



UNDERGROUND UTILITY ASSESSMENT DISTRICTS

A STEP-BY-STEP GUIDE

WHAT IS UTILITY UNDERGROUNDING?

Utility Undergrounding is the process of placing all overhead utilities (electric, telephone, and cable TV wires) underground as well as removing associated utility poles.

HOW IS THE ASSESSMENT CALCULATED?

After final design the utility companies provide a cost of construction, which the Assessment Engineer uses to prepare the Engineer's Report that documents the "assessment" amount for each property owner.

Underground utility assessment districts are formed at the request of the local property owners. The multi-step, multi-year process is explained below.

1. The process is initiated by an interested property owner (proponent) who acts as a liaison between the City, utility companies, and neighbors. The proponent and other neighbors in support of undergrounding, submit a letter to the Office of the City Manager with a petition from a minimum of 60 percent of property owners from a minimum of 65 contiguous parcels expressing their interest in forming an Underground Utility Assessment District. The letter must include the proposed boundaries of the area for undergrounding.
2. Based upon the interest letter, City staff prepares a boundary map and submits it to the appropriate utility companies who review and evaluate the map to ensure the boundaries are logical and feasible. Once the district boundaries are accepted by all parties, the utility companies provide the City with a preliminary cost estimate for the design and construction of the district.
3. Bond Counsel and an Assessment Engineer are then retained to prepare a second petition to be circulated by the proponents to all affected property owners within the proposed district boundaries. The petition states the approximate costs each property owner would be responsible for should the property owners vote in favor of forming the district and proceeding with the utility undergrounding project. In order for the process to continue, at least 60 percent of the property owners must sign / express interest. This petition is a "show of interest" and does not bind the property owner to the district.
4. Once the petition is certified by the Assessment Engineer, City staff prepares a report to the City Council requesting advanced funds for the underground utility design. If the district is formed, half of the funds will be recovered through the assessment process. If the district fails, there is no further obligation owed by the property owner.
5. The design process begins once the utility companies receive the design fee. It usually involves the following steps:
 - a) SDG&E electrical design
 - b) Telephone and cable company design

The duration of each step varies greatly depending on the number of other underground districts in queue, the size of the proposed district, and complexity of the design.

6. Once the design is complete and accepted by the City and utility companies, the utility companies provide a "guaranteed cost" or "cost of construction". The City will commit to providing half of the cost. The Assessment Engineer will use the guaranteed cost and all other costs incurred in the past, or anticipated in the future, to generate an Engineer's Report. This report will document the assessment amount each property owner within the district would be responsible for, should the district pass.

WHAT ARE MY PAYMENT OPTIONS?

Property owners have 30 days after the public hearing to pay all or part of the assessment in cash or bonds will be sold and a lien placed on the property until the assessment is paid in full.

IF YOU HAVE MORE QUESTIONS AFTER READING THIS GUIDE

Call the City of Coronado Office of the City Manager at 619-522-7335.

7. The completed design plans, Engineer's Report, and Resolution of Intention are submitted to the City Council for approval and a public hearing is scheduled. An informal property owner information meeting is held prior to the public hearing to explain the details of the proposed district.

8. Ballots are prepared with the assessment amount and sent to each property owner within the proposed district's boundaries. Each property owner then votes for or against forming the district.

9. All votes must be submitted to the City by the end of the scheduled public hearing. The vote is weighted based on the assessment amount. The district passes if the City receives more YES votes than NO votes by the close of the public hearing session. If the district passes, all property owners within the district will be responsible for the discounted assessment amount regardless of the property owner's personal vote.

10. If the district is approved, the property owner will have two options to pay for the assessment.

a) **30-Day Cash Payment Period:** Thirty (30) days after the close of the public hearing, the property owner has the option to pay the full discounted assessment or a portion of the discounted assessment amount. The property owner will save approximately eight percent (8%) on the portion of the assessment paid in cash. This 8% savings results from not selling bonds for the amount owed. Bonds will be sold for any unpaid portion of the assessment and a lien will be placed on the property until the bond is paid in full.

b) **Bond:** If the property owner elects to not pay during the 30-Day Cash Payment Period, bonds will be sold. Assessments are placed on the property tax bill to be paid over a 20-25 year financing period. During that time, a lien will be placed on the property until the bond amount is paid in full. Bonds incur a finance charge.

11. Once the bonds are sold and all moneys are collected, the City forwards the payment to the utility companies to **begin construction**. The construction duration will vary depending on the size of the district. In general, the construction phase lasts about a year.

12. When construction of the underground infrastructure is completed, all property owners are notified that it is time to perform their **private conversions**. Private conversions require property owners to hire a licensed electrician to connect the property's existing overhead connection to the underground infrastructure. The cost of the private conversion is not covered in the assessment amount. The assessment amount only covers work performed in the public right-of-way.

If the City initiates a non-assessment project, property-owners will be reimbursed for reasonable costs to convert their utilities underground.

13. It is the property owner's responsibility to perform the conversion within the designated time-frame. Delays caused by one property owner's private conversion, will cause delays to the whole district because overhead structures cannot be removed until all properties have completed their private conversions.

It is important to note, from the initial letter to the last private conversion, the average process takes approximately three (3) years, depending on the size of the district. The bond information provided above is based on an average of past assessment districts and varies depending on current rates and size of the district.