

<p style="text-align: center;">CITY OF SOLANA BEACH</p> <p style="text-align: center;">COUNCIL POLICY STATEMENT</p>	<p>POLICY NO. TBA</p> <p>DATE ISSUED:</p> <p>EFFECTIVE DATE:</p>
<p>GENERAL SUBJECT: UTILITY UNDERGROUNDING POLICY</p>	<p>CANCELLATION DATE:</p> <p>SUPERSEDES DATE:</p>

SPECIFIC SUBJECT: UTILITY UNDERGROUNDING POLICY FOR MUNICIPALITY-INITIATED ASSESSMENT DISTRICTS, RULE 20B

PURPOSE: To establish a policy to underground the existing overhead lines in residential neighborhoods, to promote the benefit of undergrounding and encourage the formation of undergrounding districts at the neighborhood level.

BACKGROUND: From time to time residents in the City request information from staff about the process for undergrounding utilities in their neighborhood. Due to California Public Utilities Commission (CPUC) 20A guidelines on what constitutes a 20A conversion district, many times these residential neighborhoods don't qualify for Rule 20A funding. CPUC Rule 20A funds are the set-aside funds from a portion of SDG&E revenues, received from the City of Solana Beach, for undergrounding electric utilities. In general, Rule 20A requires that the funds be used for projects in high traffic or public use areas (see Rule 20A packet). The City Rule 20A funds are used to underground utility lines on Major Arterials and commercial Collector Streets. Rule 20B projects are municipality-initiated utility undergrounding assessment districts. Rule 20A funds may be used to "seed" or "front" preliminary engineering costs for Rule 20B projects, but the funds must be reimbursed to the Rule 20A account upon successful completion of a Rule 20B district.

POLICY:

The City Council establishes the following policy for the formation of 20B utility underground districts.

1. General Provisions

It is the desire of the City Council to be responsive to residents who agree to be assessed for utility undergrounding, as well as to respect those who do not wish to pay for utility undergrounding.

Therefore;

- a) The City will respond to the requests of those desiring undergrounding, rather than initiating utility undergrounding districts.
- b) Initially, the City Council will require a 70% showing of support of property owners benefiting from the assessment district before any “seed” or “front” money will be appropriated.
- c) A majority vote of the property owners, by assessment, is necessary before the City may form a utility district.

2. Funding shall be as follows:

- a. Proposed underground conversion area will be a 20B assessment district. One hundred percent (100%) of the cost will be assessed to property owners.
- b. Payments may be made in cash or spread out up to 20 years.
- c. Assessment payments will be billed on the County Tax Bill.
- d. Property owner is responsible for the connections from the property line to the private service panel.
- e. Any “seed” or “front” money in formation of the district to come from Rule 20A funds which will be reimbursed to the City by the property owners within the conversion boundary in the event of formation of the assessment district.
- f. Maximum amount to be allocated as “seed” or “front” money from CPUC Rule 20A funds shall be ten thousand dollars (\$10,000).

3. Implementation Procedures

- a. Generally the neighborhood that initiates the process of utility undergrounding assigns a Neighborhood Coordinator and circulates the City-approved petition among property owners. A sample petition is attached to the policy. The Neighborhood Coordinator will prepare the boundary map of the area proposed to be the district per the results of the circulated petition.
- b. 70% of the property owners to must sign the approved petition in order to begin the process for forming the assessment district.
- c. If 70% of the property owners approve formation of assessment district, the Neighborhood Coordinator may submit the petitions to the City Engineering Department for verification.
- d. A representative from City staff will notify SDG&E of the proposed assessment district and will provide SDG&E with a map showing the boundaries of the assessment district. SDG&E will then provide the City

with a “ballpark” cost estimate to convert the overhead electric lines to underground.

- e. After signatures are verified by the Engineering Department, the City Council shall be requested to approve “seed” money to prepare preliminary plans and preliminary cost estimate by SDG&E. This preliminary cost estimate will be more accurate than the earlier “ballpark” estimate.
- f. With the new preliminary costs (from SDG&E), the Neighborhood Coordinator will circulate a second petition within the proposed district for a further count of signatures based on the preliminary cost estimate for each property owner. A petition of the property owners in the proposed district must indicate that at least 60% wish to go forward with the formation process. Proposed boundaries of the district are submitted with the petition.
- g. If 60% of the property owners in the proposed district sign the petition in step (f), staff will require a \$20,000 deposit to retain an assessment engineer. Expenditures are controlled by the City. A reimbursement agreement between the City and proponents shall govern the deposited funds.
- h. Using the above (g) information, Bond Counsel prepares the petition and drafts the reimbursement agreement between the City and proponents of the project. Residents within the proposed boundaries of the assessment district then submit the required \$20,000 deposit.
- i. To formally initiate the assessment district, the Bond Council reviews the petition and prepares a resolution initiating proceedings to consider formation of the district for City Council approval.
- j. Next, the City Council approves the reimbursement agreement, accepts the petition, approves the boundary map and declares its intention to form the district and orders the preparation of an Engineer’s Report.
- k. The Assessment Engineer’s Report will include a map of the district boundary, a description of the improvements, an estimate of the total costs of the improvements, the methodology by which the special benefit is determined and the assessments are to be spread, as well as the amount to be assessed upon each parcel.
- l. City Council approves by resolution the Engineer’s Report and sets the time, date and location of the Public Hearing.

- m. Public Hearing and Assessment ballots are mailed. The notice will contain the estimated total assessment amount chargeable to the district, the amount chargeable to the record owner's parcel, the basis for assessment, information regarding the Public Hearing, and summary of the procedures for the completion, return, and tabulations of the assessment ballots.
- n. The City Council conducts a Public Hearing at which the City Council considers objections, if any, to the proposed assessment. Following closure of the Public Hearing the City Clerk tabulates ballots and reports to the City Council. Assessment ballots are weighted on the basis of the dollar amount assessed to each parcel for which the ballot is submitted. If a majority of the weighted assessment ballots returned oppose the proposed assessment, the City Council may not levy the assessment. If a majority of the weighted assessment ballots returned are in favor, the City Council, in its discretion, may adopt a resolution declaring the amounts of the tabulation of assessment ballots, approve the Engineer's Report, authorize the proposed improvement described in the report, confirm the assessment and direct the City Clerk to file an assessment diagram and notice of assessment with the County Recorder's Office.
- o. The City Clerk records a Notice of Assessment with the County Recorder's office. The Finance Director then mails a statement of assessment to each property to be assessed.
- p. Property Owners have the option to pay all or portion of the assessment during the cash collection period – 30 days.
- q. Following closure of the cash collection period, all uncollected assessment will be levied against the properties over a number of years and collected on the tax roll.
- r. City Council will authorize the issuance of bonds.
- s. Utility companies will prepare the project design plans and complete construction.

- Attachments:
- 1. Resolution of Policy Approval
 - 2. Petition
 - 3. SDG&E Rule 20B Guidelines
 - 4. Municipal Improvement Act 1913 flow chart
 - 5. Questions and Answers for Property Owners Regarding Assessment District Formation