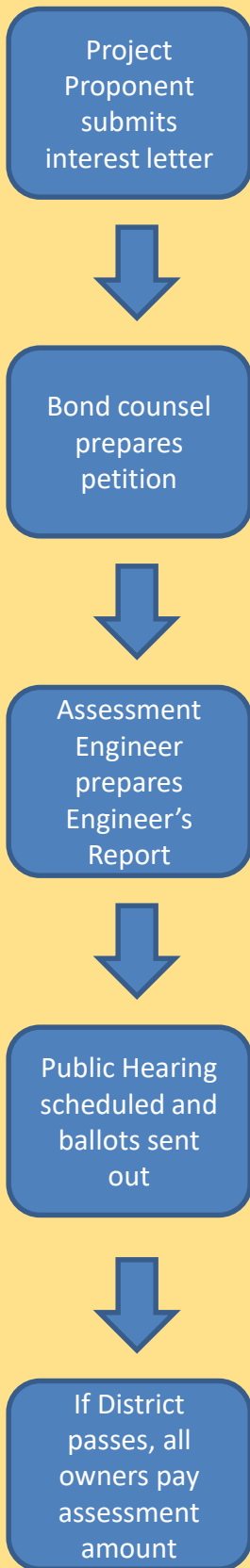


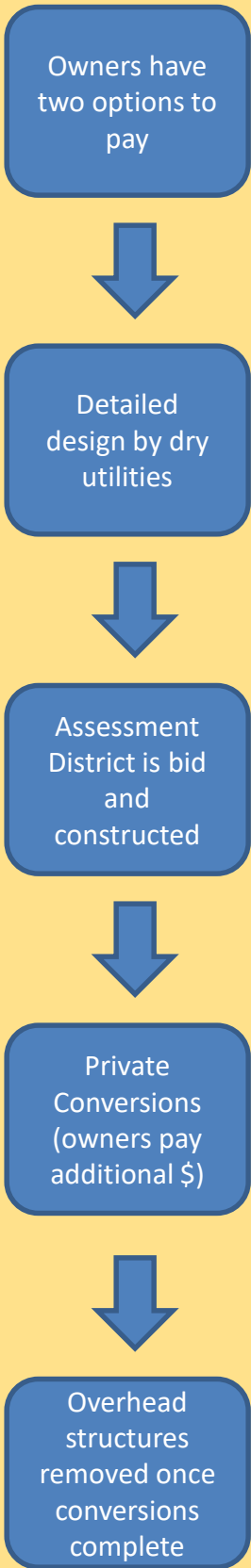


Underground Utilities Assessment Districts A Step-by-Step Guide

Most underground utility assessment districts are formed at the request of the local property owners. The multi-step, multi-year process is explained below.



1. The process is **initiated** by an interested property owner (proponent) who acts as a liaison between the City, utility companies, and neighbors. The proponent and other neighbors in support of undergrounding, submit a letter to the City's Public Works Department expressing their interest in forming an Underground Utility Assessment District. The letter must include the proposed boundaries of the area for undergrounding.
2. Based upon the **interest letter**, City staff prepares a boundary map and submits it to the appropriate utility companies who review and evaluate the map to ensure the boundaries are logical and feasible. Once the district boundaries are accepted by all parties, the utility companies provide the City with a preliminary cost estimate for the design and construction of the district.
3. **Assessment Engineer and/or Bond counsel** is then retained to prepare a petition to be circulated by the proponents to all affected property owners within the proposed district boundaries. The petition states the approximate costs each property owner would be responsible for should the property owners vote in favor of forming the district and proceeding with the utility undergrounding project. In order for the process to continue, at least 60 percent of the property owners by area must sign / express interest. This **petition** is a "show of interest" and does not bind the property owner to the district. The City is neutral on City lands that benefit within the District and are not included in the percentage calculation.
4. Once the petition is certified by the retained Assessment Engineer, City Staff prepares a staff report for City Council approval to initiate proceedings. With City Council approval and direction, the Assessment Engineer will prepare an Engineer's Report. This report will document the assessment amount each property owner within the district would be responsible for, should the district be approved. This report uses the preliminary estimated construction costs provided by the various utility companies as per the petition process. If the district is formed, the funds will be recovered during the assessment process. If the district fails, the funds will be lost.
5. The Engineer's Report and Resolution of Intention are submitted to the City Council for approval and a **public hearing** is scheduled.
6. **Ballots** are prepared with the **assessment amount** and sent to each property owner within the proposed district boundaries. Each property owner then votes for or against the formation district. Each vote is weighted or valued based upon each property owner's proposed assessment.
7. All votes must be submitted to the City by the end of the scheduled public hearing. The district passes if the City received more yes votes than no votes by the close of the public hearing session. If the district passes, all property owners within the district will be responsible for the assessment amounts regardless of the property owner's personal vote.



8. If the district is approved, the property owner will have **two options to pay** for the assessment:
 - a) 30-Day Cash Payment Period: Thirty (30) days after the close of the public hearing, the property owner has the option to pay the full or a portion of the assessment amount or wait until construction is close to starting. The property owner will save approximately eight percent (8%) on the portion of the assessment paid in cash. This 8% savings results from not selling bonds for the amount owed. Bonds will be sold for any unpaid portion of the assessment and a lien will be placed on the property until the bond is paid in full.
 - b) Bond: If the property owner elects to not pay during the 30-Day Cash Payment Period or prior to construction, bonds will be sold. Assessments are placed on the property tax bill to be paid over a 15 to 20-year financing period. During that time, a lien will be placed on the property until the bond amount is paid in full. Bonds incur a finance charge.
9. Following the approval of the property owners for the formation of an assessment district, the **detailed design** process begins. It usually involves the following steps:
 - a. Base mapping
 - b. Southern California Edison electrical design
 - c. Telephone and cable design
10. The duration of each step will generally vary depending on the number of other underground districts in the queue, the size of the proposed district and the complexity of the design. This could take up to one and a half years to two to complete.
11. Once the project is fully designed, it will be bid, contract awarded and constructed.
12. When construction of the underground infrastructure is completed, all property owners are notified that it is time to perform their **private conversions**. Private conversions require property owners to hire a licensed electrician to connect the property's existing overhead connection to the underground infrastructure. The cost of the private conversion is **not covered** in the assessment amount. The assessment amount only covers work performed in the public right-of-way.
13. It is the property owner's responsibility to perform the conversion within the designated time frame. Delays caused by one property owner's private conversion, will cause delays to the whole district because overhead structures cannot be removed until all properties have completed their private conversions.

It is important to note, from the initial letter to the last private conversion, the average process takes approximately seven (7) years, depending on the size of the district. The bond information provided above is based on an average of past assessment districts and varies depending on current rates and size of the district.

