

Q: What is “undergrounding”?

Undergrounding is the process of burying the overhead power, telephone and cable lines and removing the utility poles that currently hold them.

Q: What are the benefits of undergrounding utilities?

Significant benefits include improved aesthetics, reliability, safety, increased property values and efficiency:

- *Aesthetics:* We each have invested significantly in our homes to be near the fabulous natural environment of the Alamitos Bay and the Pacific Ocean. Removing power lines from sight will dramatically improve the appearance of the Peninsula as well as enhance both our water and non-water views.
- *Reliability:* Multiple studies have concluded that underground utilities are more reliable with as few as one-third the number of failures, when compared to aboveground power lines.
- *Safety:* Undergrounding power lines prevents falling lines caused by high winds, earthquakes or car crashes into power poles.
- *Property Values:* Nine of ten new subdivisions opt for undergrounding utilities even though they are initially more expensive. Developers have come to realize its significant value both in increased prices and in ease of sale to prospective homeowners.
- *Efficiency:* Underground utilities can use larger conductors resulting in less energy loss.

Q: How would an undergrounding project be paid for?

There are two ways to pay for undergrounding:

- Public Funds or
- Residents joining together to form an Assessment District.

Your volunteer Undergrounding Utilities Task Force has expended much energy over the past two years attempting to tap Public Funds and we have thoroughly exhausted the possibilities for undergrounding to be paid for with Public Funds. We have concluded that if we are to get the benefits of gorgeous aesthetics, improved safety and reduced power outages, the Residents must come together to self-fund the project. Other California communities such as Surfside, Manhattan Beach and Balboa Island have each done this. The process we residents use to team together is by the formation of an Assessment District.

Q: What is an Assessment District?

An Assessment District is a means for property owners to finance desired improvements in our community areas that the City typically does not or cannot fund. Such improvements can include the

paving or repaving of alleys, the under-grounding of power lines, the installation of sidewalks, and the upgrading or installation of new street or alley lighting. Through a process created by State law the property owners agree to have the City arrange for the issuance of a bond to pay for the improvements. On completion of the project, each of us pays for our part of the project in one of three ways:

- A single payment in total
- Yearly payments with our property taxes over the life of the bond (amortization of the assessed amount plus interest)
 - Bond counsel for the City will
 - Set the length of the bond (usually 15-25 years)
 - Set the interest rate (estimated at approximately 5%)
 - Interest payments may be tax deductible (see your tax advisor)
 - The expected annual amount will be roughly \$1,800 to \$2,100 per year for a standard Peninsula lot.
- Deferring our obligation until our property changes hands (low income or fixed income qualifying individuals only).

Q: How are Assessment Districts formed?

The process has multiple steps:

(Steps 1 and 2 have been completed. We are now actively engaged in Step 3.)

1. A group from the community forms to gauge the desire of the area (the Peninsula) to accomplish a specific purpose (undergrounding utilities).
2. A preliminary evaluation is done by a qualified consulting engineering firm to get a tangible estimate of the cost of the project and the allocations that will be necessary for the project to go forward.
3. An active dialog is entered into within the community. With all the benefits and costs considered, do we want to go forward? It takes involved, proactive community interest to make an Assessment District project viable.
4. 4. The City sends out a Petition & Waiver Package. Two-thirds of the Property Owners from a proposed Assessment District must sign the petition and a follow-up survey.
 - a. The Assessor's tax parcel numbers are used.
 - b. Votes are counted by the percentage ownership in the parcel acreage.
 - c. Condo owners are counted by the percentage ownership in the parcel acreage.
5. With strong interest, an Engineer's Report is prepared which includes construction plans, a detailed cost estimate, a map showing all of the properties to be included in the district, and the estimated assessments for each property.

6. The City Council then approves the Preliminary Engineer's Report, adopts a Resolution of Intention to form the Assessment District, sets a public hearing date, and authorizes advertising for construction bids.
7. Forty-five (45) days before the public hearing, each affected property owner will be mailed a Notice of Public Hearing and an official Assessment Ballot showing their proposed assessment. These assessments are fixed and will not vary if the project costs overrun the engineer's estimate.
 - a. Votes are counted by assessment dollars. 50% of the assessed value of the parcels of those voting must be in favor for the project to be approved.
 - b. Multi-family dwellings have votes counted by percentage of ownership (assessment value in dollars).
8. The ballots are due by the end of the public hearing. At the end of the public hearing, the ballots will be tabulated. If the returned ballots favor the project by at least 50% (based on the assessment amount), the City Council may approve the District and award the construction contract.

Q: How much would undergrounding utilities cost?

There are two costs for undergrounding: 1) the cost to bring the underground utilities to your "curb" and 2) the cost of connecting your house to the "curb". The Peninsula Beach Preservation Group, teamed with the Naples Improvement Association and the City of Long Beach, hired an independent contractor to provide a preliminary estimate of the costs of undergrounding given our specific soil characteristics. Based on this consultant's analysis, which the City of Long Beach supports, the expected cost for bringing the utilities to the property line for a standard Peninsula lot will be approximately \$22,500. Again, property owners will have the option of paying this amount in one of three ways. See the earlier Q & A.

Q: What is the additional cost to connect a property to the new underground cabling?

This cost is borne by the property owner outside of the Assessment District project and is not subject to the payment alternatives. All work will be completed by an independent contractor and paid for by each individual property owner. In some undergrounding projects, multiple property owners join together to contract for the necessary private-property work; this makes it more efficient for the contractor and sometimes yields cost savings for each property owner. The cost in Surfside, where a single contractor did about 90% of the connections, was a range of \$3,000 to \$5,000 per property depending on the length of the run from where Edison terminated the electrical and depending on whether the electrical panel(s) needed to be upgraded.

Q: Are there any financial programs to help people with low or fixed incomes?

Yes. If you are on a fixed income, or have a household income below thresholds established by the State of California, you may be able to defer all or part of your assessment until the sale or transfer of your home, at which time the assessment PLUS INTEREST ACCRUED will be due and payable.

Q: Does everyone have to participate?

Aesthetics, safety, and less frequent outages are benefits that go to an area, not to individual properties. Because we all receive the benefit, we all must join together as the Peninsula Community to agree to the improvements and to each pay our share. This is a community-based project. Once the ballots are tallied and the measure passes then yes, everyone must participate.

Q: What will happen to the streetlights that are now on the utility poles?

New, freestanding poles will be installed as a part of the project. These are generally more attractive and efficient than the old fixtures.

Q: How long will this process take?

From the time the initial petition (signed by two-thirds of the Property Owners of the District) is received by the City until the improvements are completed typically takes more than two years for an undergrounding project.

Q: What specific area will be included in the Assessment District?

A number of projects are moving along roughly in parallel for the Peninsula and for Naples. The Peninsula will have two Districts:

District 1: All parcels in the Peninsula east of the Sailing Center (excluding the Center).

District 2: All parcels from 54th Street to the border of District 1.

Naples will have its own Districts. We are working together at every step so that any possible cost savings that might be realized from a combination of projects can be realized.

Q: I have questions that aren't answered here. Where can I get answers?

Your Task Force will do everything in its power to get answers to additional questions. This project can only be possible if the Peninsula, as a community, wants to come together. To access the Task Force:

Via email: Linda McCullough WDMLSM@hotmail.com or Luther Nussbaum ljnussbaum@gmail.com

Via phone: Leave questions on the Undergrounding Voicemail: 562. 262.4825. We'll return the call as soon as we've researched the issue.