

Question:

What is an underground utility assessment district?

Answer:

An underground utility assessment district is a special district formed by a local government agency at the request of local property owners for the purpose of undergrounding utilities in the public right-of-way. The district includes all property owners that will directly benefit from the undergrounding improvements.

Question:

What is involved in utility undergrounding?

Answer:

All existing overhead utilities such as electric, cable television and telephone poles and wires are removed and the wires are placed in underground conduit. In the public right-of-way, this involves trenching, laying conduit lines in the trenches, installing new utility vaults, backfilling, repaving the street and removing the overhead poles and wires. Property owners are responsible for the "private conversion" portion of the project.

Question:

How is an underground utility assessment district formed?

Answer:

The process begins when property owners submit a letter of interest to the City. After City staff and the utility companies perform some preliminary work, a bond counsel is retained and a petition, which includes a cost estimate, is circulated among the local property owners. If at least 60 percent of the property owners express interest, the process continues and an Engineer's Report is created. This report is important because it includes the assessment amount – the share of the improvement costs that each property owner would pay. A ballot is prepared and mailed to each property owner who then votes for or against forming the district. Under Proposition 218, a majority of property owners that will benefit from the proposed improvements must vote in favor of forming the district.

Question:

What is the step by step process for forming a district and how long does it take?

Answer:

The process occurs in phases and will take approximately four (4) to six (6) years from start to finish. [Click here](#) to download the step by step process.

Question:

What are the advantages and disadvantages of undergrounding?

Answer:

The main advantages to utility undergrounding include improved aesthetics, system reliability and safety. Some proponents believe that undergrounding increases property values. The disadvantages include the cost and inconvenience caused by construction.

Question:

What is Rule 20?

Answer:

The California Public Utilities Commission's Rule 20 sets policies and procedures for converting overhead utilities (electric, telephone, cable television) and other equipment to underground facilities. Under Rule 20, undergrounding projects can be financed by utility rate money, combined rate funds and local tax proceeds, or private funds depending upon what section of the Rule is applicable.

- Rule 20A projects are paid for by the utility companies as directed by the Public Utilities Commission. In order to qualify for full funding, projects must provide a benefit to the general public and the utilities must be located within a civic, recreational, or scenic area or along an arterial or major collector road in a local government's general plan.
- Rule 20B allows property owners who do not qualify for Rule 20A funds to form an underground utility assessment district.
- Rule 20C enables a property owner to privately fund the undergrounding of overhead facilities if neither Rule 20A nor 20B applies.

Question:

What is an assessment?

Answer:

An assessment is a levy or charge against private property for improvements such as undergrounding utilities.

Question:

Who decides how much each property is assessed?

Answer:

An undergrounding assessment district will have an Assessment Engineer of Record funded by the property owners. This is a private consulting firm which specializes in assessment engineering. The Engineer of Record is charged with the task of fairly allocating the total cost of a district among the properties within a district boundary. The method of assessment is not fixed by law, and the process, by virtue of the physical diversity of properties, is not perfect. Factors such as view enhancement, lot size, improved safety, frontage improvement, etc. may be considered. Property owners who feel that their assessment is unfair have an opportunity to appeal to the City Council prior to finalization of assessments and the tabulation of votes.

Question:

How much does it cost?

Answer:

Cost varies substantially from district to district depending on the size, physical constraints, specific benefit of each property, how many overhead lines need to be placed underground, labor and material costs and inflation. Based on recent cost estimates prepared, a typical single-family residence would be assessed between \$115,000 and \$185,000. Please note that the assessment amount does not include the private conversion portion of the project, which is usually an additional \$25,000 to \$35,000 per residence.

Question:

How do I pay the assessment?

Answer:

The assessment can be paid in cash or through bond financing. Once the Assessment District has been approved by the City Council, property owners have a 30-Day Cash Payment Period to pay their assessment. After the 30-Day Cash Payment Period, any unpaid portion of the assessment will be financed through bond sales. If the property owner elects to finance the costs, annual installments of principal, interest and administrative fees will be collected with the property tax bill.

Question:

Can the assessment be paid partially in cash and partially go to bond?

Answer:

Yes, during the 30-Day Cash Payment Period, the property owner will save approximately eight percent (8%) on the portion of the assessment paid. After this period, the property owner can at any time make cash payments to pay off the assessment by paying off any outstanding delinquencies, a portion or the remaining principal amount, applicable bond redemption premium, interest to the next available bond

call date, and an administrative fee fixed by the City. Any payments made after the 30-Day Cash Payment Period will not receive the 8%+/- bond financing discount.

Question:

Will undergrounding utilities affect property values?

Answer:

There is no definitive information on undergrounding's effect on property values. Local real estate agents believe that undergrounding would increase property values, perhaps in the average amount of 5-10%. Some properties will benefit more than others will, and the ultimate assessment of benefit to that property will reflect that. All properties will have increased safety from the hazards of overhead wires and poles.

Question:

I have received a notification of a Public Hearing to underground the lines on my street. Do I need to attend?

Answer:

You have the right to attend and to express your views regarding the project and your responsibility as a property owner within the Underground Utility District. However, you are not required to attend.

Question:

Do I have to underground my utilities since I voted against the assessment district?

Answer:

If there are enough votes to form a district and it is approved by the City Council, the property owners are required to underground the utilities regardless of each individual owner's vote.

Question:

If I sell my house, do I have to pay off a lien on my house for this kind of Assessment?

Answer:

No. The assessment District follows the parcel, like any other assessment would. There is no actual lien on your house, unless the amount is unpaid. Your realtor or attorney will help you disclose all the assessment information pertaining to your property at the time of sale.

Question:

What is the private conversion portion of the project?

Answer:

Each property owner must connect their overhead utility lines to the underground utility system. It is recommended to obtain bids from licensed contractors to perform this work. This cost is not included in the assessment amount.

Question:

What is the typical cost for the private conversion?

Answer:

It typically costs between \$25,000 and \$35,000 to convert overhead utilities to underground. These costs are not included in the assessment.

Question:

Can the cost of the private conversion be added to my property tax bill as well?

Answer:

No. The cost of the private conversion is negotiated between you and your contractor. Each property owner pays for this service separately from the assessment.