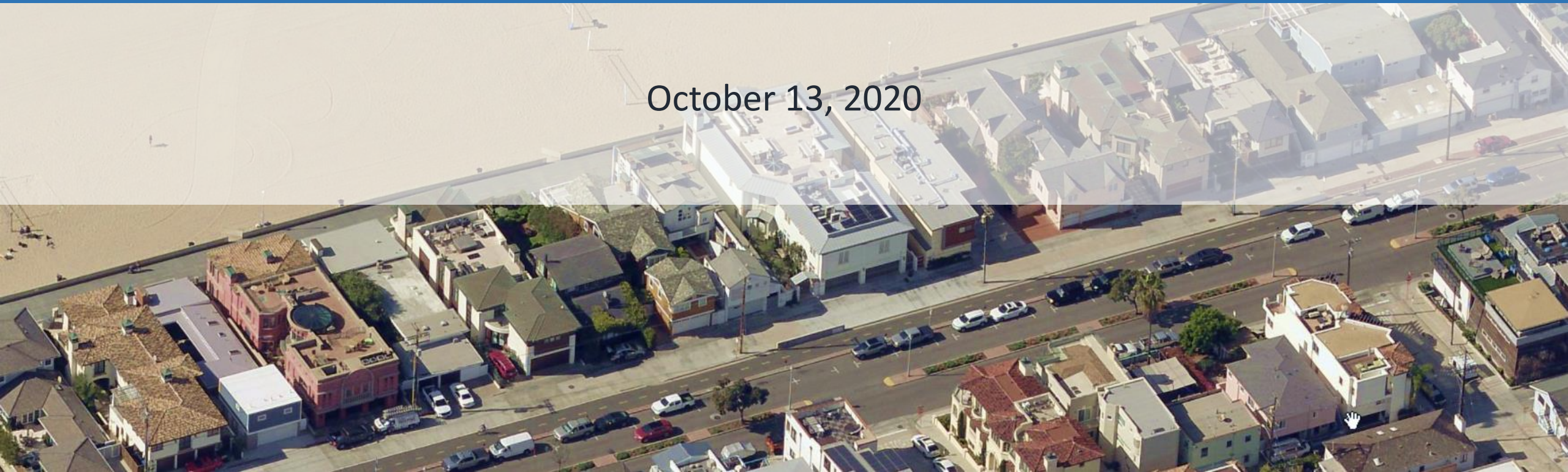
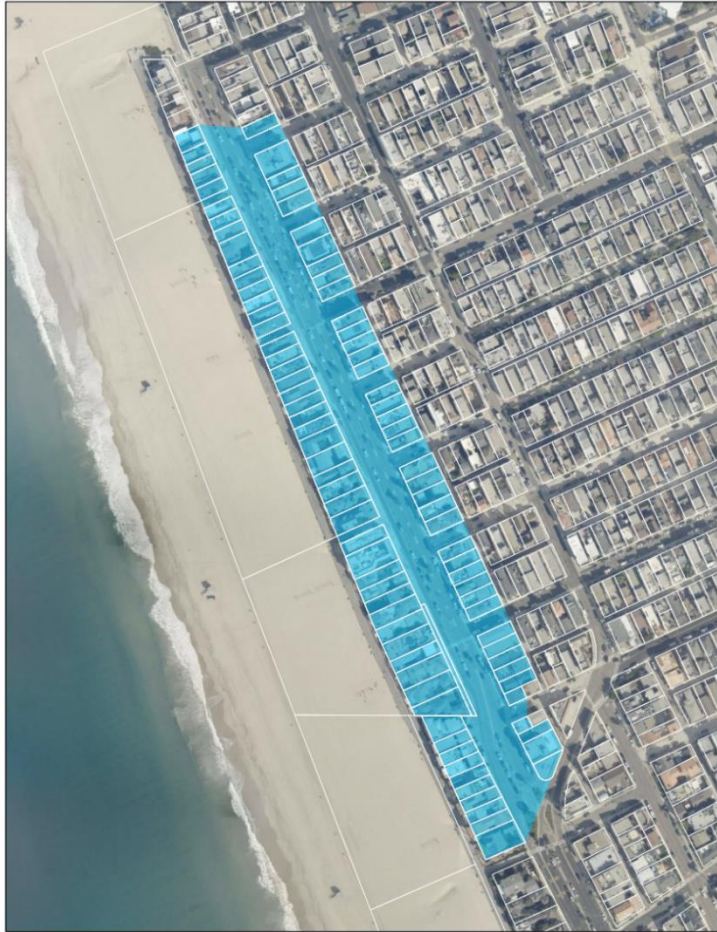


# Greenwich Village North Underground Utilities Assessment District Public Hearing

October 13, 2020



# Greenwich Village Boundary



District Map Area

Hermosa Avenue –

27<sup>th</sup> Street to 34<sup>th</sup> Street

# Recap of the Process to Date

- 2014-2017 – Proponents collect more than 60% support from property owners in proposed district to initiate district formation process with city
- 2017 – Preliminary cost estimates solicited from utility companies and shared with proponents
- 2018 – Letters of Continued Support from more than 60% of property owners received, acknowledging preliminary cost estimates
- 2018-2019 – City entered into agreements with Assessment Engineer, Bond Counsel and Financial Advisor

# Process (continued)

- May 16, 2019 – Assessment Engineer executes certificate of sufficiency verifying 60% support of property owners in the district
- July 23, 2019 – City Council passes Resolution of Intention directing the Assessment Engineer to draft Preliminary Engineer's Report
- August 11, 2020 – Preliminary Engineer's Report completed and approved by City Council. Public Hearing date set for October 13, 2020
- August 14, 2020 – Assessment notices and ballots mailed out to all property owners

# Process (continued)

- State laws
- Neighborhood initiated process
- Underground Utilities Assessment Districts Guide – general roadmap of the process
- Big picture
  - Proponents demonstrate adequate support for the district
  - City hires technical experts (engineer, financing, bond counsel)
  - Proponents demonstrate continued support
  - Council directs preparation of Engineer's Report (July 2019)
  - Council directs ballots mailed and sets hearing
- All to get to a VOTE

# Process (continued)

- This is an election for the residents to choose whether the district is created
- Need more than 50% of the votes submitted to pass
- Votes are weighted by the amount of the assessment
- This is a neighborhood initiated process.
- City wants residents to be informed and make an informed decision.
  - Established a website specific to the district
  - Hosted an information meeting for parcel owners
  - Responded to public records requests and comments, virtually met with parcel owners
  - Created a district specific FAQ

# Assessment Engineer

N | V | 5

Jeffrey M. Cooper, P.E.

Director of Infrastructure, NV5, Inc.

Assessment Engineer for Greenwich Village North Underground  
Utilities Assessment District



## FINAL ENGINEER'S REPORT

The Final Engineer's Report is legally required and contains the following information:

- Assessment Methodology
- Cost of Proposed Improvements
- Assessment Roll
- Assessment Diagram/ Boundary Map
- Valuation Information

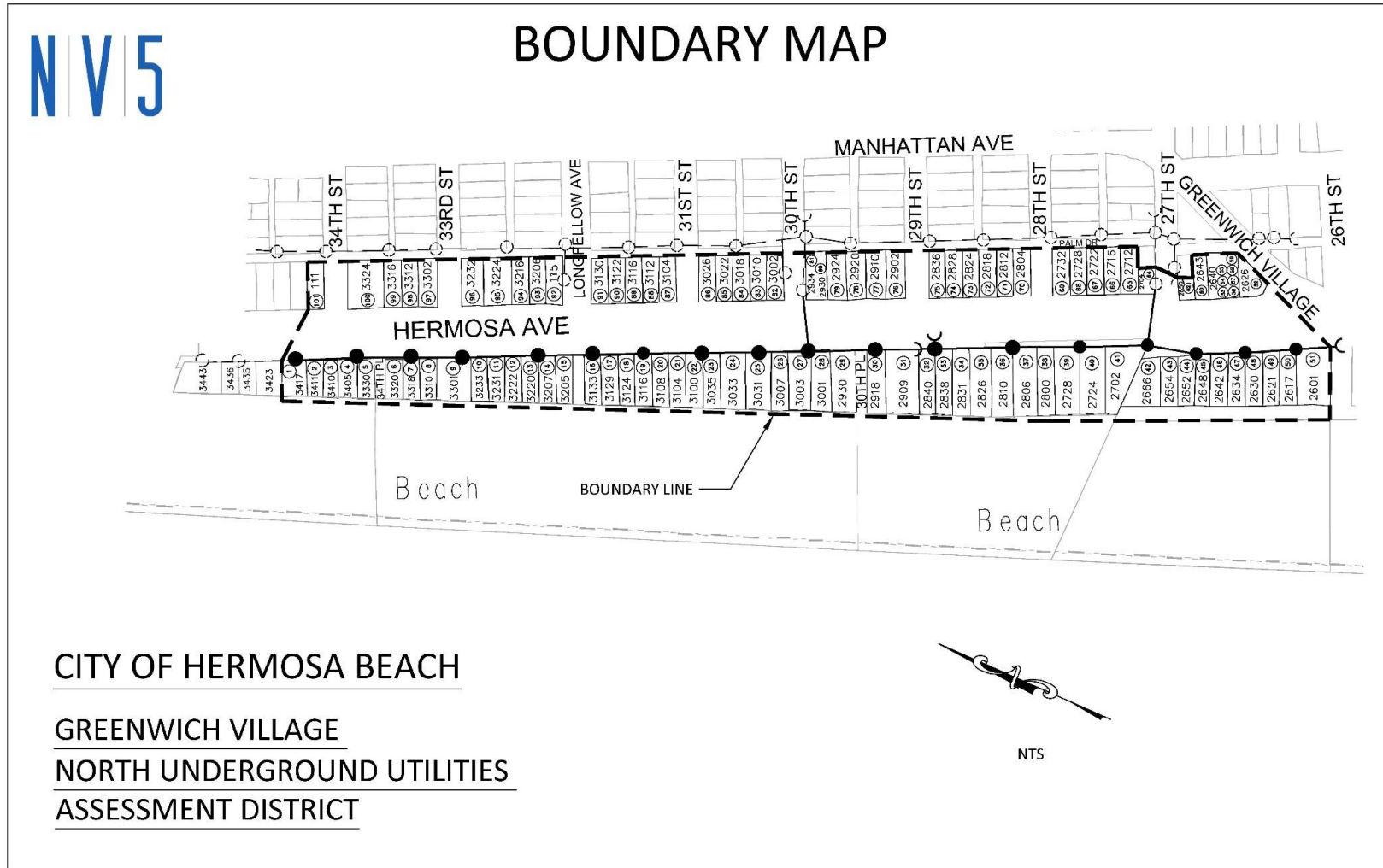


FINAL ENGINEER'S REPORT FOR  
 GREENWICH VILLAGE NORTH UNDERGROUND UTILITIES ASSESSMENT DISTRICT  
PREPARED UNDER THE PROVISIONS OF THE MUNICIPAL IMPROVEMENT ACT OF 1913  
 CITY OF HERMOSA BEACH





## BOUNDARY MAP



CITY OF HERMOSA BEACH  
GREENWICH VILLAGE  
NORTH UNDERGROUND UTILITIES  
ASSESSMENT DISTRICT

## THREE BENEFIT FACTORS – 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, or in proximity of, overhead facilities receive an aesthetic benefit.



## THREE BENEFIT FACTORS – 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. Furthermore, in compact communities like Hermosa Beach, the negative effects of falling lines and poles are more widespread including blocked driveways and alleys, and property damage due to impact. Properties that are adjacent to, or in proximity of, overhead facilities receive a safety benefit.



## THREE BENEFIT FACTORS – RELIABILITY 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, reduced likelihood of corrosion, traffic collisions and obstructions. Properties that are connected to, or have the ability to connect to, the facilities proposed to be underground receive a reliability benefit. This benefit is based upon connecting for each property.



## BENEFIT ASSESSMENT METHODOLOGY

- The special benefits from the undergrounding of overhead utilities are categorized into the three (3) distinct benefits.
- All parcels in the District have an aesthetics benefit. Parcels on the east side of Hermosa Avenue receive a greater aesthetics benefit than the parcels on the west side of Hermosa Avenue by observation in the field and because the removal of overhead wires and utilities impacts these parcels in a greater positive amount as they front these parcels. Parcels on the west side receive an aesthetics benefit as described earlier, as the poles, wires, and guy wires are located adjacent and in proximity to the entrances of these properties.
- The parcels on the west side receive a safety benefit and a reliability benefit, because overhead wires and utility poles are adjacent to, or are in close proximity to, these parcels and because they also connect to the new system. The east side parcels do not receive a safety benefit, as the poles, wires, and guy wires are not adjacent or in close proximity to the east side properties. The eastside parcels do not receive a reliability benefit, as they do not connect to the facilities to be undergrounded.



*West Side of the District*



*East Side of the District*

# BENEFIT ASSESSMENT METHODOLOGY

**Benefit Factor Table**

Benefit	West Side <sup>[1]</sup>	East Side <sup>[2]</sup>	Parcels with special consideration on the East Side <sup>[3]</sup>
Aesthetics	1	3	1.5
Safety	1	0	0
Reliability*	1	0	0
Sum	3	3	1.5

<sup>[1]</sup> Assessment Nos. 1-51

<sup>[2]</sup> Assessment Nos. 52-101 (Nos. 61 and 63 not used)

<sup>[3]</sup> Assessment Nos. 57, 64, 80, 81, 82, and 92

\* Undergrounding design has not been completed. It is anticipated that only the west side parcels will connect.

It is the opinion of the Assessment Engineer that the benefits on the west side and the east side of Hermosa Avenue are approximately equal in total, as shown in the Benefit Factor Table above. The assessed benefit area for each parcel in the district is equal to the sum of the area for each parcel multiplied by the benefit factor for each benefit, and then divided by 3. The assessment for each parcel is determined by the ratio of the individual assessed benefit area to the total assessed benefit area multiplied by the total assessment for the district.

# Parcel Assessment

<b>Number of Parcels</b>	<b>99</b>
<b>Total Assessment</b>	<b>\$4,031,600</b>
<b>Range of per Parcel Assessment</b>	<b>\$4,485.90 - \$96,053.59</b>
<b>Average per Parcel Assessment</b>	<b>\$40,723.23</b>

# Assessment Bonds or Pay Cash?

- Assessment bonds have a maximum amortization period of 25 years
- In today's bond market, the lowest overall debt service would be achieved through a private placement with a commercial bank
  - Banks have a maximum fixed interest rate amortization period of 20 years
  - Publicly offered municipal bonds can use the fully 25 year amortization period allowed, but the cost of issuing the bonds would be much greater, resulting in higher annual assessments for parcel owners
- The statutorily mandated cash payment period allows parcel owners to pay cash before any financing is done
  - Cash payments pay a lower assessment amount – since the assessment bond financing costs are not incurred



# The Numbers: A Comparison Between Annual Assessments and A Cash Payment

	Assessment Bonds	Cash Payment
<b>Par value</b>	4,031,600	3,846,600
<b>Financing term (years)</b>	20	
<b>Interest rate</b>	3.5%	
<b>Annual debt service</b>	(283,668)	
<b>Number of parcels</b>	99	99
<b>Average annual assessment per parcel</b>	(2,865)	
<b>Total annual assessments over 20 years</b>	(57,307)	
<b>Average cash payment requirement</b>		(38,855)

All figures are an average for all parcels. Actual assessments and cash payments will vary based on parcel size

# Next Steps

## **VIRTUAL PUBLIC HEARING**

- Hold a virtual public hearing
- Take Public comment
- Count the ballots
- Note – In order to be counted, ballots must be:
  - Signed in ink by the property owner of record
  - Contain a clearly marked vote (“In Favor” or “Oppose”)
  - Enclosed in a sealed envelope that conceals its contents and is marked  
“OFFICIAL BALLOT ENCLOSED – ASSESSMENT BALLOT – DO NOT OPEN UNTIL  
PUBLIC HEARING”
  - Received by the City Clerk by the deadline

# Next Steps (continued)

- Via virtual viewing, each ballot received will be opened, announced, counted on a weighted basis and recorded.
  - If greater than 50% of ballots received are in support, the Council can vote to form the assessment district.
  - If greater than 50% of ballots received do not support formation, the district fails.
- If the district is formed:
  - Assessment liens are recorded with the County Recorder against all parcels in the district.
  - The District will pay the up front design cost estimate of \$185,000 for the utility companies to initiate the design phase.
  - Utility companies complete design (estimated 18-24 months) and provide construction cost estimate.

# Next Steps (continued)

- While design is underway, property owners are able to prepay any portion of their assessment.
- In concurrence with the completion of design, notice is given that cash collection period is ending.
- Assessment amounts are updated to reflect cash pre-payments.

# Next Steps (continued)

- Bonds are sold.
  - Payment for construction is forwarded to utility companies.
  - Up-front costs for consultants and design are reimbursed to the district.
- Construction begins approximately 2 months after bond sale and award of construction contract.
- Property owners will be responsible for any work necessary to connect the property to the undergrounded utility in the right-of-way, including any upgrades to meters, electrical panels, etc.
  - A deadline will be established after design is complete, and before construction begins
- Construction is typically completed within 2 years.

# Recommended Action for Consideration

- Hold the public hearing and take public comment
- Tabulate ballots for the formation of the Assessment District
- If sufficient ballots are received, consider formation of the Assessment District
- If the Assessment District is formed:
  - Adopt Resolution No. 20-7260 approving the Final Engineer's report
  - Authorize the City Manager to enter into an agreement with the property owners within the Assessment District for the deposit of funds to pay design costs