on trips originating outside the boundary and having a destination outside the boundary.

Based on these facts and circumstances, any general benefits to the property within the Assessment District in general, to the surrounding community and to the public at large from the project of undergrounding these local overhead utility facilities on the local streets and alleys, such as to the general public visiting in cars, on bikes or on foot, are incidental and do not exceed five percent (5%) of the estimated project costs. This general benefit portion of the cost is more than offset by the estimated 20 percent (20%) utility company contribution. Therefore, the remainder of the project design and construction costs represents the local and special benefits to the parcels within the Assessment District. Because only the net amount of \$970,000 is apportioned to the parcels within the District, no parcel is assessed more than its proportional share of the special benefits from the improvements.

METHODOLOGY

Based upon the findings described above, the special benefit received by the properties within the boundaries of the Assessment District is the conversion from an overhead to an underground utility system resulting in additional safety, enhanced reliability, and improved aesthetics to the adjacent properties.

Based on these conditions, it is our conclusion that the improvements specially benefit all assessed properties in the Assessment District.

To establish the benefit to the individual parcels within the Assessment District, the highest and best use of each property is considered. For example, a vacant property is considered developed to its highest potential and connected to the system.

The more a property is developed, the more it benefits from the proposed improvements. Most of properties within this Assessment District are zoned residential and some have one or two dwelling units on them. There is a direct correlation between the size of a property and the extent to which a property may develop. Because parcel size is one of the main limiting factors for what can be built on a property, or the extent the property is developed, the size of each parcel is used as the base unit for measuring benefit.

Consideration was given to reducing the amount of area assigned to parcels based upon the building setbacks applicable to each parcel. Due to the combined factors of (a) significant variations in the setback requirements, including front, side and rear setbacks, (b) availability of future variances from currently applicable setback requirements as well as existing variances already in place, and (c) significant variations in the ratios between building size and lot size, it was concluded that adjustments to parcel areas on account of setback requirements would not improve upon the assessment methodology. Accordingly, no reductions have been made to parcel area based upon applicable setback requirements or the existence of easements within those setbacks.

The area of a condominium is calculated by taking the area of the base parcel and dividing by the number of condominiums.

The special benefits from the undergrounding of overhead utilities are categorized into the three (3) distinct benefits identified above. All parcels within the District, except for any exceptions identified below, receive 3 of the 3 benefits.

For the Improved Aesthetics Benefit the parcel area is multiplied by 1 to calculate the "Aesthetics Benefit Area".

For the "Additional Safety Benefit", each parcel is considered to receive 1 unit of benefit. For condominiums, each unit is assigned 0.5 safety benefit unit. The average parcel size, 2822 square feet, is multiplied by the safety benefit factor to calculate the "Safety Benefit Area".

For the Connection Benefit, each lot is assigned 1 benefit unit. For condominiums, each unit is assigned a 0.5 connection benefit. The average parcel area, 2822 square feet, within the district is multiplied by the benefit unit for each parcel to determine "Connection Benefit Area".

The Assessed Benefit Area per parcel is equal to the Aesthetics Benefit Area plus the Safety Benefit Area plus the Connection Benefit Area, divided by 3. See Appendix A for the assessment calculations for each parcel within the District.

Exceptions

There are no exceptions to the above methodology.

ASSESSMENT APPORTIONMENT

Each parcel will be apportioned its fair share of the construction costs based on the Assessed Benefit Area calculated for each property.

Incidental Expenses and Financial Costs have been assessed to the entire Assessment District on a prorata basis relative to the total construction cost allocations.


The individual assessment calculations are provided in Appendix A. For particulars to the Assessment Roll, reference is made to Table 1 in Part III of this report.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the special benefits that each parcel receives from the works of improvement.

DATED: October 22, 2015

HARRIS & ASSOCIATES




ALISON M. BOULEY, P.E.
R.C.E. No. C61383
ASSESSMENT ENGINEER
CITY OF NEWPORT BEACH
COUNTY OF ORANGE,
STATE OF CALIFORNIA



I, _____, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was filed in my office on the ____ day of _____, 2015.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

I, _____, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was preliminarily approved by the City Council of the CITY OF NEWPORT BEACH, CALIFORNIA, on the ____ day of _____, 2015.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

I, _____, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was approved and confirmed by the City Council of said City on the ____ day of _____, 2015.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

I, _____, as SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was recorded in my office on the ____ day of _____, 2015.

SUPERINTENDENT OF STREETS
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

Part IV Annual Administrative Assessment

A proposed maximum annual administrative assessment shall be levied on each parcel of land and subdivision of land within the Assessment District to pay for necessary costs and expenses incurred by the CITY OF NEWPORT BEACH, and not otherwise reimbursed, resulting from the administration and collection of assessments, from the administration or registration of any bonds and reserve or other related funds, or both. The maximum assessment is authorized pursuant to the provisions of Section 10204(f) of the Streets and Highways Code and shall not exceed fifty dollars (\$50) per parcel per year, subject to an annual increase based on the Consumer Price Index (CPI), during the preceding year ending in January, for all Urban Consumers in the Los Angeles, Riverside, and Orange County areas. The exact amount of the administration charge will be established each year by the Superintendent of Streets.

The annual administrative assessment will be collected in the same manner and in the same installments as the assessment levied to pay for the cost of the works of improvement.

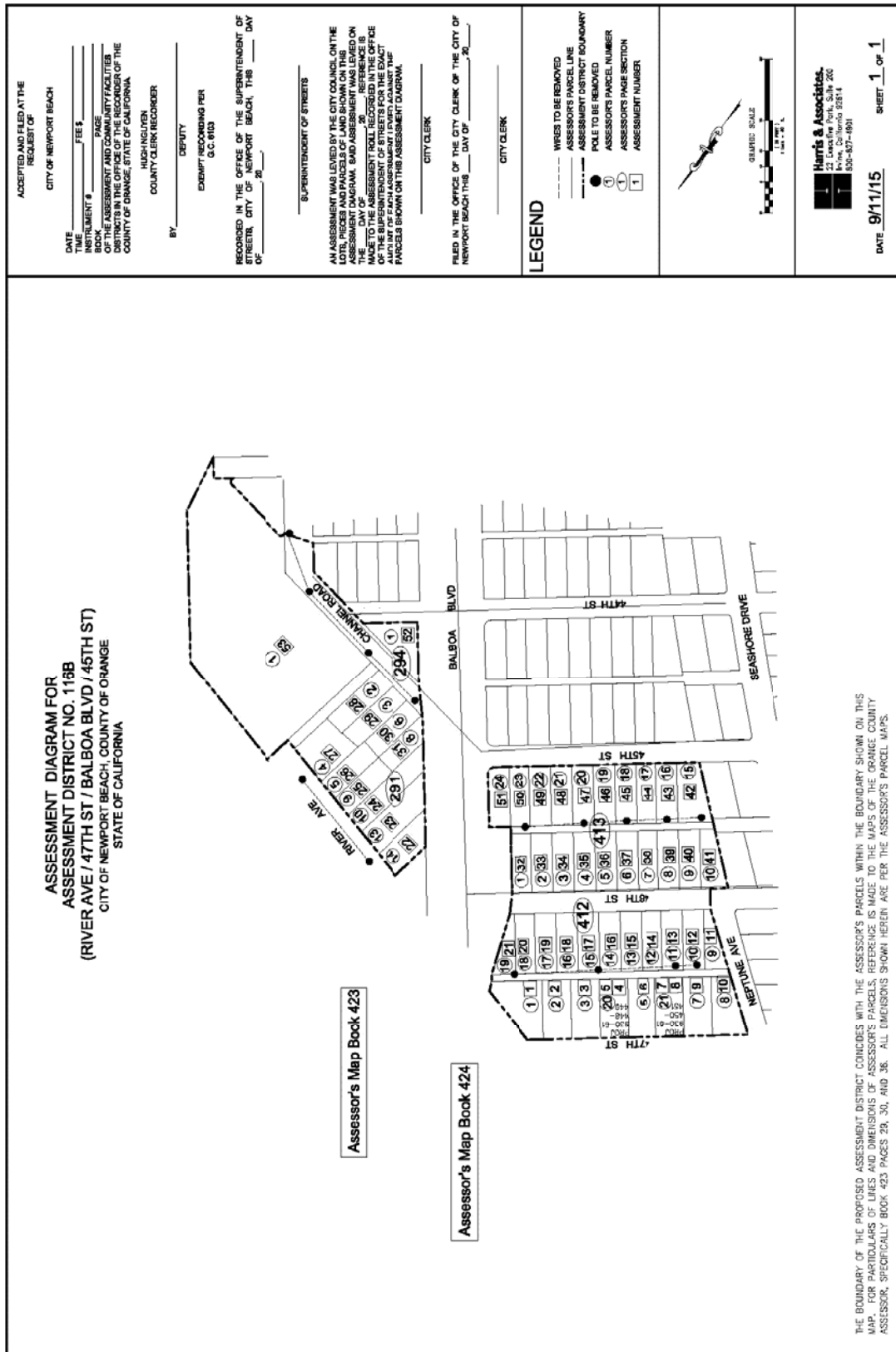


Part V Diagram of Assessment

A reduced copy of the Assessment Diagram is attached hereto. Full-sized copies of the Boundary Map and Assessment Diagram are on file in the Office of the City Clerk, of the City of Newport Beach.

As required by the Act, the Assessment Diagram shows the exterior boundaries of the Assessment District and the assessment number assigned to each parcel of land corresponding to its number as it appears in the Assessment Roll contained in Part III Table 1. The Assessor's Parcel Number is also shown for each parcel as they existed at the time of the passage of the Resolution of Intention and reference is hereby made to the Assessor's Parcel Maps of the County of Orange for the boundaries and dimensions of each parcel of land.





Part VI Description of Facilities

Section 10100 of the Act provides for the legislative body of any municipality to finance certain capital facilities and services within or along its streets or any public way or easement. The following is a list of proposed improvements as allowed under the Act to be installed, or improved under the provisions of the Act, including the acquisition of required right-of-way and/or property. For the general location of the improvements to be constructed referenced is hereby made to the Plans and Specifications described in Part I of this report.

The following improvements are proposed to be constructed and installed in the general location referred to as Assessment District No. 116b.

1. Acquisition of any required easements or rights-of-way.
2. Removal of existing utility poles.
3. Removal of overhead resident service drops.
4. Construction of mainline underground power, telephone and cable conduit, with appurtenant manholes and pullboxes, and installation of cabling, wiring and other facilities.
5. Construction of service conduit and appurtenances.

The improvements will be designed by the Southern California Edison Company, AT&T and Time Warner Cable. The utility companies will be responsible for inspecting the work for their facilities and the City of Newport Beach will inspect the work to ensure conformance to City standards and specifications where applicable.

The City will also construct additional pavement rehabilitation as needed for the project.

Once completed, the underground facilities will become the property and responsibility of Southern California Edison Company, AT&T, and Time Warner Cable.

Each owner of property located within the Assessment District will be responsible for arranging for and paying for work on his or her property necessary to connect facilities constructed by the public utilities in the public streets and alleys to the points of connection on the private property. Conversion of individual service connections on private property is not included in the work done by the Assessment District.

The estimated time for completion of the undergrounding of the utilities is 36 months after the sale of bonds. Property owners will be required to provide necessary underground connections within 120 days of the completion of the underground facilities.

Failure to convert individual service connections on private property may result in a recommendation to the City Council that the public utilities be directed to discontinue service to that property pursuant to Section 15.32 of the Municipal Code. Overhead facilities cannot be removed until all overhead service has been discontinued.

Right-of-Way Certificate

**STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF NEWPORT BEACH**

The undersigned hereby CERTIFIES UNDER PENALTY OF PERJURY that the following is all true and correct.

That at all time herein mentioned, the undersigned was, and now is, the authorized representative of the duly appointed SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA.

That there have now been instituted proceedings under the provisions of Article XIID of the California Constitution, and the "Municipal Improvements Act of 1913," being Division 12 of the Streets and Highways Code of the State of California, for the construction of certain public improvements in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 116b (hereinafter referred to as the "Assessment District").

THE UNDERSIGNED STATES AND CERTIFIES AS FOLLOWS:

All easements or right-of-way necessary for the construction and installation of the public improvements of the Assessment District either have been obtained or are in process of being obtained and will be obtained and in the possession of the affected utility company, the City, the County of Orange or the State of California prior to commencement of the construction and installation of such public improvements.

EXECUTED this _____ day of _____, 2015, at CITY OF NEWPORT BEACH, California.

SUPERINTENDENT OF STREETS
CITY OF NEWPORT BEACH
State of California

By: _____
David Webb, PE



Certificate of Completion of Environmental Proceedings

**STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF NEWPORT BEACH**

The undersigned, under penalty of perjury, CERTIFIES as follows:

1. That I am the person who authorized to prepare and process all environmental documentation as needed as it relates to the formation of the special Assessment District being formed pursuant to the provisions of the "Municipal Improvement Act of 1913" being Division 12 of the Streets and Highways Code of the State of California, said special Assessment District known and designated as UNDERGROUND UTILITY ASSESSMENT DISTRICT NO. 116b (hereinafter referred to as the "Assessment District").
2. The specific environmental proceedings relating to this Assessment District that have been completed are as follows:

CEQA compliance review:

The proposed project is Categorically Exempt (Class 2) from the provisions of CEQA (replacement or reconstructions).

3. I do hereby certify that all environmental evaluation proceedings necessary for the formation of the Assessment District have been completed to my satisfaction, and that no further environmental proceedings are necessary.

EXECUTED this _____ day of _____, 2015, at CITY OF NEWPORT BEACH, California.

By: _____
DAVID WEBB, P.E.
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



Appendix A - Assessment Calculations

| Property Address | Asmt No. | Assessor's | | Aesthetics | Safety | Connection | Assessed | Total | | | Preliminary |
|----------------------------|----------|---------------|------------------|--------------|--------------|--------------|--------------|--------------------|---------------------|-----------------|------------------|
| | | Parcel Number | Parcel Area (sf) | Benefit Area | Benefit Area | Benefit Area | Benefit Area | Construction Costs | Incidental Expenses | Financial Costs | Total Assessment |
| 146 AB&C 47TH ST | 1 | 42441201 | 4,795 | 4,795 | 2,822 | 2,822 | 3,480 | \$16,049.66 | \$4,259.58 | \$1,586.91 | \$21,896.15 |
| 142 & 142 1/2 47TH ST | 2 | 42441202 | 3,400 | 3,400 | 2,822 | 2,822 | 3,015 | \$13,904.89 | \$3,690.36 | \$1,374.84 | \$18,970.09 |
| 138 A&B 47TH ST | 3 | 42441203 | 3,400 | 3,400 | 2,822 | 2,822 | 3,015 | \$13,904.88 | \$3,690.36 | \$1,374.84 | \$18,970.08 |
| 134 47TH ST | 4 | 93061448 | 1,699 | 1,699 | 1,411 | 1,411 | 1,507 | \$6,950.90 | \$1,844.77 | \$687.27 | \$9,482.94 |
| 134 1/2 47TH ST | 5 | 93061449 | 1,699 | 1,699 | 1,411 | 1,411 | 1,507 | \$6,950.90 | \$1,844.77 | \$687.27 | \$9,482.94 |
| 130 & 130 1/2 47TH ST | 6 | 42441205 | 3,400 | 3,400 | 2,822 | 2,822 | 3,015 | \$13,904.88 | \$3,690.36 | \$1,374.84 | \$18,970.08 |
| 126 A 47TH ST | 7 | 93061450 | 1,699 | 1,699 | 1,411 | 1,411 | 1,507 | \$6,950.90 | \$1,844.77 | \$687.27 | \$9,482.94 |
| 126 B 47TH ST | 8 | 93061451 | 1,699 | 1,699 | 1,411 | 1,411 | 1,507 | \$6,950.90 | \$1,844.78 | \$687.26 | \$9,482.94 |
| 122 A&B 47TH ST | 9 | 42441207 | 3,400 | 3,400 | 2,822 | 2,822 | 3,015 | \$13,904.88 | \$3,690.37 | \$1,374.83 | \$18,970.08 |
| 118 & 118 1/2 47TH ST | 10 | 42441208 | 3,276 | 3,276 | 2,822 | 2,822 | 2,973 | \$13,714.23 | \$3,639.77 | \$1,355.98 | \$18,709.98 |
| 115 46TH ST | 11 | 42441209 | 1,831 | 1,831 | 2,822 | 2,822 | 2,492 | \$11,492.59 | \$3,050.14 | \$1,136.32 | \$15,679.05 |
| 117 A&B 46TH ST | 12 | 42441210 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.62 | \$17,187.18 |
| 119 A&B 46TH ST | 13 | 42441211 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 121 A&B 46TH ST | 14 | 42441212 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 123 46TH ST | 15 | 42441213 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 125 & 125 1/2 46TH ST | 16 | 42441214 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 127 A&B 46TH ST | 17 | 42441215 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 129 A&B 46TH ST | 18 | 42441216 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 131 A&B 46TH ST | 19 | 42441217 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 133 46TH ST | 20 | 42441218 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 4601 BALBOA BLVD | 21 | 42441219 | 2,481 | 2,481 | 2,822 | 2,822 | 2,708 | \$12,491.95 | \$3,315.37 | \$1,235.14 | \$17,042.46 |
| 4508 A&B RIVER AVE | 22 | 42329114 | 2,815 | 2,815 | 2,822 | 2,822 | 2,820 | \$13,005.46 | \$3,451.66 | \$1,285.91 | \$17,743.03 |
| 4506 A&B RIVER AVE | 23 | 42329113 | 4,088 | 4,088 | 2,822 | 2,822 | 3,244 | \$14,962.66 | \$3,971.10 | \$1,479.43 | \$20,413.19 |
| 4419 RIVER AVE | 24 | 42329110 | 3,775 | 3,775 | 2,822 | 2,822 | 3,140 | \$14,481.43 | \$3,843.38 | \$1,431.85 | \$19,756.66 |
| 4411 RIVER AVE | 25 | 42329109 | 2,568 | 2,568 | 2,822 | 2,822 | 2,737 | \$12,625.70 | \$3,350.87 | \$1,248.36 | \$17,224.93 |
| 4409 RIVER AVE | 26 | 42329105 | 2,560 | 2,560 | 2,822 | 2,822 | 2,735 | \$12,613.41 | \$3,347.61 | \$1,247.15 | \$17,208.17 |
| 4401 A&B RIVER AVE | 27 | 42329104 | 3,661 | 3,661 | 2,822 | 2,822 | 3,102 | \$14,306.16 | \$3,796.87 | \$1,414.52 | \$19,517.55 |
| 4404 & 4404 1/2 CHANNEL RD | 28 | 42329102 | 3,000 | 3,000 | 2,822 | 2,822 | 2,881 | \$13,289.89 | \$3,527.15 | \$1,314.04 | \$18,131.08 |
| 4406 & 4406 1/2 CHANNEL RD | 29 | 42329103 | 2,982 | 2,982 | 2,822 | 2,822 | 2,875 | \$13,262.22 | \$3,519.80 | \$1,311.30 | \$18,093.32 |
| 4408 & 4408 1/2 CHANNEL RD | 30 | 42329106 | 2,526 | 2,526 | 2,822 | 2,822 | 2,723 | \$12,561.13 | \$3,333.73 | \$1,241.98 | \$17,136.84 |
| 4410 CHANNEL RD | 31 | 42329108 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 132 A&B 46TH ST | 32 | 42441301 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 130 & 130 1/2 46TH ST | 33 | 42441302 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 128 A&B 46TH ST | 34 | 42441303 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 126 & 126 1/2 46TH ST | 35 | 42441304 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 124 A&B 46TH ST | 36 | 42441305 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 122 46TH ST | 37 | 42441306 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 120 & 120 1/2 46TH ST | 38 | 42441307 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 118 46TH ST | 39 | 42441308 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 116 A&B 46TH ST | 40 | 42441309 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 114 46TH ST | 41 | 42441310 | 2,504 | 2,504 | 2,822 | 2,822 | 2,716 | \$12,527.31 | \$3,324.76 | \$1,238.64 | \$17,090.71 |
| 115 A&B 45TH ST | 42 | 42441315 | 3,178 | 3,178 | 2,822 | 2,822 | 2,941 | \$13,563.56 | \$3,599.78 | \$1,341.09 | \$18,504.43 |
| 117 & 119 45TH ST | 43 | 42441316 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 121 45TH ST | 44 | 42441317 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |
| 123 45TH ST | 45 | 42441318 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 |

Appendix A - Assessment Calculations

| Property Address | Assessor's | | | Aesthetics | Safety | Connection | Assessed | Total | | | Preliminary | |
|------------------------|-------------|------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------------|---------------------|---------------------|---------------------|
| | Asmt No. | Parcel Number | Parcel Area (sf) | Benefit Area | Benefit Area | Benefit Area | Benefit Area | Construction Costs | Incidental Expenses | Financial Costs | Total Assessment | |
| 125 & 125 1/2 45TH ST | 46 | 42441319 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 | |
| 127 45TH ST | 47 | 42441320 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 | |
| 129 & 129 1/2 45TH ST | 48 | 42441321 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 | |
| 131 A&B 45TH ST | 49 | 42441322 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 | |
| 133 A&B 45TH ST | 50 | 42441323 | 2,550 | 2,550 | 2,822 | 2,822 | 2,731 | \$12,598.03 | \$3,343.53 | \$1,245.63 | \$17,187.19 | |
| 135 45TH ST | 51 | 42441324 | 2,503 | 2,503 | 2,822 | 2,822 | 2,716 | \$12,525.77 | \$3,324.35 | \$1,238.48 | \$17,088.60 | |
| 4401 & 4405 CHANNEL RD | 52 | 42329401 | 3,315 | 3,315 | 2,822 | 2,822 | 2,986 | \$13,774.20 | \$3,655.68 | \$1,361.92 | \$18,791.80 | |
| 4400 CHANNEL RD | 53 | 42329101 | 33,500 | 33,500 | 2,822 | 2,822 | 13,048 | \$60,182.73 | \$15,972.55 | \$5,950.56 | \$82,105.84 | |
| | | | | | | | Total | 154,149 | \$711,000.00 | \$188,700.00 | \$70,300.00 | \$970,000.00 |