

CITY OF ROLLING HILLS

Underground Utilities Assessment Districts Guide

(Initiated by Property Owners)

Most underground utility assessment districts are formed at the request of the local property owners. The multi-step, multi-year process is explained below. City's role is to facilitate meetings, coordinate tasks, and hire and manage consultants. Unless otherwise stated, or decided by the City Council at a time of district formation, all costs of formation of a district, related studies, undergrounding of overhead electrical and communications facilities are the responsibility of the homeowners.

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 (interested parties) in support of undergrounding, submit a letter to the City expressing their interest in forming an Underground Utility Assessment District. The letter must include the proposed boundaries of the area for undergrounding and must be signed by at least owners representing 60% of the properties within the proposed district.
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. Once an estimate of the preliminary cost for the construction is known, the interested parties decide if there is continued support to pursue an assessment district, use a different payment option or agree to abandon the project. Should the interested parties wish to pursue an assessment district, a letter of continued commitment signed by 60% of property owners within the proposed district is submitted to the City.
4. The City retains the services of consultants, including a Financial Advisor, Bond Counsel and Assessment Engineer. Unless otherwise decided by the City Council, the City collects funds from the property owners to pay the consultants.
5. Bond Counsel prepares a formal 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. The cost is based on the preliminary costs received from the utility companies. In order for the process to continue, at least 60 percent of the property owners must sign / express interest. This **petition** is a "show of interest" and does not bind the property owner to the district. (The interested parties are the 60% of the owners; that means that only those pay for the bond counsel, and the other consultants-not the remaining 40%).
6. Concurrently with the Bond Counsel preparing the petition, the Assessment Engineer prepares a report identifying the benefits of the district, identifies the improvements and works with the Financial Advisor to provide an approximate assessment to each owner, based on the specific benefits of the project that each owner will receive. The Bond Counsel's petition is certified by the retained Assessment Engineer.
7. Once the report is prepared and certified, City staff prepares a report to the City Council for the Council's review and approval. A hearing is held with all interested parties. Interested parties make a decision whether to proceed with the formal design of the project by Southern California Edison ("SCE"), Telephone, and Cable utilities which would each generate their final cost for construction based on their respective tariffs and franchise agreements.

8. Design process begins once the utility companies receive the engineering and design fee. It usually involves the following steps:
 - a) Base mapping
 - b) SCE underground conduit and structures and electrical design
 - c) Telephone and cable company design
 - d) Cost estimate

As with the cost for the consultants, unless otherwise decided by the City Council, the City collects funds from the property owners to pay for the design.

The duration of each step varies greatly depending on the number of other underground districts in queue, the size of the proposed district, and complexity of the design. According to SCE, as of 2014, estimated time to complete engineering and designs from all the utility companies is 18-24 months.

9. Once the design is complete and accepted by the City and utility companies, the utility companies provide a “**guaranteed cost**” or “cost of construction”. The Assessment Engineer will use the guarantee cost and all other costs incurred in the past, or anticipated in the future, to generate a final Engineer’s Report. This report will document the “benefit” each property owner will gain from the improvements and the assessment amount each property owner within the district would be responsible for, should the district pass. The assessment amount could be based on the lineal frontage of the property, square footage of the property or divided equally per parcel.
10. The completed design plans, Engineer’s Report, and Resolution of Intention are submitted to the City Council for approval and a **public hearing** is scheduled. An informal property owner information meeting is held prior to the public hearing to explain the details of the proposed district.
11. Ballots are prepared by the bond counsel with the assessment amount and sent to each property owner within the proposed district’s boundaries. Each property owner then votes for or against forming the district. If the assessment amount is based on other factor than equally divided among the parcels, the vote is weighted based on that factor; otherwise each property is allotted one full vote.
12. All votes must be submitted to the City by the end of the scheduled public hearing. Each property has one vote. The district passes if the City receives more than 50% YES votes from the district property owners by the close of the public hearing session. If the district passes, all property owners within the district will be responsible for the assessment amount regardless of the property owner’s personal vote.
13. Based on the number of YES versus NO votes, the City Council at a public meeting will decide whether to proceed with formation of the district.
14. 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. 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, bonds will be sold. Assessments are placed on the property tax bill to be paid over a 15-20 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.

15. All up front costs incurred by the property owners, RHCA or City could be folded into the assessment costs. Once the bonds are sold and all moneys are collected, the City forwards the payment to the utility companies to begin construction. The construction duration will vary depending on the size of the district. In general, the construction phase lasts about a year.
16. In areas outside of public right-of-way where no dedicated utility easement exists, each homeowner may be required to deed an easement to the utilities for the underground lines and structures. Legal costs related to the deeding and recording of these easements may be included in the SCE cost for the construction.
17. When construction of the underground infrastructure is completed, all property owners are notified that it is time to implement 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 and remove the above ground lines. The cost of the private conversion is **not covered** in the assessment amount. The assessment amount only covers work performed in the roadway easement and where utility easements have been obtained.
18. It is the property owner's responsibility to perform the conversion within the designated timeframe. 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, that according to SCE, from the initial letter to the last private conversion, the average process takes approximately four (4) to seven (7) years, depending on the size of the district and other factors.