



Staff Report

File #: REPORT 20-0509, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of August 11, 2020

**ADOPT THE RESOLUTION PRELIMINARILY
APPROVING ENGINEER'S REPORT AND
DIRECTING RELATED ACTIONS FOR THE
PROPOSED GREENWICH VILLAGE NORTH
UNDERGROUND UTILITIES ASSESSMENT DISTRICT**
(Public Works Director Marnell Gibson)

Recommended Action:

Staff recommends that the City Council:

1. Adopt a Resolution No. 20-7252 approving the Preliminary Engineer's Report;
2. Set the date for the Public Hearing for Tuesday, October 13, 2020;
3. Authorize and direct the mailing of combined public hearing notices/assessment ballots;
4. Authorize the City Clerk to receive and tabulate the assessment ballots at the public hearing;
and
5. Authorize the filing of the Boundary Map with the County Recorder.

Executive Summary:

The proposed City of Hermosa Beach Greenwich Village North Underground Utilities Assessment District (Assessment District or District) is intended to finance the undergrounding of overhead utility lines and poles along Hermosa Avenue from 27th Street to north of 34th Street. The undergrounding project and establishment of the Assessment District were initiated at the request of residents along Hermosa Avenue within the proposed Assessment District boundaries. Under the California Public Utilities Commission's guidelines, applicants (property owners) for this class of project are responsible for the costs of the undergrounding. The actions proposed herein would continue the effort to form the assessment district.

Background:

On May 4, 2017, the Public Works Department received a formal request from property owners within the proposed Assessment District boundaries asking the City to proceed with the formation of the Assessment District. The proposed Assessment District contains 99 parcels and includes Hermosa

Avenue from the one power pole north of 34th Street to 27th Street as shown on the Boundary Map (**Attachment 1**). The power poles along Palm Drive and parcels on the east side of Palm Drive are not included in the Assessment District.

In April 2017, the City adopted the “Underground Utilities Assessment Districts Guide (Initiated by Property Owners)” (Guidelines) (**Attachment 2**) to guide the formation of assessment districts for utility undergrounding projects. The Guidelines were updated in July 2019 to add clarity and better reflect the process set out under state law.

On November 27th, 2018, the City Council awarded a Public Service Agreement to NV5 for assessment engineer services. At the meeting, it was also reported that the Municipal Advisor NHA Advisors and Bond Counsel Jones Hall submitted proposals that were within the City Manager’s signature authority. These service agreements were executed in January 2019. The deposit from the property owners for the assessment engineer report was received on November 29, 2018. Fees for the financial advisor and bond counsel are contingent on the sale of the bonds and would be paid from bond proceeds.

The Assessment District is intended to be formed following Alternative 2 of the Guidelines, which provides that the assessments will be calculated based on an engineer’s estimate of the maximum possible project cost, and the design and construction would begin after the district is formed. Actual project construction bidding would occur after the District is formed and bonds are sold. To date, steps 1 through 8 of the Guidelines, summarized as follows, have been completed:

1. Process Initiation-the property owner serving as the neighborhood liaison and project proponent submitted a letter expressing interest in forming the district and showing the proposed district boundaries, which was supported by 60% of the property owners in the proposed district boundaries.
2. Boundary Map-City staff prepared the boundary map that was submitted to the utility companies, which prepared a feasibility analysis and preliminary cost estimate for the design and construction of the utility undergrounding project. These preliminary costs, which totaled \$1,986,259.14, were provided to the property owners in a City letter dated November 20, 2017.
3. Letter of Continued Commitment-a letter of continued commitment signed by at least 60% of property owners was submitted to the City via email dated February 13th, 2018.
4. Consultant Services-the City retained the following consultants needed for the assessment district formation: NV5 as the Assessment Engineer, NHA as the Municipal Advisor, and Jones Hall as the Bond Counsel.
5. Formal Petition-the property owners submitted a petition to the City with at least 60% of the property owners in the undergrounding district supporting the petition. The Assessment Engineer certified the petition.
6. Resolution of Intention-City Council adopted the resolution of intention on July 23, 2019 to formally initiate the formation of the district and to direct NV5 to prepare the preliminary

engineer's report.

7. Preliminary Engineer's Report-the Assessment Engineer prepared the preliminary Engineer's Report and submitted it to the City Council for approval as part of this action.
8. Engineer's Report-the Assessment Engineer generated the Preliminary Engineer's Report and submitted it to the City Council for approval as part of this action.

Analysis:

The Assessment Engineer prepared the Preliminary Engineer's Report (**Attachment 3**), which identifies the scope of the utility undergrounding project, estimates the total project cost (\$4,031,600), specifies the method by which the project cost would be apportioned to each parcel in the Assessment District, and specifies the total assessment amount to be levied on each parcel based on the special benefits each parcel would receive from the undergrounding project.

Upon approval of the attached resolution, the combined public hearing notice/assessment ballot (**Attachment 4**) will be mailed to each of the assessed parcels in the District, the boundary map of the District will be recorded with the County recorder, and the date of the public hearing will be set where the City Council would take testimony from parcel owners in the District and the ballots will be counted. The public hearing is the deadline for property owners in the District to submit their signed assessment ballots to the City Clerk. The ballots specify the assessment amount for each parcel in the District. Each property owner then votes for or against the forming of the District. If more than 50% of the parcel owners' weighted ballots cast vote YES, then the City Council may choose to proceed with the formation of the District. If a majority of the weighted ballots cast vote NO, then the City Council may take no further action on the formation of the District. Should the District formation fail, the funds advanced by the property owners to date would not be reimbursed. If the City Council determines to establish the District, all property owners within the District would be responsible for the assessment amount regardless of a property owner's individual vote. The public hearing takes place at least 45 days after approval of the resolution; the resolution sets the date for the Public Hearing for City Council meeting to be held on October 13, 2020.

Information regarding the process for establishing the District is further outlined in a letter (**Attachment 5**) that will be distributed to all property owners along with the combined notice and ballot. Additionally, an informal question and answer virtual meeting has been scheduled for the property owners on September 10, 2020.

The cost of project design and bidding specifications would be paid by the property owners after the Assessment District is formed, and once bids are received, bonds will be issued to fund the construction costs and reimburse the property owners for their deposit of the costs of project design.

The Assessment Engineer is required to use a conservative estimate of the total project cost, including a contingency, with the intent that the assessments are sufficient to cover the entire cost of the project. If the design and construction costs are lower than the estimates and total assessment

amount contained in the engineer's report, those actual costs will be used as the basis for the annual assessment levies. If actual design costs and construction bids are higher than these estimates and the final approved assessment amount, the property owners would be responsible for paying those additional costs, which may require either a cash contribution from the property owners or a supplemental assessment that would need to be approved by the property owners through a second assessment ballot process.

The companies involved with the undergrounding effort include Southern California Edison (SCE), Frontier, and Crown Castle, with SCE as the lead company. All three companies require up-front payment for estimated design costs in order to begin the design phase, estimated to be \$185,000. The neighborhood liaison has acknowledged receipt of this information (**Attachment 6**). The City will prepare a deposit agreement with the property owners to collect funds needed to pay these up-front costs. The agreement will be presented at the time of the Public Hearing.

Past Council Actions

Meeting Date	Description
November 27, 2018	City Council awarded Assessment Engineer Services for the Greenwich Village North Utility Underground Assessment District
July 23, 2019	City Council adopted the Resolution of Intention to establish the Greenwich Village North Underground Utilities Assessment District; and directed the Assessment Engineer to prepare the Preliminary Engineering Report.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. Relevant policies are listed below:

Governance Element:

2.6 Responsive to community needs. Continue to be responsive to community inquiries, providing public information and recording feedback from community interactions.

2.7 Major planning efforts. Require major planning efforts, policies, or projects to include a public engagement effort.

5.8 Public private partnerships. Pursue the use of public-private partnerships to implement projects and efforts that maintain character and benefit the community.

Parks + Open Space Element:

5.6 Signage and infrastructure. Encourage signage, infrastructure, and utilities that do not block or detract from views of scenic vistas.

Infrastructure Element:

6.2 Below ground utilities. Encourage the phase out and replace overhead electric lines with subsurface lines to reduce visual obstructions and the need for utility poles which can impede sidewalk accessibility.

This project falls within the Walk Street and Sand Section Neighborhoods of the City, where key priorities are maintaining the high-quality pedestrian connections through the walk streets, enhancing multimodal connectivity and retaining the form, scale, and orientation of buildings in this area.

Fiscal Impacts:

Because property owners are responsible for costs associated with this project, all costs of forming the Assessment District, and design and construction of the project, would be paid through a combination of the property owner deposits and the proceeds of the assessment bonds. None of these costs are the responsibility of the City or the General Fund.

Attachments:

1. Boundary Map
2. Undergrounding District guidelines
3. Preliminary Engineer's Report
4. Form of combined Public Hearing Notice/Assessment Ballot
5. Informational Letter to the Property Owners
6. Acknowledgement Letter of Design Cost Estimate
7. Resolution No. 20-7252 Approving Preliminary Engineer's Report and Directing Related Actions for the Proposed Greenwich Village North Underground Utilities Assessment District

Respectfully Submitted by: Marnell Gibson, Public Works Director

Concur: Lucho Rodriguez, Deputy City Engineer

Noted for Fiscal Impact: Viki Copeland, Finance Director

Noted for Legal Review: Lauren Langer, Assistant City Attorney

Approved: Suja Lowenthal, City Manager