

SUPPLEMENT TO UNRESOLVED GREENWICH VILLAGE DISTRICT ISSUES

Initially, I prepared a document entitled, “Unresolved Greenwich Village District Issues,” for inclusion as an attachment to the regular meeting agenda on Tuesday, October 13, 2020. The deadline for submission was October 6, 2020. Sometime after the deadline, the meeting agenda was published on the City’s website. On page 8 of the agenda is a list of 7 attachments relative to the Greenwich project and 3 of these attachments present new information from the City that is relevant to my October 6, 2020 document. The 3 relevant attachments are:

3. Final Engineer’s Report – Greenwich Village 10.13.20.
5. Greenwich Village North UUAD – FAQ Final Draft
6. Supplemental Certificate of Sufficiency

Based on the new information in these attachments, I have prepared this document to supplement and reinforce my earlier discussion of the Greenwich project issues.

At the start of my analysis of the Greenwich project, I thought the parcel owners needed to understand the cost risks in this project and their impact on the parcel owners before the ballot; however, this has not been possible because of the pandemic restrictions and the fact that the public hearing is occurring after the ballots have all been submitted to the City. Now, my hope is that the City will recognize that some of my thoughts have merit and will delay this Greenwich process until these issues are addressed and resolved before the start of construction.

PARCEL ASSESSMENTS

REFERENCE: ATTACHMENT 5; FREQUENTLY ASKED QUESTIONS, PAGES 4 AND 5

The general methodology for developing parcel assessments described in the Engineering Reports developed by NV5 is based on standard practices in assessment engineering that have evolved over the years for a typical undergrounding district. A typical district consists of 2-3 hundred homes surrounded by streets that divide the homes into subdistricts. For example, in the nearby Manhattan Beach Project 19-4, 170 homes are subdivided into 12 sections

(4 streets in N/S direction, and 3 streets in an E/W directions). The poles follow the streets, so the 3 special benefits are evenly distributed throughout the district. It doesn't matter if contributions of the 3 special benefits to the total special benefit are not equal because each parcel (with a few exceptions) receives the same amount of each special benefit and, therefore, the general methodology utilized by NV5 can correctly be applied to typical districts. However, the Greenwich project is not a typical district. It consists of 51 parcels on the west side and 48 parcels on the east side of only 1 street with 18 poles in the alley between the 2 rows of houses. The homes on Hermosa Avenue face the poles and the ocean, and the homes on the west side face only the ocean. The poles are behind The Strand homes, and the poles do not block their ocean view.

In the answer to question 9 on page 4 of Attachment 5, the Assessment Engineer recognizes the uniqueness of the Greenwich District and quantifies his assessment methodology as required by Proposition 218. In the newly added Benefit Table, it is his professional opinion that the total Aesthetics Benefit should be split 25% to the west side and 75% to the east side. In addition, in his opinion, the Safety and Reliability Benefits are each equivalent to 25% of the Aesthetics Benefit. In addition, because the East side homes are 70 feet from the poles and none of these homes connect to any of the lines to be undergrounded, in his opinion, they receive no safety and no reliability special benefits.

Now, if you read the answer to question 10 in attachment 5, it says that the CA Public Utilities Commission states that undergrounding eliminates safety issues that arise from vehicles crashing into poles or from vegetation igniting fire when contacting the overhead conductors. In this district, a car would have to go over 2 curbs and across the bike path before crashing into a pole. Furthermore, there is no vegetation near any pole that could start a fire. Therefore, the safety value of 1 allotted to the west side in the Benefit Table is wrong. It should be zero.

Similarly, for reliability, the answer to question 10 says undergrounding improves reliability because it will be less vulnerable to high Santa Ana winds, hurricanes, and winter storms. Here again, this CA Public Utilities Commission statement does not apply to the Greenwich District because Hermosa Beach is not in the hurricane zone, we do not have winter storms like Northern CA storms, and Santa

Ana winds are rarely above 25 knots which above ground electrical systems easily tolerate. There is a small reliability benefit because the installation contains new wires and equipment; however, this small reliability benefit is not equal to ¼ of the Aesthetics Special Benefit as the assessment Engineer has defined in the new Benefit Table.

In my opinion, based on the CA Public Utilities Commission statements noted above and 36 years of being a parcel owner in the District experiencing no safety issues and only 1 reliability issue, that the safety and reliability special benefits are overstated and should be as I have indicated in the revised Benefit Table below:

BENEFIT	WEST SIDE	EAST SIDE	SPECIAL PARCELS
AESTHETICS	1	3	1.5
SAFETY	0.1	0	0
RELIABILITY	0.1	0	0
SUM	1.2	3	1.5

Therefore, I think the parcel assessments should be revised based on the above distribution of the Special Benefits in this unique Greenwich District.

COST ESTIMATES FOR GREENWICH PROJECT

REFERENCE: AGENDA ATTACHMENT 3; FINAL ENGINEER'S REPORT, PAGE 7

There are 4 undergrounding projects in the South Bay. Three are in Manhattan Beach (Dist. 19-12, Dist. 19-14, Dist. 19.4) that are in Phase 1, (Public Right-of-Way Construction), and our Greenwich Project. The Engineering Reports for all 4 projects have been prepared by NV5, Inc., and specifically by Jeffrey Cooper, a registered professional engineer. The headings in the Estimate Tables in the 3 Manhattan Beach reports are the same; however, the Cost Estimate table in the Greenwich Engineer's Report is significantly different.

The line item cost for detailed design of the project is known (\$185,000.) and it has not been included in the cost estimate. This cost should be included in the cost table because it will be refunded to the proponents by the Association from the bond proceeds if the District is formed by the City.

There will be 4 contractors that will be selected by the City if the project is funded. The construction costs for these 4 contractors should be shown in the Cost Table in the following manner:

CONSTRUCTION COSTS

Contractor Utility Structures (Trenching)
 SCE Cable
 Cable and Equipment Installation
 Pole and Wire Removal
 Project Administration Cost (42%)
 Discount (20%)
 Frontier Cable and Equipment Installation
 Crown Castle Cable and Equipment Installation.

One line item listed under Incidental Expenses in the Cost Table is “Design Oversight & City Inspection (\$250k). What is this for? Is the City hiring SCE to administer the project or will the City contract separately for this service?

The construction contingency in the Greenwich project is 40%. In the 3 Manhattan Beach projects, the contingencies are much smaller (5%, 5%, and 10%). The reason for this is that Manhattan Beach pays for the detailed design to be completed before the balloting, whereas Hermosa Beach performs the balloting before completing the detailed design. The Greenwich Village Association has had the money (\$185,000) to perform the detailed design since \$250,000 was collected from proponents in 2015, and this design should have been completed before the balloting. Why wasn't it?

The parcel owner's assessments are based on these inaccurate cost estimates. It would be easy for NV5 to get more accurate estimates for Greenwich undergrounding since NV5 is under contract with Manhattan Beach to monitor the performance of the District 19-4 contractors and, therefore, they have all the cost data which could be scaled to the smaller Greenwich project. Asplundh Construction is the trenching contractor for District 19-4 and is monitored by NV5. This project is a quarter of a mile from the Greenwich project. They are interested in doing the trenching for Greenwich and could quickly and accurately provide the estimate that is missing in the current Greenwich cost table.

In my opinion, the City needs to direct NV5 to refine the cost estimates in the table because these costs are the basis for the parcel assessments.

SUPPLEMENTAL CERTIFICATION OF SUFFICIENCY FOR PETITIONS

REFERENCED: AGENDA ATTACHMENT 6

I requested from the City Clerk a copy of the underlying basis for the NV5 Certificate of Sufficiency of Petition dated May 16, 2019. I received a packet of all the petitions that were collected by the Greenwich Association from 2014 through 2019. These petitions can be partitioned into 3 groups.

2014-2015 Initial Petitions (62) collected by the Association to satisfy the requirement of Step 1 of the Guide to show interest by at least 60 percent of the property owners.

2017 (November 2017 – February 2018)

Letters of Continued Commitment (55) to satisfy Step 3 of the Guide after the preliminary costs (average cost \$25K per parcel) were defined. Did not meet the 60% requirement – 99 parcels.

After February 2018

Any new parcel owners that provided signed petitions after February 13, 2018.

Two rules must be followed to analyze the petitions:

1. If you signed the Step 1 petition but did not sign the continued commitment letter (Step 3), the petition cannot be in the final set of petitions underlying the Certificate of Sufficiency of Petition.
2. If a new petition was signed after February 13, 2018 which was not included in the Step 3 petitions, and you are the current owner, the petition is included in the final set of petitions.

PRIVATE PARTY STATUS

No one in the City is willing to say anything about the “mystery” private party that will pay for undergrounding the last 2 poles at the north end of Hermosa that have been excluded from the proposed District. The proposed parcel members have been asked to vote with no knowledge of the enforceability of the private party commitment, and a rumor is that this private party is selling his property and will not pay for undergrounding these poles. If this occurs, it is easy to see that the Greenwich District will have to pay the additional costs for undergrounding these poles. This issue needs to be settled before the district is formed. If the commitment is not solid, it will be necessary to expand the north end of the District to include the 9 parcels that are currently not in the District. The assessment engineer has indicated that the additional costs would be offset by the assessments to the 9 new parcels in the District. I am not sure this is true. My guess is \$450K to \$315K. In any event, if the private party backs out, it will be a major impact to the District, and this issue should be resolved as soon as possible.

CONCLUSION

My recommendation is for the City Council to delay this undergrounding process to do the following:

1. Complete the detailed design.
2. Modify the Assessment Engineer’s Report with updated costs and revised parcel assessments.
3. Resolve the private party issue.
4. Again, ballot to approve the formation of the District.
5. Complete the project.