

# **Guidelines TO Underground Utilities in Residential Neighborhoods**



**City of Rancho Palos Verdes  
Public Works Department**

**June 2005**

**APPROVED BY THE CITY COUNCIL  
On May 17, 2005**

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# Introduction

Few improvements enhance the appearance of a neighborhood as much as removing overhead utility wires and poles. Many times these facilities obscure spectacular ocean views, which are often times available throughout the Palos Verdes Peninsula. The process of removing these facilities, however, is costly and complex. Moreover, public funds are generally not available to fund these improvements. The City Council for the City of Rancho Palos Verdes has developed these guidelines to help residents understand and assist neighborhoods with the undergrounding process.

This booklet will assist residents by answering the following questions:

What is the process?

How are improvements funded?

What level of neighborhood support is needed?

What are the typical costs per property?

***The full cost of utility undergrounding in residential neighborhoods is the financial responsibility of property owners. The state of California has a postponement program, which may allow some property owners to defer payment.***

The state of California has a postponement program, which may allow some property owners to defer payment. Information about the State of California Property Tax Postponement program can be found at the State Controller's website at <http://www.sco.ca.gov/col/taxinfo/ptp/faq/index.shtml>.

# Procedures

## Step 1: Building Neighborhood Consensus

### 1.1 Provide City With Letter of Inquiry

Neighborhood submits a Letter of Inquiry to the Public Works Department. The purpose of the letter is to notify the City of the neighborhood's intentions. The letter should identify the area contemplated for undergrounding, indicate to what degree the neighborhood has discussed undergrounding and it should give the name and contact information of a neighborhood representative.

### 1.2 Conduct a Neighborhood Meeting with City Coordinator and Utility Companies.

When the City receives the letter a neighborhood meeting will be scheduled with representatives of the City and utility companies. At the neighborhood meeting details of the program will be discussed.

### 1.3 Formation of Neighborhood Committee

Prior to or at the first meeting with City staff, the neighborhood should form a committee for undergrounding. The committee will be the primary contact with City staff and utility companies. The committee will help to establish boundaries of the district and will serve as the communication link between the City and the neighborhood.

The Committee can be formed by HOA Board of Directors or any group of property owners interested in undergrounding.

The preliminary boundary area of the undergrounding district neighborhood will be determined based upon the layout of the utility system, as well as neighborhood support for the project.

### 1.4 Neighborhood circulates petitions of Interest.

Neighborhood circulates a petition within the boundaries of proposed district.

Property owners interested in the project should sign the petition and attach to the petition a check, payable to the City of Rancho Palos Verdes, in the amount of \$100 as a deposit towards the project. The deposit will be refundable up to the time that the City begins to spend funds for engineering services to design the project.

## **1.5 Neighborhood submits the following to the Public Works Department:**

### **Signed Petitions**

Before construction occurs, engineered plans must be prepared. The City Council will consider advancing funds for the engineering services to prepare the plans only if signed petitions are submitted by two-thirds, (66.6%) of property owners within the project boundary. When the neighborhood has fully circulated petitions in the neighborhood they are submitted to the Public Works Department for verification. Staff will verify that the names on the petitions match the current assessment roles.

### **Plan to address concerns of property owners for whom the project would be a financial hardship.**

In most neighborhoods support for undergrounding project will not be unanimous. In some cases property owners will oppose the project because of financial reasons. Thus when the neighborhood submits petitions, they must also submit a written report indicating for each property that did not sign petition why they oppose the project. The report shall also include a plan to address the concerns of those property owners who are opposed to the project because it presents a financial hardship.

An example of plans that have worked in other jurisdictions is for the entire neighborhood to agree to pay the cost for one or two property owners for whom the project would present a financial hardship.

## **1.6 City Council Meeting**

When petitions are verified the project will be scheduled for a City Council meeting to consider if the City will advance funds to pay for the engineering services to prepare the plan of construction.

When deciding whether or not to advance funds for a particular project the City Council will consider many factors including:

- Project costs
- Availability of funding
- Level of neighborhood support
- How the neighborhood intends to address impacted property owners who have expressed a financial concern over the project

## **Step 2 Project Design and Cost Estimates**

**2.1 Design and Cost Estimate Prepared:**

Southern California Edison, the other impacted utilities and a private engineering firm prepare engineering plans and an Estimate of Project Cost. *Note the estimate of costs will be a total cost, not a property-by-property estimate of costs and will not include the cost of hook ups for individual properties.*

**2.2 Property Owner Information Meeting:**

Once project costs are known a neighborhood meeting is scheduled with City staff and utility companies officials.

**2.3 Neighborhood circulates petitions of Interest.**

Neighborhood circulates a second petition within the boundaries of proposed district. The petition will now include an estimate of total project costs. Property owners interested in the project should sign the petition.

**2.4 Signed Petitions are submitted to the Public Works Department.**

Before construction can occur an Engineer's Report of Assessment must be prepared. This report will review total project costs and assess costs to the various properties within the project boundary based upon the benefit that each property receives. The City will consider advancing funds if and only if petitions are signed by two-thirds (66.6%) of property owners within the project boundary.

Signed petitions are submitted to the Public Works Department for verification. Staff will verify that the names on the petitions match the current assessment roles.

**2.5 Council Meeting:**

When petitions are verified the project will be scheduled for a City Council meeting for consideration of City seed monies to prepare an engineer's report for the formation of the assessment district.

In preparation for the City Council meeting, notices will be sent to all properties in the project area to provide project status and cost.

The City Council will consider many factors including:  
Project costs

Availability of funding

Level of neighborhood support

How the neighborhood intends to address impacted property owners who have expressed a financial concern over the project

### **Step 3: District Formation: Engineer's Report and The Calculation of Assessments are calculated**

#### **3.1 Engineer's Report:**

An Engineer's Report is the document that looks at costs and benefits and allocates project costs to the various properties within the project boundary. The report includes a review and restatement of total project costs determined by the design engineer; it lists and provides a map of the project area; it identifies the methodology used to determine benefit per property and apportions costs to each property based on the benefit that each property receives from the project.

For example a property that benefits, in the form of an enhanced view due to the removal of a power pole and wires, will be assigned a higher benefit and therefore, have a higher assessment placed against it than a property that does not benefit in such a manner. The report will consider each and every property in this manner. The principal deliverable of the engineers report will be a property-by-property assessment of costs.

#### **3.2 Property Owner Information Meetings:**

A neighborhood meeting will be scheduled during which the Engineer's Report will be discussed.

#### **3.3 Council Meeting to consider a Resolution of Intent to Form and Assessment District:**

The City Council will review the Engineer's Report. If the report is approved, the City Council will adopt a Resolution of Intent, which sets a Public Hearing date, at which time the City Council will hear testimony and decide if the assessment district is formed.

#### **3.4 Notice of Assessment and Ballots Mailed:**

The City Council can only form assessment districts if a simple majority of assessed properties (weighted by assessment amounts) agree to the assessment. To determine if this state mandated majority be met, ballots and Notices of Assessment are mailed 45 days prior to the Public Hearing. The results of the ballot election are tabulated at the Public Hearing.

#### **3.5 City Council conducts Public Hearing:**

A Public Hearing is conducted to review ballot results and to receive comments or protests from the property owners and the results.



If a simple majority of the weighted assessment value property owner's vote in favor of the project, the City Council may adopt the resolution forming the Assessment District.

The term weighted assessment means that the vote of a property owner with a \$20,000 assessment counts twice as much as the property owner with a \$10,000 assessment.

The ballot result is not the only factor that will be considered by the City Council. Other factors that may be considered include:

- How the neighborhood intends to address impacted property owners who have expressed a financial concern over the project.
- Level of neighborhood support
- City benefit from the project

## **Step 4: Assessment District and Bond Sale**

### **4.1 Notice of Assessment:**

If the Assessment District is formed, a notice of assessment and financing options will be mailed to each property owner. A property owner may pay the assessment within the 30-day cash collection period and receive a discount for bond financing costs. Property owners not paying within the 30 day period will have an assessment placed against their property in accordance with the Engineer's Report and will pay off the assessment in semi-annual payments with their property tax bills.

### **4.2 Bond Sale**

The income from the sale of the bonds is used to finance the cost of the utility undergrounding project.

## **Step 5: Construction of Underground Utility Improvements**

### **5.1 Construction:**

The City will either enter into a contract with Southern California Edison to construct the improvements or advertise a contract for the construction. Bids are opened and a contract is awarded at a regular City Council meeting.

Southern California Edison must complete portions of the work related to placing their facilities within conduits, however, much of the work may be advertised for competitive bids.

When all properties are connected to the underground system, the utilities will convert to the underground system and utility wires and poles are removed.

# Frequently Asked Questions

## **What are the typical costs?**

The cost of undergrounding overhead utilities lines varies greatly from project to project; however, a good estimate is \$ 40,000 – \$ 60,000 per property. This amount is typically paid through an assessment.

In addition to the construction within the street, the service connection to the individual homes must also be reconstructed. Under Assessment District law, the cost for these private connections is the responsibility of property owners. However, the law also provides that property owners can fill out a consent form requesting the City to construct the service as well and in such cases, the cost is included in the assessment.

The cost to reconstruct individual service connections will vary greatly depending upon distance from the street to the connection point, as well as the type improvements that are impacted by the construction. A good estimate for a 40-foot connection in lawn, or standard concrete or asphalt is \$5,000.

## **Will everyone pay the same amount?**

Generally no. The assessment process will determine the amount paid by various properties and will vary depending on the benefit the property receives from the project. For example properties with views greatly improved by the project will pay a higher assessment than a property with little or no improvement to view.

## **How is the area of the district determined?**

The area of the district is determined by the neighborhood, in conjunction with Southern California Edison, to make sure the district boundaries works well with the electrical grid.

## **Will all the wires and poles be removed?**

The undergrounding project will generally remove all wires and poles. There are some exceptions. Poles that support streetlights will not be removed. In addition, poles that support cellular communications will be removed if an alternate location can be found.

## **How long should the process take?**

The length of the process will vary greatly from project to project depending on size, complexity, and availability of City funding and neighborhood support. It will take approximately 12 months to design the improvements

and six months to form the assessment district. A good estimate of time for the entire process is three – four years.

**Why can't the City pay for undergrounding utilities?**

Although the City is supportive of neighborhood undergrounding projects, adequate funding is not available. The undergrounding program requires the City to advance the cost for engineering services to design the plans and to prepare the Engineer's Report of Assessments. These costs, however, will be added to the cost of construction and included in assessments.

**Does the City receive funding for undergrounding from Southern California Edison?**

Yes, however, these funds are limited and are generally used for projects along arterial roadways.

**Why can't Edison pay for utility undergrounding?**

Unfortunately, undergrounding is expensive and there is no legal requirement for Edison to underground their facilities.

**What equipment will still be visible above ground? Will I get a chance to review proposed equipment locations before they are finalized?**

Transformers will be located in sub-surface vaults covered by typical manhole covers.

Telephone systems also require above ground terminals. In addition many underground facilities will require air vents, which will be visible from the street.

**What is an Assessment District?**

An Assessment District is a financing tool used to fund the cost of a construction project over a period of time. With an assessment district, costs are apportioned to each parcel within the project boundary based upon the value of the special benefit conferred on that parcel. The amount each parcel pays is determined in the Engineer's Report of Assessment.

**How will I pay the assessment?**

Assessments can be paid one of two ways, either the amount of the assessment can be paid in cash or it can be financed in which case it will be paid over a time period typically 20 years as part of the property tax bill. Property owners wishing to pay the entire amount up front will save the cost of interest.

**What is the term of the bond financing?**

Bonds are usually financed over 15 to 20 year terms.

**Can assessments be deferred for hardship cases?**

Individuals should consult with a tax advisor to determine if they qualify for the State of California Property Tax Postponement Program. If qualified, the utility undergrounding assessment may be deferred until the property is sold or the estate is settled. Information regarding the State of California Property Tax Postponement Program can be found at the California State Controller's Office website,  
<http://www.sco.ca.gov/col/taxinfo/ptp/faq/index.shtml>.

# **Property Owner Petition**

# Property Owner Petition

TO: Honorable Mayor and Members of the Rancho Palos Verdes City Council

## PETITION OF INTEREST OF PROPERTY OWNERS TO UNDERGROUND UTILITIES WITHIN THE CITY OF RANCHO PALOS VERDES

We, the undersigned, being owners of property within the area of a proposed assessment district to be established under the MUNICIPAL IMPROVEMENT ACT OF 1913, Division 12 (Sections 10000, et seq.) of the Streets and Highways Code of the State of California (the "Act"), do hereby petition the City Council of the City of Rancho Palos Verdes (the "City") to forthwith commence and carry through to completion under the provisions of said Act, all proceedings for the formation of an ASSESSMENT DISTRICT as hereinafter described and for the acquisition of the hereinafter mentioned improvements within the City of Rancho Palos Verdes, County of Los Angeles, State of California.

The area within the City, which we hereby request the City Council to form as an ASSESSMENT DISTRICT, as hereinabove mentioned, is shown on a map attached hereto as Exhibit A entitled "MAP OF PROPOSED UNDERGROUNDING ASSESSMENT DISTRICT FOR THE \_\_\_\_\_ NEIGHBORHOOD"

The improvements, which we hereby request to be acquired for the benefit of the property within the above-mentioned proposed assessment district, are the conversion of existing overhead electrical and communications facilities to underground locations and the removal of poles.

We understand:

- A. That the cost of the improvements will be assessed to the land, which benefits from the improvements including our land;
- B. That a report will be prepared on the project, including plans and specifications, a detailed cost estimate, and a division of the costs among the benefited parcels of land, and that a public hearing will be conducted on the report.
- C. That the cost of engineering, legal, and other incidental expenses will be included in the project cost;
- D. The estimated cost of the improvements to be financed from Assessment District for each parcel is \$ 40,000 - \$ 60,000.
- E. That each property owner may pay his assessment either in cash without interest or in installments with interest over a period of 15 to 20 years.



F. If the parcel's private property service connection to the utilities is not underground, then the property owner will be required to convert the service connection, at your own expense, after the utility undergrounding has been completed. The typical cost is \$ 5,000. This expense may be added to the assessment.

This petition is filed with you under and pursuant to the provisions of Section 2804 of the Streets and Highways Code of the State of California.

The petition may be filed in counterpart or may be joined with other petition for a similar work.

ASSESSOR'S PARCEL NO:

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STREET ADDRESS OF PROPERTY:

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OWNER'S SIGNATURE:

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OWNER'S NAME (PRINTED):

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DATE: \_\_\_\_\_

MAILING ADDRESS (IF DIFFERENT FROM PROPERTY):

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Attach a check in the amount of \$100 made payable to the City of Rancho Palos Verdes.

<p><b><i>The full cost of utility undergrounding in residential neighborhoods is the financial responsibility of property owners. The state of California has a postponement program, which may allow some property owners to defer payment.</i></b></p>
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