

City Clerk  
City of Hermosa Beach  
1315 Valley Drive  
Hermosa Beach, CA 90254

**NOTICE OF  
PROPOSED NEW ASSESSMENTS**  
and  
**ASSESSMENT BALLOT**  
for the  
**CITY OF HERMOSA BEACH**  
**Greenwich Village North**  
**Underground Utilities Assessment District**

Assessment No. \_\_\_\_  
Assessor Parcel No. \_\_\_\_  
Property Owner of Record:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Proposed Assessment \$ \_\_\_\_\_

**ASSESSMENT BALLOT:**

- ☐ **IN FAVOR OF ASSESSMENT**  
☐ **OPPOSE ASSESSMENT**

I hereby declare under penalty of perjury that I am the record owner, or the authorized representative of the record owner, of the parcel identified on this ballot.

\_\_\_\_\_  
Signature of Record Property Owner

*Detach here, fold, seal in the provided envelope, and mail to the City Clerk at the above address - See Part 4 below*

**THE CITY OF HERMOSA BEACH GIVES NOTICE that:**

**1. Purpose of Assessments** The City is proposing to levy new assessments in the above Assessment District that includes your property. The purpose of the assessments is to fund the costs of installation of new, underground facilities to replace existing overhead utility lines, making all acquisitions and doing all work auxiliary to any of the work, acquisitions and improvements previously described and that are necessary to complete the same, and all related administrative and incidental costs, including the costs of forming the Assessment District.

**2. About the Assessments.** The total of all the assessments for the whole Assessment District is \$4,031,600. The proposed assessment for your property is shown above. See the enclosed **"Method of Assessment"** for the way the proposed assessment is allocated. Please read it carefully.

If the assessments are confirmed, the unpaid assessments, unless paid in cash, will continue to be collected against the properties in the Assessment District, including your property, on the property tax bill as long as needed to pay installments of principal and interest on the proposed bonds.

If the assessment lien is confirmed, you will receive new notices telling you of your option to pay all or part of the final assessment lien in cash or allow it to go to bond over a period of not more than 40 years. Your annual installment payment will include repayment of a portion of the assessment lien amount shown above, plus interest, plus administrative charges.

The above assessment does not include the cost of connecting your property to the new, underground system because those costs will vary with each property.

**3. Public Hearing.** Before taking final action on the proposed Assessment District and the assessments, the City Council will hold a Public Hearing at the Council Chambers, City Hall, 1315 Valley Drive, Hermosa Beach, California, on Tuesday, October 13, 2020, at the hour of 6:30 p.m., to take final public testimony and hear protests. At this meeting the Assessment Ballots will be tabulated, the results will be announced, and the City Council will take final action on the assessments.

**4. Assessment Ballot.** Anytime before the end of the Public Hearing, you may submit the Assessment Ballot, which is the top of this Notice, to the City Clerk. To do so: cut off the Ballot portion above; mark the Ballot either "In Favor of Assessment" or "Opposed to Assessment;" sign the Ballot; fold and seal the Ballot in the enclosed return envelope; and mail or deliver it to the City Clerk. If you do not use the envelope provided, the return envelope used should have the words "OFFICIAL BALLOT ENCLOSED -- ASSESSMENT BALLOT -- DO NOT OPEN UNTIL PUBLIC HEARING" printed on the outside. The Ballot may be submitted, changed or withdrawn at any time before the end of the Public Hearing. If you need a replacement Ballot, call the **"Contact Person"** below.

**Any Ballot returned unmarked or unsigned, or not enclosed in a sealed envelope that conceals its contents, or not received by the City Clerk before the end of the public hearing, will be rejected and not counted.** The assessment cannot be imposed if the Ballots submitted in opposition to the assessment exceed the Ballots submitted in favor of the assessment, with each Ballot weighted according to the dollar amount of the proposed assessment on property to which that Ballot relates.

**5. Contact Person.** For more information contact: Lucho Rodriguez, Deputy City Engineer, City of Hermosa Beach, City Hall, 1315 Valley Drive, Hermosa Beach, CA 90254; telephone: (310) 318-0210; e-mail: [lrdriguez@hermosabeach.gov](mailto:lrdriguez@hermosabeach.gov). The Engineer's Report, assessment diagram and other written material about the Assessment District, due to COVID-19 and closure of City Hall, are available for review the city's website at <https://www.hermosabeach.gov/greenwichuad>.  
Dated as of August 12, 2020

City Clerk, City of Hermosa Beach

**EXHIBIT 1**

**CITY OF HERMOSA BEACH  
Greenwich Village North  
Underground Utilities Assessment District**

**METHOD OF ASSESSMENT SPREAD**

*(Attached)*

## Exhibit 1

### Method and Formula of Assessment Spread

Since the improvements are to be funded by the levying of assessments, the "Municipal Improvement Act of 1913" and Article XIID of the State Constitution require that assessments must be based on the special benefit that the properties receive from the works of improvement. In addition, Section 4 of Article XIID of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the local agency levying the assessment must separate the general benefits from the special benefits. It also provides that parcels within a district that are owned or used by any public agency, the State of California, or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. Neither the Act nor the State Constitution specifies the method or formula that should be used to apportion the costs to properties in any special assessment district proceedings.

The responsibility for recommending an apportionment of the costs to properties which specially benefit from the improvements rests with the Assessment Engineer, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. In order to apportion the assessments to each parcel in direct proportion with the special benefit which it will receive from the improvements, an analysis has been completed and is used as the basis for apportioning costs to each property within the Assessment District.

Based upon an analysis of the special benefit to be received by each parcel from the construction of the works of improvement, the Assessment Engineer recommends the apportionment of costs as outlined below. The final authority and action rests with the City Council after hearing all testimony and evidence presented at a public hearing, and tabulating the assessment ballots previously mailed to all record owners of property within the Assessment District. Upon the conclusion of the public hearing, the City Council must make the final determination whether or not the assessment spread has been made in direct proportion to the special benefits received by each parcel within the Assessment District. Ballot tabulation will be done at that time and, if a majority of the returned ballots weighted by assessment amount are not in opposition to the Assessment District, the City Council may form the Assessment District.

The following sections set forth the methodology used to apportion the costs of the improvements to each parcel.

### SPECIAL BENEFITS

In further making the analysis, it is necessary that the properties receive a special benefit distinguished from general benefits conferred on real property located in the District or to the public at large.

The purpose of this Assessment District is to provide the financing to underground existing overhead electrical, telephone and cable facilities as well as rehabilitate the affected portions of streets and alleys within the District. These facilities are the direct source of service to the properties within the Assessment District.

The proposed replacement of existing overhead utility facilities (power, telephone and cable facilities) with underground facilities and removal of the existing utility poles and the overhead wires will provide a special benefit to the parcels connected to and adjacent to, or in near proximity of, the facilities as follows:

- 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. This benefit is based on the area of the parcel.
- 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. This benefit is based on the average area of the parcels to be assessed.
- 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 undergrounded receive a reliability benefit. This benefit is based upon connecting for each property. The benefit is based on the average area of the parcels to be assessed.

By virtue of such special benefits, the proposed improvements will provide a higher level of service, increase the desirability of the properties and will specifically enhance the values of the properties within the Assessment District. Therefore, the proposed improvements are of direct and special benefit to these properties.

The following is a summary of each property with special consideration. Assessment Nos. 64, 80, 81, 82 and 92: the poles, wires, and guy wires to be undergrounded will benefit these properties, but the benefit is reduced by the poles, wires, and guy wires that will remain near the properties. Therefore, these properties will receive a half benefit. Assessment No. 57: the poles, wires, and guy wires to be undergrounded will benefit this property, but the benefit is reduced, as the property is in the back of the unit but gains access to the property from the front of the unit. Therefore, this property will receive a half benefit.

## GENERAL BENEFITS

Section 4 of Article XIID requires that the general benefits imparted by the utility undergrounding project be separated from the special benefits and that only the special benefit portion of the costs of the project be assessed against those parcels which are identified as receiving special benefits. Separating the general from the special benefits requires an examination of the facts and circumstances of the project and the property being assessed.

In this particular assessment district, the streets and alleys along which the existing overhead utility facilities are being undergrounded function as local and collector streets. No other roadways are designated as an arterial, a major arterial or a scenic corridor in the Transportation Element of the City's General Plan. Furthermore, the City has an established network of arterial streets which appear to function as intended to provide for the movement of traffic around and through the community at large without the need to utilize local collector streets for such purposes. Under these circumstances, any use of the streets within the assessment district as "through" streets is incidental.

The properties situated within the assessment district are used almost exclusively as residential. Under this circumstance, the impacts, both visual and safety, are largely isolated to those properties (and the persons who inhabit them) which front on these local streets and alleys, with only incidental impacts on those who visit homes within the assessment district or who pass through the assessment district on trips originating outside the boundary and having a destination outside the boundary.

Based on these facts and circumstances, any general benefits to the property within the Assessment District in general, to the surrounding community and to the public at large from the project of undergrounding these local overhead utility facilities on the local streets and alleys, such as to the general public visiting in cars, on bikes or on foot, are incidental and do not exceed five percent (5%) of the estimated project costs. This general benefit portion of the cost is more than offset by the approximate 20% percent utility company contribution. Therefore, the remainder of the project design and construction costs represents the local and special benefits to the parcels within the Assessment District. Because only the net amount of \$4,031,600.00 is apportioned to the parcels within the District, no parcel is assessed more than its proportional share of the special benefits from the improvements.



Federal Income Tax Component of Contribution Tax (ITCC) has not been included. The ITCC is a tax assessed whenever private party contributions in aid of construction (CIAC) are made. To date, underground utility districts have not been assessed this tax as underground utility districts are viewed as providing public benefit by increasing community aesthetics and public safety.

## METHODOLOGY

Based upon the findings described above, the special benefit received by the properties within the boundaries of the Assessment District is the conversion from an overhead to an underground utility system resulting in additional safety, enhanced reliability, and improved aesthetics to the adjacent properties.

Based on these conditions, it is our conclusion that the improvements specially benefit all assessed properties in the Assessment District.

To establish the benefit to the individual parcels within the Assessment District, the highest and best use of each property is considered. For example, a vacant property is considered developed to its highest potential and connected to the system.

The more a property is developed, the more it benefits from the proposed improvements. Most of properties within this Assessment District are zoned residential and some have one or two dwelling units on them. There is a direct correlation between the size of a property and the extent to which a property may develop. Because parcel size is one of the main limiting factors for what can be built on a property, or the extent the property is developed, the size of each parcel is used as the base unit for measuring benefit.

The area of a condominium is calculated by taking the area of the base parcel and dividing by the number of condominiums.

The special benefits from the undergrounding of overhead utilities are categorized into the three (3) distinct benefits identified above. 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. The parcels on the west side receive a greater safety benefit and reliability benefit because overhead wires and utility poles are adjacent to, or are in close proximity of, these parcels and because they also connect to the new system. 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. Therefore, the assessed benefit for each parcel in the district is equal to the area of the parcel without any other benefit factors applied.



## ASSESSMENT APPORTIONMENT

Each parcel will be apportioned its fair share of the construction costs based on the Assessed Benefit Area calculated for each property.

Incidental Expenses and Financial Costs have been assessed to the entire Assessment District on a *prorata* basis relative to the total construction cost allocations.

The individual assessment calculations are provided in Appendix A. For particulars to the Assessment Roll, reference is made to Table 1 in Part III of this report.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the special benefits that each parcel receives from the works of improvement.

Dated: August 11, 2020



NV5, INC.

A handwritten signature in blue ink, appearing to read 'Jeffrey M. Cooper', written over a horizontal line.

JEFFREY M. COOPER, P.E.  
R.C.E. No. 31572  
ENGINEER OF WORK  
CITY OF HERMOSA BEACH  
STATE OF CALIFORNIA