

Public Information Meeting

Assessment District No. 103 for the Undergrounding of Utilities on Balboa Peninsula Point



Discussion Topics:

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

Description of District

❖ Boundary Description

◆ Area bounded by:

- G Street
- East Balboa Boulevard
- Channel Road
- Ocean Boulevard

❖ Property Uses

◆ Single Family Residential Parcels (~93%)

- Ranging from 1,400 sf lot - 9,400 sf lot

◆ Multiple Residential Parcels (~7%)

- Ranging from 2,500 sf lot - 10,100 sf lot

Assessment Funded Improvements

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

City funded Improvements

- ❖ Water line project

Costs of the District (Rounded)

Design & Construction Costs	\$5,085,000
Incidental Expenses	\$348,000
Pre-Paid Financing Costs	\$812,000
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Total:	\$6,245,000

- ◆ Private service conversions not included

Assessment Basis

- ❖ **Property size is basis of apportionment**
 - ◆ Parcel area in Sq Ft (rounded to nearest 100)
 - Average Lot Size = 2,600 sf
- ❖ **Specific benefits to property**
 - ◆ Aesthetics
 - ◆ Connection
 - ◆ Additional Safety
- ❖ **All properties receive the same benefits**
 - ◆ 3 of 3 benefits = 1.0 “Benefit Factor”
 - ◆ Except for a few parcels on the fringes

Assessment Basis (continued)

❖ Improved Aesthetics

- ◆ Improved streetscape aesthetics
 - Streets = streets and alleys

❖ Connection Benefit

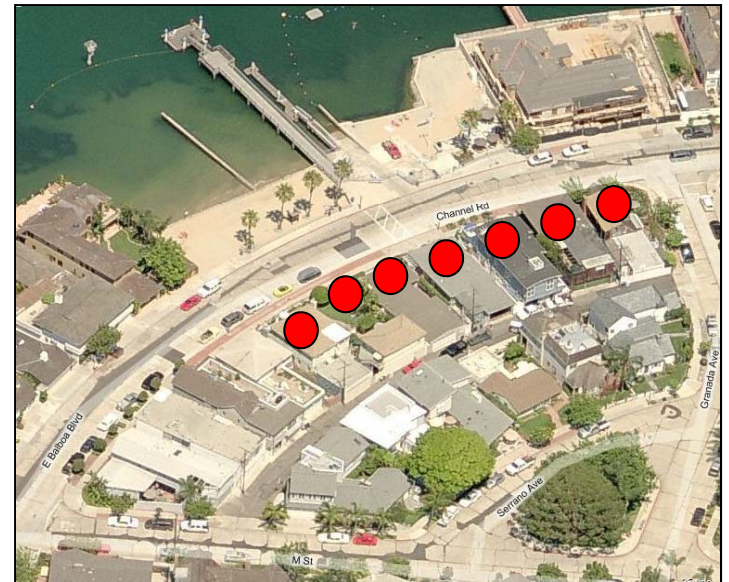
- ◆ Reduced threat of service interruption
 - Due to downed lines and poles
- ◆ All new distribution wires and equipment

❖ Additional Safety Benefit

- ◆ Eliminates threat of downed lines and poles
 - Reduces potential for property damage and fire

Properties Previously Assessed in AD-64

- ❖ **Previously assessed for harbor view enhancement**
 - ◆ Wires and poles were removed adjacent to the park
- ❖ **Discount was given at that time**
 - ◆ For future undergrounding in alley serving the parcels
 - ◆ To make sure no double-assessment would occur
- ❖ **Proposed Assessment**
 - ◆ Is full assessment
 - ◆ Properties benefit same as their neighbors



Estimated Assessment Ranges

52% of parcels pay this or less: \$14,416
Est. annual payment*: \$1,490

Single Res Parcels: \$6,282 to \$52,121
Est. annual payment*: \$680 to \$5,250

Multi Res Parcels: \$13,862 to \$56,002
Est. annual payment*: \$1,440 to \$5,640

*Estimated annual payment

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

Costs of Other Districts

DISTRICT	YEAR	TOTAL ASSESSMENT	NUMBER OF PARCELS	AVERAGE PARCEL ASSESSMENT
64	1995	\$297,587	34	\$8,753
86	2002	\$657,874	135	\$4,873
69	2004	\$10,154,959	662	\$15,340
68	2004	\$6,618,614	530	\$12,488
99-2	2007	\$3,845,000	204	\$18,848
92	2008	\$2,053,537	54	\$38,028
101	2008	\$4,749,060	354	\$13,415
103	2009	\$6,245,000	384	\$16,263



Cost increases over previous years

- ❖ **Construction costs have increased**
 - ◆ 30+ % in last 7 years
 - Per ENR Construction Cost Index – 20 city average
- ❖ **Utility company costs have changed**
 - ◆ Previously costs were only estimated
 - ◆ Now costs based on construction bids
 - Full cost recovery is now required
- ❖ **Street / Alley rehabilitation changes**
 - ◆ Previously only patched over trench
 - ◆ More stringent paving requirements
 - ◆ More City project coordination



Cost increases over previous years (cont.)

- ❖ **Recent environmental impact requirements**
 - ◆ Add complexities and costs
- ❖ **Establishment costs have increased**
 - ◆ Bonding laws have more requirements
 - Require more consultants
- ❖ **City costs have increased**
 - ◆ Better estimates of time / cost requirements
 - City administration
 - Coordination and outreach efforts
 - Construction inspection
 - Ensures proper construction in public Right-of-Way



AD-86 vs. AD-103 Rough Cost Comparison

AD-86

SCE Construction Invoice	\$209,082		
SCE Construction Actual	\$650,873	➔	Difference: \$441,791 (1)

AT&T Construction Invoice	\$224,700		
AT&T Construction Actual	\$324,700	➔	Difference: \$100,000 (2)

Total Construction Actual Difference (1) + (2)			\$541,791
Additional Financing Costs on Difference			\$73,142
			\$614,933 (3)

Total to AD 86 (per Final Engineer's Report)			\$657,874 (4)
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Plus additional repaving cost estimate			\$250,000 (5)
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TOTAL ACTUAL DISTRICT FORMATION COST (3) + (4) + (5)			\$1,522,807
			(\$11,280 / parcel in Year 2002)

AVERAGE AD-86 "ACTUAL" ASSESSMENT IN 2009:	\$14,071 / parcel
AVERAGE AD-103 ASSESSMENT IN 2009:	\$16,263 / parcel



Balloting Procedure

- ❖ **Ballots weighted by Assessment Amount**
- ❖ **Ballots due before end of public hearing**
- ❖ **Only ballots submitted will be counted**
 - ◆ **Replacement Ballots are available upon request**
 - If there is a change of mind
 - If ballot is lost
 - If ballot was never received
- ❖ **Ballots sealed until close of public hearing**



Assessment Ballot Tabulation

- ❖ **50% approval required**
 - ◆ Weighted by proposed assessment amount

- ❖ **If more than 50% of assessments are “no” the district CANNOT be formed**

- ❖ **Otherwise, Council makes final decision**



If Approved, then:

❖ 30-Day Cash Pay-off Period

- ◆ 13% Discount

❖ Bonds sold

- ◆ 15-year bond term

❖ Construction begins

Payment Options

- ❖ **Discounted cash pay-off before bonds**
 - ◆ 13% discount for pre-paid financing costs
 - ◆ Cash pay-off may be in full or in part
- ❖ **Installment payments on property tax bills**
 - ◆ Principal, interest and City administration fee
 - ◆ Interest currently estimated at 5.75%
- ❖ **Pay off or pay down at any time**
 - ◆ Minimal principal increments of \$5,000
 - Plus applicable pre-payment premium
 - Plus interest to next bond payment 90 days after
 - Plus administrative costs
 - Less credit for parcel's share of Reserve Fund



Construction Impacts

- ❖ **Construction duration**
 - ◆ Anticipated: September - May
- ❖ **Construction noise and disturbances**
 - ◆ Work to start at 7:00 a.m., Mon. – Fri.
- ❖ **Impact on property access**
 - ◆ Only during construction hours
 - ◆ 48-hour notices prior to construction
- ❖ **Vault vents**
- ❖ **Private property damages**



Private Service Conversions

- ❖ **Not included in assessments**
- ❖ **Additional costs to property owners**
 - ◆ Trenching on private property to service lateral
 - ◆ Conduits on private property
 - ◆ Service panel replacement
 - Only required if panel is rusty or incompatible with underground system
 - ◆ Estimated cost - \$2,000 - \$5,000
- ❖ **Do not start conversion until release is provided by City**



Schedule of Events

- ❖ **28-Jul-2009 - Public Hearing**
- ❖ **31-Jul-2009 - Notices of Assessment**
 - ◆ 30-day cash payment period
- ❖ **31-Aug-2009 - Cash payment period closes**
- ❖ **Sept-2009 - Bonds are sold**
- ❖ **Sept-2009 - Construction begins**
- ❖ **June-2010 - Private underground conversions**



Contact Information

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Sign-up for Assessment District e-Select

- ◆ www.city.newport-beach.ca.us

City Website

- ◆ www.city.newport-beach.ca.us/Pubworks/Assessment_District/Main_Page.htm
- ◆ Click on “Preliminary AD No. 103”

Next Step:

❖ July 28 - Public Hearing

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

Please return your Ballot!!!

