



Agenda Item No. 12.

Staff Report

Date: June 13, 2019

To: Mayor Kuhl and Councilmembers

From: Richard Simonitch, Public Works Director
Joe Chinn, Town manager

Subject: Town Council discussion and consideration of Resolution No. 2112 adopting a Town Policy for the formation of Underground Utility Districts by private property owners in the Town of Ross.

Recommendation

Town Council discuss and adopt Resolution No. 2112 establishing a Town Policy for the formation of Underground Utility Districts by private property owners.

Background and discussion

At a regular Town Council meeting held on February 14, 2019, staff made a presentation to Town Council describing, in general, the process and procedures involved with the formation of Underground Utility Districts (UUD) by private property owners. The presentation also included a discussion on State and local laws that govern the formation of a UUD and introduced certain discretionary considerations involving petitioning and balloting that will require a Council decision in order to finalize the UUD Policy.

During the presentation, staff requested input from the Town Council on several items that would be needed for staff to bring a draft UUD policy back to council for adoption.

Policy considerations for Council

- A. What percent of property owners within the approved district boundary do Councilmembers want to sign a petition before the Town takes the steps to proceed in forming the UUD? A higher percentage of parcels reduces the likelihood that the election to form the UUD will fail. Staff recommends 65% of the parcels sign, though Council could choose a lower or higher threshold.
- B. What information should be required for Council to accept the petition and move forward with the formation of the UUD? Staff recommends a boundary map containing the parcels within the district, and the petition wording as shown in "Attachment A" in the draft UUD policy which includes an estimate of the total cost of the proposed project to be financed by the proposed assessment district bonds, and the number of parcels in the proposed district.
- C. Assessment ballot procedures for property owner approval or denial of a proposed assessment district. Property owners within the boundaries are provided ballots. State law states that if

there is a majority protest against the imposition of an assessment, the agency cannot impose the assessment. However, the Town can add additional criteria to the voting procedures to an assessment ballot procedure. Thus, even if there is less than a 50% protest, legally the Town can proceed, but it does not mean the Town has to proceed. The Town has flexibility to setting the criteria on which it will proceed if there is no majority protest - for example - the Town could lower the protest percentage from 50%, to say 35%, 40%, or 45% protest to make sure more of the property owners support the assessment than just a simple majority of a weighted benefit support. The Town can also add other criteria such as a majority of parcels support – this would prevent the imposition of an assessment with fewer than a majority of parcels in support (this could happen if parcels with larger assessments support given their vote is larger than many other parcels, and thus have a larger say in the outcome than an average or low assessed parcel).

There are substantial costs associated with hiring a firm to complete the Engineers Report, preparing construction documents for bid, legal costs, and other consultant costs needed in moving the proceedings forward to a public hearing. Ultimately, if an assessment district is formed, all costs associated with the proceedings can be reimbursed through the assessment bonds. The financial risk is if the proceedings do not end up in district formation, the costs are out-of-pocket. Staff is recommending that all costs associated with all consultants be paid by the petitioners with the Town donating the time of Town staff during the proceedings (which cost is also reimbursable if bonds are issued).

Neither the initial petition nor, for that matter, the absence of a majority protest legally obligates the Council to go forward following the hearing. There will certainly be some policy and public relations issues to be managed in that case, especially if the petitioning property owners are required to put up a deposit to pay for the preliminary engineering (and legal) expenses. Staff recommends that Council establishes a percentage of the ballots required to proceed with the formation of the district that is commensurate with the potential risks involved in completing the undergrounding project.

The use of the Assessment District Acts of 1913 and 1915 for undergrounding utilities versus the Mello-Roos Community Facilities Act. Staff is recommending the use of the Assessment District Acts for undergrounding utilities versus the Mello-Roos Act because under a Mello-Roos district the voting procedures create additional uncertainty in a process.

The draft UUD policy is attached. In order to adopt the policy, certain numbers and percentages included in the draft UUD policy are placeholders and must be established per the above discussion points. Except where required by law, these percentages are established at the discretion of the Town but need to be memorialized for consistency through the adoption of Resolution 2112 and the final UUD policy.

Alternative actions

Discussion item and alternatives are available to discuss.

Fiscal, Resource and Timeline impacts

There are substantial costs associated with hiring the various consultants necessary to moving a district proceeding forward as discussed above. Unless Council decides otherwise, all of the costs incurred by the Town during the formation of the assessment district would be funded by the Property Owners and ultimately the district if it is formed and bonds issued. A considerable amount of staff time will be required during the formation of the assessment district including reviewing the engineer's reports, reports for multiple Council proceedings related to a district formation, CEQA review, providing

information and answering questions of residents, noticing, bid and award of the construction contracts. These costs related to staff time would only be reimbursed if the district forms and bonds are issued.

Environmental review (if applicable)

Not applicable.

Attachments

- Resolution No. 2112
- Draft Underground Utility District Formation Policies and Procedures

TOWN OF ROSS

RESOLUTION NO. 2112

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF ROSS ESTABLISHING A TOWN POLICY FOR THE FORMATION OF UNDERGROUND UTILITY DISTRICTS INITIATED BY PRIVATE PROPERTY OWNERS

WHEREAS, the 2007 Town of Ross General Plan identifies a near-term action to “undertake a program to underground utilities in Town neighborhoods if an investigation shows resident financial support for such action or if alternative viable funding mechanisms can be developed; and

WHEREAS, undergrounding of overhead utilities improves public safety under fire, earthquake and high wind conditions; reduces utility company maintenance costs for tree trimming to maintain overhead lines and equipment; and results in improved visual characteristics; and

WHEREAS, Ross Municipal Code (RMC) section 15.28 codifies certain procedures, definitions, and requirements related to the formation of Underground Utility Districts initiated by resolution of the Town Council; and

WHEREAS, RMC section 15.28 does not provide sufficient guidance regarding Underground Utility Districts initiated by private property owners, including petitioning, election, or funding procedures; and

WHEREAS, The Municipal Improvement Act of 1913 (Streets & Highways Code §10000 *et seq.*), will be the primary legislation used by the Town for the levy of assessments for the costs associated with the formation of assessment districts; and

WHEREAS, Town staff may, from time to time and for clarification purposes, update the Policies and Procedures document Attachments B, C, and D without Council approval;

NOW THEREFORE BE IT RESOLVED, the Town Council of the Town of Ross does hereby approve the attached Policies and Procedures for Underground Utility District Formation by private property owners.

The foregoing resolution was duly and regularly adopted by the Ross Town Council at its regular meeting held on the 13th day of June, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

P. Beach Kuhl, Mayor

ATTEST:

Linda Lopez, Town Clerk

Underground Utility District Formation
Draft Policies and Procedures
June 13, 2019

Policy & Procedures for the Utility Undergrounding of Residential Neighborhoods

1. Background

Over the past couple of years, the Town has been approached by residents, about the possibility of undergrounding the existing unsightly utility poles and lines along their streets. Utility poles can be independently owned or jointly owned by electricity, telephone and cable TV companies. The majority of poles located in the Town of Ross are owned by Pacific Gas and Electric (PG&E) and usually carry other utilities including phone and cable television. It is in the best interest of the public for the Town to help facilitate removal and undergrounding of these poles and lines.

The Town of Ross supports the undergrounding of overhead utility wires and poles. Undergrounding of overhead utilities improves public safety under fire, earthquake and high wind conditions; reduces utility company maintenance costs for tree trimming to maintain overhead lines and equipment; and results in improved visual characteristics.

2. General Overview

Although these policies and procedures have been created to assist homeowners, it may still be more economical and timely for a group of individual property owners to work directly with utility companies instead of involving the Town to underground the utility lines in their streets.

These policies describe the basic considerations and actions required to form an assessment district to finance the costs associated with undergrounding of overhead utility lines. The policies are provided to guide property owners in achieving undergrounding of utilities in their neighborhoods and to help the Town Council, Town Staff and Town consultants in assisting in such efforts.

To provide for financing undergrounding of utility lines, the most common financing method for property owners is through assessment districts established by the Town under State law which impose a special assessment on property benefitted by the improvements financed by the assessments. Unless contributions are available from other sources, property owners should assume that 100% of the cost of the special benefit provided to property owners by the underground project would be assessed to the properties in the district. Formation of an assessment district also provides a means to:

- Identify parcels specially or generally benefitted;

- Provide for design and implementation of the project within public right of ways;
- Provide for sharing a portion of the total cost by imposing assessments;
- Provide for bond financing of the project for those who wish to pay over time.

3. Procedure

- 3.1 Obtain Packet of Information - The first step to a neighborhood utility undergrounding project is to obtain a copy of the Utility Undergrounding Policies and Procedures from the Town.
- 3.2 Form Neighborhood Committee - Property owners should form a local committee of interested residents to assist with the project and provide the Town with a single point of contact. A committee of 3 to 5 people is probably sufficient. The Committee will be responsible for organizing neighborhood meetings, gathering support, and distributing information about the project.
- 3.3 Kick-Off Meeting - Once a local committee is formed, contact the Town Engineer at Town Hall, 31 Sir Francis Drake, to schedule a kick-off meeting. The purpose of the meeting will be to go over the undergrounding policies and procedures, select initial project boundaries and answer all questions.
- 3.4 Estimates for Project Cost - The local committee will contact the various utilities and request rough estimates for the project based on the boundaries selected in the kickoff meeting. Acquiring this information from PG&E and other utilities (if applicable) may take several months.

The California Public Utilities Commission (CPUC) regulates PG&E, AT&T (communications) as well as other utility providers in the State. For PG&E, the PUC requires that the minimum size residential block to be included in an underground assessment district includes both sides of a street for at least one block or 600-feet long, whichever is the shorter distance. AT&T has a similar minimum requirement. In addition, since assessment districts require assessment engineering, public hearings, legal review and bond costs, it may not be financially beneficial for residents to participate in smaller undergrounding projects.

- 3.5 Committee Holds Neighborhood Meeting to Gauge Support for Project - Based on the estimates returned by the utilities, an approximate average cost per parcel estimate can be made. At this point, the Committee should hold a neighborhood meeting to gauge support for the project. Based on the consensus of the Committee and the neighborhood, the project will either move forward or terminate at this point. The Town will provide the Committee with a listing of all property owners for the project area. It is important to stress that property owners, rather than renters be contacted. Renters do not have the right to cast a ballot on the creation of the assessment district.

- 3.6 Informal Boundary Map - As part of the Petition process, the Committee must prepare an informal boundary map showing the area proposed to be included in the district. The Town will review this map and may suggest changes, as required to satisfy utility companies' requirements and potentially requests of other, adjacent property owners.
- 3.7 Circulate Petitions of Interest - Assuming there is support for the project, a formal written Petition of Interest must be circulated to as many of the property owners in the proposed project area as possible. The petition form is included in Attachment A (which may be circulated in counterparts). It is important that the Committee share with the property owners the approximate costs of undergrounding as well as the area proposed for undergrounding.
- 3.8 Submit the Petitions of Interest - Once the Committee has contacted property owners in the proposed area, submit the petitions to the Town to be verified. The written petition must show the support by owners of at least sixty five percent (65%) (**This figure is a placeholder - Council to determine %) of all of the parcels of property in the prospective district. Signing the petition is not a vote, nor does it commit the Town to the initial estimate given. Later in the process, all of the affected property owners will be given a more exact estimate and will then have the opportunity to officially vote for or against the project.
- 3.9 City Verifies Signatures -At this point, the Town will verify that at least 65% (**This figure is a placeholder - Council to determine %) of the signatures on the petition are valid property owners for the proposed undergrounding area. In the event that the Committee fails to meet the requirement, they will have to decide whether to continue the project and try to seek additional support, modify the project boundaries, if possible, or terminate the project.
- 3.10 City Requests Engineering and Legal Services Cost Proposals - Assuming that the petition threshold was met, the Town will contact and request a cost proposal from an experienced Assessment Engineer (Engineer-of-Work). The proposal scope of work will generally cover the preparation of cost estimates, plans and specifications, assessment engineer's report, notice and ballots, and other documents necessary to take the formal assessment district formation process to the point of the majority protest process on the assessment by the property owners.
- 3.11 The Town will also contact and request a cost proposal for legal assessment advisory services. These services are required to help advise the Town and property owners on the size, structure, procedures and transaction requirements of the assessment bond. The property owners also must pay for these costs in advance. PG&E, AT&T and possibly the cable TV companies will require their design costs to be paid up front for preparing construction plans and specifications. These pre-assessment formation costs are estimates only and actual costs depend on the size of the

district, complexity of the project and the market costs for the preliminary services required to form the district.

3.12 Deposit Required from Property Owners - The property owners will need to raise funds for the assessment engineering, legal advisory services, Town non-staff costs, utility company design costs and any preliminary and incidental costs determined by the Town to be necessary and appropriate, and deposit the full amount of these services with the Town prior to Town staff bringing this project to the Town Council for consideration. These costs may be significant and could be in the hundreds-of-thousands of dollars. Upon receipt of a satisfactory petition, deposit and informal boundary map, the Town will begin the process of district formation. It is very important to note that if for any reason the district is not formed and/or fails to issue the bonds, the Property Owners will receive back only the amount of their contributions that have not been spent, if any. If the District is formed, these costs can be credited against the assessment, or refunded to the property owners and added to the total assessment costs.

3.13 City Staff Costs - Some Town staff time will be needed to assist property owners with forming an underground assessment district. Town staff from Engineering, Finance, and the Administration office will be involved. The Town will track staff costs and if the District is formed, these costs will be added into the assessment. If the District is not formed for any reason, the Town will absorb these costs. All costs associated with the Town Attorney's office and all consultants hired by the Town will be paid by the property owners which, like other costs, are reimbursable if the district is formed.

4. Procedural Events and Steps for Assessment District Formation

The Town will seek to fund utility undergrounding on residential streets by establishing a traditional assessment district, as provided by State law in the Municipal Improvement Act of 1913, which provides for assessments to raise money for public improvements, subject to the requirement of Proposition 218 that such an assessment will not be imposed if a majority (50% of the total amount assessed to all parcels returning ballots, plus \$1.00 or to a different threshold as established by the Town), of those turning in ballots are against the assessment or it fails to pass the Town Policy voting threshold stated later in this document. At the property owners' cost, the Town will be responsible for contracting with the appropriate professionals and contractors to ensure that the undergrounding is competently conducted from initial assessment formation through final construction.

The procedures, events and steps described below are governed by California State law and guidelines of the California Public Utilities Commission (regulating the Pacific Gas and Electric Company (PG&E) and other utilities) about the physical and financial requirements for utility undergrounding projects. The Town must comply with these laws and regulations while taking appropriate actions to coordinate the project from its inception to its completion.

Assessment districts help residents pay off the cost for this work on an annual basis through their property tax bill typically over a 20 to 30-year period. This process also requires the Town to manage the design and construction of the utility undergrounding with some or all of these costs eligible for repayment back to the Town through the annual assessment. The Town is also obligated to administer the district and levy the property assessment on an annual basis, which costs are also eligible for repayment through the annual assessment

The Town will retain the Assessment Engineer or Engineer-of-Work for the assessment district, along with Bond Counsel and the bond Underwriter. The Engineer-of-Work will prepare an estimate of all of the costs of the project. Those costs will include construction cost estimates (based on information from the utilities) and an allowance for the Town's administrative costs calculated to reimburse the Town for the work of Town staff on the project and bond issuance costs and deduct any possible contributions.

That net cost will be apportioned or "assessed" to each of the parcels in the district based on how each parcel is specially benefited from the undergrounding work. Under Proposition 218, the Engineer-of-Work is responsible for defining the special benefit each parcel receives and may take into account a variety of factors in defining that benefit. The method of allocating special benefit may vary from district to district depending on the conditions of and the improvement for each such district.

Under State law, the Town Council must hold a public hearing and conduct an assessment ballot to seek approval of the assessment part of the district. The Town approval level required to move forward with the District is set at no more ballot protest than 45% of weighted assessments and no more than 40% of Parcels returning a ballot on the assessment (***These figures are a placeholder - Council to determine %). If approved, the Town may proceed with the assessment and the district. The assessment may then be paid in cash or allowed to "go to bond" or be financed at tax-exempt municipal bond rates for up to 30 years. Bonded assessments are collected on the County tax bill. The assessment is not a personal obligation of the property owner and it passes with title to the property assessed, like regular property taxes. Bond Counsel and the bond underwriter will prepare documents needed for the bonds.

The entire process may take at least 24 to 48 months (assuming no legal actions/challenges). The duration of the process will be affected by factors such as utility company financial condition, staffing priorities, and how responsive and cooperative residents are to re- establishing utility services.

First Council Meeting - Resolution of Intention, Approve Consultant Contracts:

Once the appropriate funds have been received from the property owners for the engineering and legal services, Town staff will prepare a request to the Town Council to approve the proposed district boundary map and the consultant contracts for the preparation of an Engineer's Report and preliminary assessment process. All residents and

property owners within the proposed assessment district will be notified in writing by the Town about the proposed undergrounding project as well as the date and time for the first Town Council meeting.

An Engineer's Report, as required by law, details the estimated cost for each individual parcel of land in the proposed assessment district. In addition, the Report explains the method for distributing the cost of the project amongst all of the affected property owners. Also at this point, the Town would formally request that the utilities prepare detailed plans and specifications for the project. Property owners within the proposed assessment district will pay for any costs associated with utility company design up front.

Again, it is important to note that should the assessment district be approved, both the cost for preparing the Engineer's Report and the cost of preparing the plans and specifications can be added to the total cost of the assessment. If the assessment district is not approved, the Town will not be able to recover these costs along with any legal services relating to the proposed District that have been incurred and the property owners will have to cover these costs.

Also, at the first Council meeting, the Council adopts the Resolution of Intention to make acquisitions and improvements, which formally begins the assessment process.

Consultant Work on the Assessment District

With the Resolution of Intention, the Town will appoint: Bond Counsel and the Engineer-of-Work. The Engineer-of-Work prepares the estimates of costs, the proposed assessment the costs to each parcel in the district, the formal maps of the district and the plans and specifications for the construction work. This is all contained in the "Engineer's Report" for the district.

Bond Counsel directs all legal proceedings to establish the district including Council resolutions, notices, forms of documents and instructions, including the levy of the assessments and issuance of bonds. Except for the Advisory Services to Property Owners below, Bond Counsel is paid only if the bonds are actually issued except for any preliminary work done which the property owners cover.

Second Council Meeting - Preliminary Approval after the Engineer-of-Work prepares and files the following items with the Town Clerk:

- Engineer's Report
- Map of Proposed Boundaries and Assessment Diagram for the district.
- Plans & Specifications for Project.

After the Engineer-of-Work officially submits his Report to the Town Clerk, the Report and all necessary resolutions will be prepared for the Town Council in compliance with State law. If the Town Council accepts the Report and approves the Resolutions, the Town will call for bids for the sale of bonds and for the construction of the project.

The Town Council adopts:

Resolution Preliminarily Approving District Formation/Boundary Map, Engineer's Report, and Directing Actions with Respect Thereto. Resolution Approving Plans and Specifications and Calling for Bids for Construction.

After Second Town Council Meeting - Immediately following the Second Council Meeting, the Town Clerk, in coordination with the Engineer-of-Work and Legal Bond Counsel, takes the following actions:

- Town Clerk mails Notices of Proposed Assessments and Ballots to Property Owners at least 45 days prior to the Public Hearing.
- Town Clerk records Map of Proposed Boundaries of the District.
- Town Clerk coordinates publication of call for bids for construction (if appropriate).

Informational Workshop, Mailed Ballots - In the 45-day period after the Second Town Council meeting, Town Staff and the consultants hold a Workshop with those property owners in the proposed assessment district concerning the project and proposed financing. At this point, a more accurate, but not final, cost estimate will have been completed. At the neighborhood meeting, Town staff will provide the cost estimates and explain the remaining steps in the process.

City Opens Construction Bids - The Town will solicit and opens construction bids. The Engineer-of-Work and Town Staff receive and analyze construction bids approximately two weeks prior to the date set for the public hearing in order that adjustments may be made to assessment amounts and property owners notified of bid results.

The Town will mail the official ballots of the affected property owners. The property owners will have a specified period of time to review the updated costs and return the ballot either in favor or against the project compliance with State law, the ballots will be weighted according to the level of benefit received by the project. In other words, properties having a higher assessment will have a higher weighted ballot.

Third Town Council Meeting - Public Hearing and Ballot Count - At a Council meeting held at least 45 days following mailing of the Notice of Proposed Assessments, the Town Council conducts the following proceedings:

- Hold a public hearing
- Hear any comments for or against the assessment
- Close the public hearing
- Open and count the ballots

The Town Clerk opens and counts ballots. Ballots are weighted on dollars assessed (for example, if all assessments are the same, each property owner has one vote). Only valid ballots actually received by the end of the hearing are counted. Unsigned, unreadable or

unmarked ballots are not valid. If the ballots received are more than 45% of weighted assessments against forming the District or more than 40% of Parcels returning a ballot are against the formation then the assessment proceedings will be abandoned. (Note: these percentage figures are placeholders to be determined by the Town Council in developing this Policy) This would then formally end the process.

If the District vote does not end in abandonment based on these percentages then the Town Council agrees to form the district, the assessment district will be formed and the Council will order the assessment diagram and notice of assessment to be recorded with the County Recorder by adopting the Resolution Adopting Engineer's Report, Confirming Assessments and Directing Actions with Respect Thereto. This resolution levies the assessment and directs recordings and filings for the assessment lien and directs the cash payment period.

Immediately Following the Third Town Council Meeting, If Approved - The Town Clerk, Engineer-of-Work and Bond Counsel will take the following actions following the third Council meeting:

- File and Record Assessments, Notices of Assessment and Assessment Diagram
- Publish Notice to Pay Assessments
- Mail Notices to Pay Assessment to each Property Owner

Property Owners Have 30 Days to Pay the Assessment or Have Lien Recorded - An official notice from the Town will be mailed to all of the property owners informing them of the creation of the assessment district and the amount due. The property owners will then have 30 days to pay for the assessment. Any unpaid assessments will be recorded as a lien on the property and can be paid over a period not to exceed 20 years. The Town will provide the County Auditor with a list of all of the unpaid assessments. The unpaid portion will be added to the Auditor's tax roll and will be billed with other ad valorem taxes (property taxes). This will also be the time when seniors or other qualified individuals can have the assessment deferred until the transfer or sale of their home (if deferral is available).

City Council Awards Construction and Bond Sale Contracts - At a Town Council Meeting following the Third Town Council meeting, the Council will award contracts for the construction work and the authorizing the issuance of bonds. The proceeds from the bond sale will be used to pay for the cost of the project. The bonds will be repaid through the payment of the assessment.

An Underwriter is hired by the Town to issue the assessment bonds. The Underwriter is responsible for helping to estimate the costs of the bonds and in pricing, selling and delivering the bonds to the bond market The Underwriter is paid only from the bond issue and only if bonds are issued.

Following Town Council action, the Town's Finance Director and Underwriter will price the bond issue, and the Town will execute the Bond Purchase Agreement (sells bonds) and

Preliminary Official Statement (describes bonds for market). Approximately 2 weeks later, the bonds are delivered to the Underwriter in exchange for the purchase price under the Bond Purchase Agreement. This provides the funds for to pay for the underground project and its related costs.

Construction Begins - The Neighborhood Committee will organize a meeting with the Town Engineer and the Contractor in attendance to discuss construction details and timelines. Also information will be provided to residents regarding hooking-up to the underground system once construction is complete.

Every effort will be made to minimize the disruption caused by the construction. However, there will be times when heavy equipment will be on neighborhood streets, there may be delays in accessing streets, and there will be construction noise and dust. In order to get the wires underground, trenches will be dug so the utility conduits can be placed. The Town Engineer will be available to answer questions and concerns throughout the construction phase of the project.

Official Notice to Connect to the Underground System - Once construction is complete, an official notice from the Town will be mailed to all property owners explaining that they are now required to hook-up to the underground system.

The costs of individual service connections to the underground facilities are borne by each property owner and are typically not included in the assessment.

Property Owners Hook-up to the System – The property owners shall comply with the procedures set forth in Ross Municipal Code section 15.28.090 to affect the connection of their house utility service lines to the new underground system. The most cost-effective approach to providing underground lines on private property and reconnecting utility services is for property owners to utilize the services of one contractor, which may be the same contractor(s) as the ones installing the new underground lines in the streets. The Town will help facilitate this effort which will require residents to provide written consent for contractors to enter private property to make the necessary connections and underground facilities.

Utilities remove poles and wires and work completed - After 100% of the properties within the district have connected to the underground system, the utility companies will come in and switch the system from overhead to underground and remove the poles and wires from the area.

City will pay from the bond, the final bills and costs, including any remaining legal and administrative costs incurred by the Town for the project. If there is any surplus remaining from the bond amount, the Council may take action to provide any further improvements needed to complete the project and/or distribute any surplus as provided by law. Total Time for Completion is estimated to be from two to four years.

ATTACHMENT A

Utility Undergrounding Neighborhood Project Petition of Interest Form

Town Council
Town of Ross, California

We the undersigned, owners of more than 65% (**This figure is a placeholder - Council to determine %) of the parcels shown on attached Map No.____, which are subject to assessment for the proposed improvement requested hereby if the District is formed and approved by property owner ballot, do respectfully petition the Town Council to institute the necessary proceedings for the improvement of undergrounding of existing aerial utility facilities, including electrical, telephone, and cable television. Improvements consist of construction of necessary substructures (trenching, conduit, manholes, and vaults) with associated engineering and administrative services and all appurtenant work thereto. There are _____ Parcels within the proposed District.

The owners understand that if an assessment district is formed as we have petitioned, all associated costs will be assessed against those properties that will receive special benefit from the undergrounding of the utilities, and that the final annual assessment is still to be determined. The petitioner's preliminary estimates, the total rough estimated cost of the assessment district work is \$_____. The cost of converting our private property so that we can connect our residences to the underground utilities is not included in this figure and will not be financed through the assessment district.

In submitting this petition we are not waiving our right (a) to object to or protest the levy of the assessments if we do not agree with the amount of the assessment proposed to be levied on our property or (b) to submit an assessment ballot in opposition to the levy of the proposed assessment on our property if we do not agree with the amount of such proposed assessment.

It is requested that the proceedings for this improvement be instituted under the combined proceedings of the "Improvement Act of 1913" being Division 12 of the Streets and Highways Code of the State of California and Article XIID of the State Constitution (Prop 218).

Property Address	Owner Last Name (Print)	Owner First Name (Print)	Owner Mailing Address	Owner Signature	Date

ATTACHMENT B

The following provides answers to many of the frequently asked questions about undergrounding and hopefully clears up some of the common misconceptions.

- What is utility undergrounding?

Utility undergrounding is the process of placing all overhead utilities (electric, telephone, and cable TV) underground. This also may include placing electrical facilities such as transformers underground.

- What is the Town's policy regarding utility undergrounding?

The Town supports the undergrounding of overhead utility wires and poles. Property owners are encouraged to work directly with PG&E instead of involving the Town to underground the power lines in their streets. In the event that this is not possible, the Town will help assist residents in forming an assessment district to construct and finance the undergrounding. The Town Council will require 65% of property owners of a proposed district to sign a petition (**This figure is a placeholder - Council to determine %) before an undergrounding project can begin.

- Is undergrounding safe?

YES. In fact, undergrounding may be safer than overhead wires. In the event of an earthquake, the likelihood of someone being hurt from utility poles and wires falling is eliminated. When the wires are placed underground they are placed into conduit to prevent contact with water or other impacts from weather or fire.

- Who pays for the utilities to be placed underground?

In residential neighborhoods, undergrounding of the utilities is paid for by property owners in the area through the creation of an assessment district. The project area or assessment district may be formed only if it is approved by the affected property owners following the combined procedures of Proposition 218 and the Municipal Improvement Act of 1913. The process is discussed in more detail below.

- How much does undergrounding cost?

That depends on several factors, including the density of housing within a neighborhood as well as difficulty of construction (e.g., digging on narrow streets, subsurface rock formations). Additionally, construction costs are rising fast due to the costs of goods and materials used in construction. Until the engineers have completed a thorough design, an accurate estimate cannot be made. However, under State law, you cannot be assessed until you are informed of what the cost will be. If the project in your neighborhood moves forward, you will know how

much it will cost before you vote for or against the project. The average cost for property owners will likely vary between \$50,000 and \$150,000.

In addition to the assessment, which pays for the cost of placing the utilities underground, you will also have to hire a qualified electrician to switch your connection from the overhead wires to the underground system.

- That's a lot of money, what if I can't pay for it all right now?

If the project is approved by the property owners in the proposed project area, you will have a minimum of 30 days to pay for your share of the project after you receive a notice from the Town. However, if you want you can stretch the payments over 20 years. The assessment will be included on your annual property tax bill until it is paid off.

- What if I can't afford the assessment?

If you are a senior citizen, blind or disabled, you may be eligible to defer the cost of the assessment until you sell or transfer the home, at which time the assessment will be paid with the proceeds from sale of your house. Check with the State for details of applicability of the Property Tax Postponement Program.

- How long will this project take to finish?

Based on the size of the project, the time from start to finish will average 2 to 4 years. Oftentimes, this is directly dependent on how cooperative property owners are with contractors who need to access their property to make new connections and utility services. While this may seem like a long time, undergrounding is complicated and requires careful design. It is extremely important that the assessment estimate given to you is as accurate as possible and provides with a significant amount of public input so that are well informed before you vote in favor or against forming an assessment district

- Will my electricity be out during the construction?

NO. During construction there will be some disruption because the streets in the area will be dug up, but your electricity, cable TV, and telephone service should not be affected. Only after everyone in the project area has connected to the underground system will the overhead wires and poles be removed.

- How does the voting work?

Under the California State Constitution, each property owner in the proposed assessment district will receive a ballot in the mail. The property owner will then have 45 days to either approve or reject the proposed assessment. The ballot must then be returned to the Town by

the specified deadline if it is to be counted. The returned ballots are then counted during a public hearing at a Town Council meeting.

The district is formed and the assessments are made if at least 55% (***) of the weighted and 60% (***) of the “per parcel” returned ballots are in favor of the assessment. Each ballot is weighted based on the proportion of the benefit derived from the assessment. This means the higher the assessment amount, the more weight is given to the ballot. For example, if your proposed assessment is \$50,000 that might equal one vote. Another person's assessment might be \$100,000 so their ballot would count as two votes.

- Why can't the Town pay for a part of this project?

The Town of Ross is supportive of neighborhood undergrounding projects, however, there are many competing infrastructure needs that must be met, such as repaving roads, repairing public buildings, and maintaining our parks. Also, undergrounding residential neighborhoods only benefits the residents and property owners along their streets so they should be responsible for paying the costs for undergrounding.

- I have heard of something called Rule 20A, what is that?

The California Public Utilities Commission (CPUC), which regulates companies like PG&E, adopted Rule 20A that requires PG&E to set aside a portion of revenues from the Town of Ross for undergrounding utilities. In general, Rule 20A requires that the funds be used for projects in high traffic or public use areas. PG&E annually sets aside approximately \$10,000 for undergrounding projects for our Town.

- Why can't the Utilities pay for this project? It is their wires right?

Unfortunately, undergrounding is expensive and there is no legal requirement for the utility companies to underground their facilities.

- What will happen to the streetlights?

In many areas throughout the Town, the streetlights are attached to the utility poles. In those cases, the undergrounding project will include the installation of new streetlights. Standard LED streetlights will be installed.

- I've heard about new technologies like fiber optics coming to residential neighborhoods. How does utility undergrounding fit into all of this?

New technologies such as fiber optics can exist both on overhead poles or underground. Currently when undergrounding projects take place, there is additional room for fiber optic cables to be laid down.

- How much will undergrounding improve my property values?

Undergrounding may have a positive effect on property values due to improved safety, enhanced views and general aesthetic improvements. However, the Town cannot determine the exact value for you. You might want to consult with a real estate agent or real estate appraiser for their advice.

- Why can't the Town incorporate undergrounding as part of other infrastructure improvements?

As previously mentioned, it takes 2 to 4 years to plan, design and construct an undergrounding project. If the Town were to incorporate undergrounding with other infrastructure projects, important improvements like sewer and water line replacements would be delayed. In addition, the methods of construction for undergrounding projects are different from traditional utility line improvements.

- If I am opposed to this must I participate?

Yes. Although you will have an opportunity to vote on whether or not an assessment district is formed, in the event that it is, power lines along your street will be undergrounded and a new service connection will be required from the street to your meter located on your house. You will be responsible for hiring a contractor to place your service underground on your property. The Town will help assist you at locating qualified contractors to complete this work.

ATTACHMENT C

GLOSSARY OF TERMS

Assessment Diagram	The official map submitted to the County Recorder identifying all of the effected parcels and subdivisions.
Assessment District	The parcels of land specified in the Assessment Diagram that are required to pay for the undergrounding project.
Assessment Spread	The method by which the total costs are divided amongst the parcels identified in the Assessment Diagram.
Assessor's Parcel Number	The County's official identification of a parcel of land.
Boundary Map	See Assessment Diagram.
Certificate of Sufficiency	The Town of Ross requires that at least ____% of the affected property owners sign a petition supporting the formation of an assessment district. The Engineer of Work will certify that at least ____% of the affected property owners have signed the petition.
Engineer of Work	A duly registered Professional Engineer directed to prepare the Engineer's Report.
Engineer's Report	The official report provided to the Town Council and available to each affected property owner detailing the estimated cost of the project, the method of calculating the assessment, and a detailed assessment diagram.
Municipal Improvement Act of 1913	The legal authority under which assessments for improvements can be made. Division 12 of the California Streets and Highways Code.
Proposition 218	Approved by California voters in 1996, added Article XIID to the State Constitution (Prop. 218) requires, among other things, that owners of property proposed for any new or increased special assessment receive a ballot for casting approval or disapproval.
Resident Petition	The official Town petition that must be signed by at least ____% of the property owners within the proposed district.
Resolution of Intention	A Resolution of the Town Council formalizing its intention to create an Assessment District after receiving petitions.
Utility Undergrounding	The process of placing existing overhead utility wires and facilities underground.
Weighted Ballot	Under Prop. 218, each property owner in a proposed assessment district receive a weighted ballot proportional to the benefit received from the assessment. Meaning the higher the benefit, the greater the weight of the ballot.

ATTACHMENT D

**Proposed Sequence of Events for 1913 Acts Special
Assessment District After Proposition 218
(Municipal Improvement Act of 1913 Commencing with
Section 10000 of the Streets and Highways Code)**

