



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager *RT*

FROM: Jim Arndt, Director of Public Works *JA*
Steve Finton, City Engineer *SF*
Gilbert Gamboa, Senior Civil Engineer *GG*

DATE: April 20, 2010

SUBJECT: Appropriation of \$78,174.25 from the General Fund for Verizon and Time Warner Design Plans for Underground Utility Assessment District 15.

RECOMMENDATION:

Staff recommends that the City Council appropriate funds in the amount of \$78,174.25 from the unreserved General Fund for Verizon and Time Warner engineering services associated with Underground Utility Assessment District (UUAD) 15.

FISCAL IMPLICATION:

The total cost for Verizon and Time Warner engineering services is \$78,174.25, which represents:

- \$51,349.25 for Verizon
- \$26,825.00 for Time Warner

Funds are available from the unreserved General Fund balance. Verizon's design fees are significantly higher than those charged for previous Districts 1-6, but similar in magnitude to the amount approved by City Council for current proposed Districts. Verizon's design services are now contracted out rather than performed in-house.

It is important to note that should the assessment district be approved, then these engineering design fees will be added to the total cost of the assessment to the district and recovered. However, administrative, design and assessment engineering costs related to UUADs that are not ultimately formed would not be reimbursed to the City.

A significant amount of design work was previously accomplished by Southern California Edison for parcels located in District 15 (as a subset of former District 4, see Attachment A). The related portion of the prior District's engineering design fees can be recouped by the City. However, Verizon and Time Warner designs will start over anew.

Total reimbursable design and assessment engineering funds requested and/or allocated to date include:

Reimbursable Fund*	SCE	Verizon	Time Warner	Harris & Assoc.	City Total
District 15 Design	\$15,000	\$51,349	\$26,825	N/A	\$93,174
Former District 4 Design (portion)	\$20,000	N/A	N/A	N/A	\$20,000
Assessment Engineering	N/A	N/A	N/A	\$29,000	\$29,000
City Reimbursement (Design & Asmt)	\$35,000	\$51,349	\$26,825	\$29,000	\$142,174

* Note: Above table does not include reimbursable administrative costs.

BACKGROUND

Since the comprehensive 2006 Survey was completed, a total of five (5) districts remained in the undergrounding process (not yet voted on or formally approved). Two of these five remaining districts were dissolved by City Council on October 6 and December 1, 2009. On February 2, 2010 City Council directed staff to proceed with the design process in Districts 12, 14 and 15.

City Undergrounding Policies

In 2006, City Council addressed several policy issues regarding utility undergrounding. The following summary includes those which apply to Proposed District 15.

- November 21, 2005** Former District 4 not approved by City Council (failed district).
- December 6, 2005** City Council approves a motion to allow former District 4 homeowners to reform a new district based on known areas of support and opposition.
- August 1, 2006** City Council reconfirms Resolution 5420 (adopted by City Council in 1998), which requires that at least “60% showing of support of property owners benefiting from the proposed Assessment District before City funds will be appropriated for the preparation of an Engineer’s Report or other related expenditures as determined by the City Council”. City Council also adopts new procedures, including confirming property owner support for utility undergrounding via a *Validation Survey* immediately following submittal of petition signatures. Petition signatures must be collected and submitted to the City within 6 months of boundaries being proposed to be considered valid. And lastly, District 15 to be treated as a new district.
- October 3, 2006** City Council clarifies that at least 60% of the *Validation Surveys returned* must also indicate property owner support for utility undergrounding before the City will initiate the district and order design plans. *Validation Surveys* must be returned to the City within 45 days.

The following table summarizes approval thresholds required by current City policy at the various steps in the proposed UOAD formation process:

District	Property Owner Petition	City Validation Survey	Weighted Ballot Vote	Actual "Raw" Ballot Vote
15 (& future)	60%	60%	50%	60%
% of...	Total Parcels	Returned Surveys	Prop. 218 (return)	Prop. 218 (return)

District 15 Background

In June 2006, property owners proposed forming a new undergrounding district in the hill section of Manhattan Beach located fully within the boundaries of former District 4. The proposed boundaries included 61 parcels and met City policy and utility company guidelines. The new district was assigned No. 15 and a notice along with a map of the District boundaries was sent by the City informing all affected homeowners of the petition drive underway (see Attachment B).

In October, 2006 District 15 proponents proposed expanding the boundaries to include 13 additional parcels located on Duncan Avenue between Dianthus Street and Sepulveda Boulevard due to additional homeowner support for undergrounding. The additional parcels also met City policy and utility company guidelines and were subsequently added. A second petition notice was sent by the City noticing all affected homeowners of the expanded boundaries which currently include a total of 74 parcels (see Attachment C).

Streets located in District 15 are generally described as:

- ◆ 1st Street – from Poinsettia Ave to Dianthus St
- ◆ Duncan Place – from Poinsettia Ave to Dianthus St
- ◆ Duncan Avenue – from Dianthus St to Sepulveda Blvd
- ◆ Poinsettia Avenue – from 1st St to Duncan Pl
- ◆ Dianthus Street – from 1st St to Boundary Pl

Property owners within proposed District 15 submitted signed Property Owner Petitions of at least 60% of the affected homeowners on October 25, 2006. City staff subsequently mailed out a 45-day City Validation Survey to all affected property owners in order to confirm their support for or opposition to utility undergrounding in District 15 (see Attachment D). The results of the survey were confirmed on December 15, 2006 and indicated that 66.2% of property owners responding were in favor of moving the district forward to pricing and a Proposition 218 ballot vote. Consequently, on January 2, 2007, the City Council initiated District 15 by approving funding for Southern California Edison engineering designs. The table below summarizes District 15 initiation results.

District 15	Property Owner Petition	City Validation Survey Results
74 Parcels (at time of survey)	60.8% 45 Signatures (October, 2006)	65 Surveys Returned (87.8% Response Rate)
		43 in favor (66.2% of those returned)
		22 opposed (33.8% of those returned)

DISCUSSION:

Since the comprehensive 2006 Survey was completed, a total of five (5) districts remained in the undergrounding process (not yet voted on or formally approved). Two of these five remaining districts were dissolved by City Council on October 6 and December 1, 2009. On February 2, 2010 City Council directed staff to proceed with the design process in Districts 12, 14 and 15.

Southern California Edison has completed the preliminary design plans for District 15. These plans will be forwarded to Verizon and Time Warner for their design overlays once funds are appropriated and payment made to the utilities.

The ensuing district formation milestones for District 15 include:

- Completion of Designs by the Utility Companies
- Review of Design Plans by City Staff
- Plan Review Community Meeting
- Bidding and Pricing by Utilities
- Development of Assessment Methodology
- Assessment Methodology Community Meeting
- Development of Preliminary Engineer's Report
- District Formation Proceedings (Prop. 218 balloting procedures)

District 15 will be following three (3) previous districts in the undergrounding process. Staff anticipates that District 15 will be voted on by property owners in the spring of 2013, following completion of design plans, open market bidding/pricing, assessment methodology and public review (see Attachment E). Lastly, again please note that the bidding and voting process has changed following Council subcommittee discussions with Southern California Edison in 2006/2007. Rather than providing utility company generated construction cost estimates, actual open market bids will be obtained and used to calculate per-parcel assessments prior to the Proposition 218 voting process.

CONCLUSION:

It is important to note that City Council is not forming the district at this time. The Council is approving the next necessary step in the process toward district formation proceedings by authorizing the funds to commence design plans with Verizon and Time Warner which is consistent with City Council direction on February 2, 2010. Approval of district formation will ultimately require: 1) approval from property owners by a weighted majority of the returned ballots, and 2) approval from City Council through adoption of the resolutions to form the district.

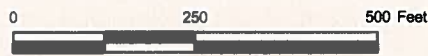
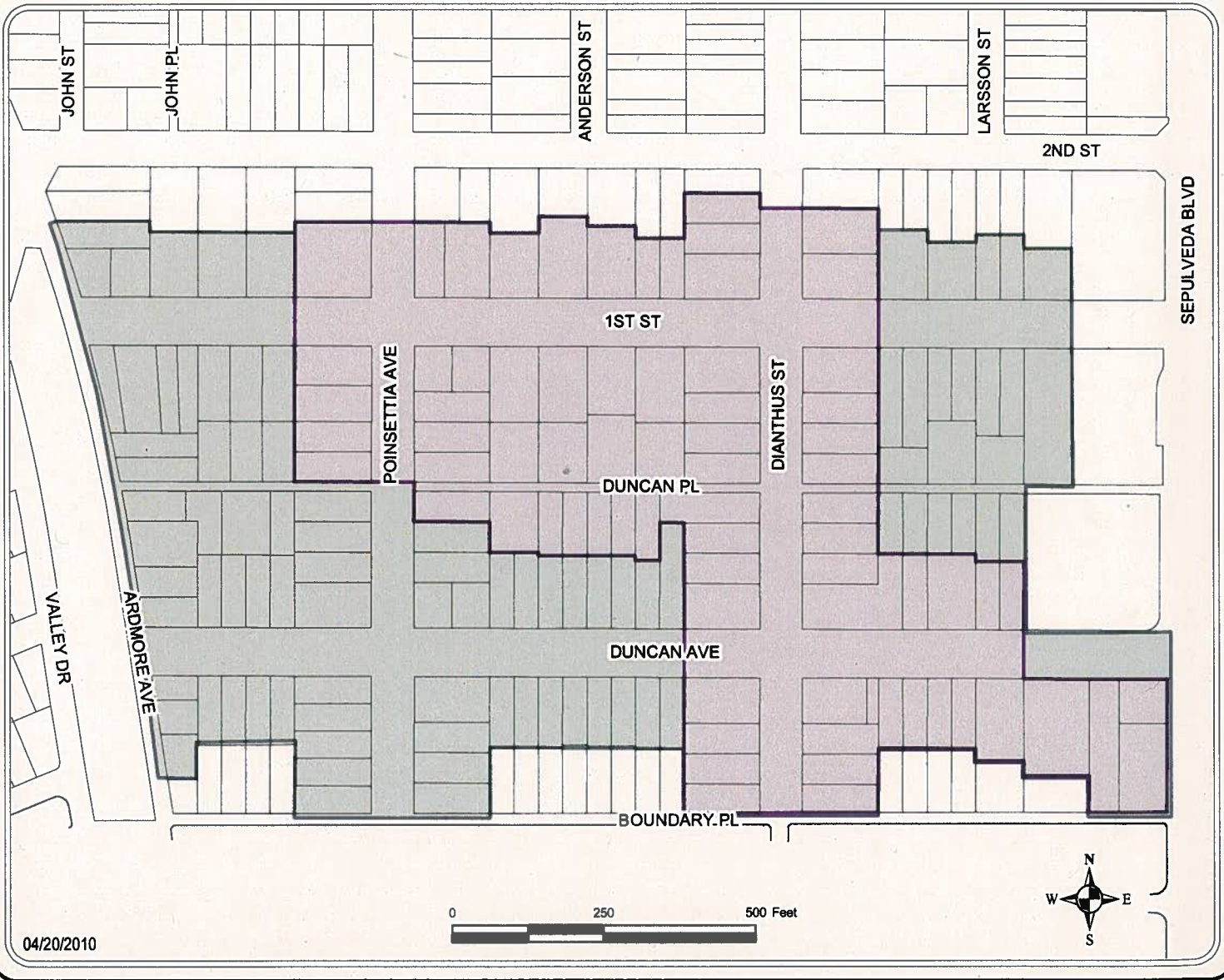
Attachments:

- A. Proposed District 15 boundary map (overlay on former District 4)
- B. District 15 Original Petition Notice
- C. District 15 2nd Petition Notice of Expanded Boundaries
- D. District 15 Validation Survey
- E. Estimated Schedules for Active Districts

xc: Robert V. Wadden, City Attorney
Bruce Moe, Director of Finance

City of Manhattan Beach

Underground Utility
Assessment District #15
(Overlay on Failed District #4)



ATTACHMENT B



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

June 6, 2006

Petition Drive Request Utility Underground District 4a

What Signing a Petition for Utility Undergrounding Means

By signing the petition circulated, you indicate that you are generally in favor of utility undergrounding given the current estimated cost, and would like to know the actual cost before voting for or against undergrounding. Obtaining the required 60% signatures of affected homeowners allows design plans to be developed, actual costs obtained, and a vote for undergrounding to take place.

By not signing the petition, you indicate that you are not in favor of utility undergrounding at the current estimated costs, and have no interest in moving the project forward to actual pricing and a vote.

If the 60% signature threshold is achieved, all affected homeowners will be notified of a proposed schedule for district formation.

Dear Property Owner,

On June 5, 2006, homeowners in your neighborhood proposed the formation of revised utility underground district (4a) to the City of Manhattan Beach, the boundaries of which include your property as identified on the back of this notice. **This letter serves to notify you of the potential residential effort underway to form a revised district in your area.**

In order to become a proposed district recognized by the City, at least 60% of the homeowners within the defined area must sign a petition in support of undergrounding. The petition is then submitted to the City and signatures are verified. If the 60% signature requirement is met, the City will then facilitate the utility undergrounding process, which includes:

1. Initiating/completing utility design plans
2. Retaining an assessment engineer to allocate the total project costs among affected parcels
3. Implementing voting/balloting procedures for individual parcel assessments according to CA Proposition 218
4. Facilitating financing should the proposed district be approved by a majority of affected homeowners
5. Overseeing the undergrounding project through completion (construction, cabling, private property conversions and pole removal)

The estimated range of assessments for undergrounding utilities in your area ranges from \$37,000 – \$67,000 per parcel, depending on parcel size (square footage). Please note that this is only an estimate and is in today's dollars. Actual costs may be higher or lower should the project be initiated and ultimately priced for construction. Smaller parcels would expect to see assessments toward the lower end of the estimated range, and larger parcels toward the upper end.

Additional information about utility undergrounding can be found in the attached Fact Booklet. If you have any questions about this issue, please do not hesitate to contact me at (310) 802-5368 or via email to skatosuleas@citymb.info.

Sincerely,

Stephanie Katsouleas
Utility Underground Coordinator

ATTACHMENT C



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

October 16, 2006

**Petition Drive and District Formation
Utility Underground District 15**

**What Signing a Petition for
Utility Undergrounding
Means**

By signing the petition being circulated, you indicate that you are generally in favor of utility undergrounding given the current estimated cost, and would like to know the actual cost before voting for or against undergrounding. Obtaining the required 60% signatures of affected homeowners allows design plans to be developed, actual costs obtained, and a vote on undergrounding to take place.

By not signing the petition, you indicate that you are not in favor of utility undergrounding at the current estimated costs, and have no interest in moving the project forward to actual pricing and a vote.

If the 60% signature threshold is achieved, all affected homeowners will be surveyed to confirm their position on undergrounding. If the district moves forward, you will be notified of a proposed schedule for district formation.

Dear Property Owner,

Recently, the resident organizer for District 15 approached the City of Manhattan Beach about expanding the boundaries of a proposed district (previously called 4a), an area which includes your property as identified on the back of this notice. The expanded boundaries meet the City's undergrounding policies and guidelines for formation and were thus accepted. **This letter serves to notify you of the residential effort (petition drive) underway to expand Utility Underground District 15 to include parcels adjacent to Duncan Ave., between Sepulveda Blvd. and Dianthus St.**

For a proposed district to be recognized by the City, the following criteria must be met:

1. Petitioners must obtain 60% support for undergrounding among homeowners within the proposed area through a petition process. The petition signatures are submitted to the City for verification.
2. Following petition submittal and verification, a confirmation survey is sent by the City to all affected property owners. At least 60% of the surveys returned must also indicate support for undergrounding.

Following those steps, the City will facilitate the utility undergrounding process, which includes:

3. Requesting utility design plans (Edison, Verizon, Time Warner)
4. Obtaining open market bids for the project and retaining an assessment engineer to allocate the total costs among affected parcels
5. Implementing CA Proposition 218 balloting procedures
6. Facilitating financing and overseeing the project should the proposed district be approved by a majority of affected homeowners

The estimated range of assessments for undergrounding utilities in your area ranges from \$30,000 – \$54,000 per parcel. Please note that this is only an estimate in today's dollars. Actual costs may be higher or lower should the project be initiated and ultimately priced for construction. Smaller parcels would expect to see assessments toward the lower end of the estimated range, and larger parcels toward the upper end. Additional information about utility undergrounding can be obtained by calling me at (310) 802-5368 or via email to skatsouleas@citymb.info, or by visiting the City's website at www.citymb.info.

Sincerely,

Stephanie Katsouleas
Utility Underground Coordinator

ATTACHMENT D



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

October 27, 2006

**Validation Survey
Proposed Utility Undergrounding – District 15**

On October 26, petitions submitted to the City of Manhattan Beach were verified showing that at least 60% of the homeowners in Proposed District 15 are generally in favor of undergrounding. However, before City Council will authorize expenditures for modified design plans, support for the proposed district must be confirmed via this Validation Survey.

Your response to the attached Validation Survey is necessary to confirm the current level of SUPPORT FOR or OPPOSITION TO undergrounding utilities in Proposed District 15.

If at least 60% of the surveys returned indicate support for undergrounding, the City will initiate the district. This includes completing design plans, obtaining open market bids, preparing an assessment engineer's report and implementing Proposition 218 balloting procedures. At that time, you will have the opportunity to vote for or against undergrounding based on an exact cost to you. If the district is initiated, the City estimates that Prop 218 voting would occur in spring 2008, but actual timing will depend on the utilities' abilities to complete design plans and obtain open market bids. *Please note that actual assessment ranges may be higher or lower, and will depend on the open market bids received at the time the project is priced.*

Only one survey may be completed and submitted for each legal parcel within the District. If you own multiple properties, a separate survey must be submitted for each property location. Surveys must be: 1) filled out and signed by at least one property owner to be considered valid and 2) returned to City Hall at the address above by the deadline specified. If you have questions or would like more information prior to filling out this validation survey, please contact Stephanie Katsouleas at 310-802-5368, or vial email to skatsouleas@citymb.info. For finance-related questions, please contact the Finance Department at 310-802-5550.

This Validation Survey Must be Signed and Returned By: Friday, December 15, 2006

**District 15 - VALIDATION SURVEY
City of Manhattan Beach**

Assessor Parcel Number: «APN»
Owner Name: «MAILOWNER»
Situs Address: «SITUSADDR»

**Estimated Range of Assessments
(in today's dollars): \$30,000.00 - \$54,000.00**

Estimated Parcel Assessment Average: \$44,500.00

<input type="checkbox"/>	Yes, I am in favor of undergrounding at the current estimated assessment range.
<input type="checkbox"/>	No, I am opposed to undergrounding at the current estimated assessment range.

Date Owner Printed Name Owner Signature

ATTACHMENT E

2010												
District	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
District 2	N/A				Verizon to remove remaining (idle) poles and complete site restorations; Time Warner to complete undergrounding of remaining fiber optic line; Edison to install remaining streetlight pole							
District 6	N/A				Remaining property owners to complete service conversions; Edison/Verizon/Time Warner to complete cut-overs of District households to new underground system							
Districts 12 & 14	N/A				Edison to review design plans and investigate potential requirement for a City soils report investigation; Complete Verizon and Time Warner design plans; City Staff to complete review of utility design plans							
District 15	N/A				Appropriate design funds; make payment to Verizon & Time Warner				Begin Verizon and Time Warner design plans			

2011												
District	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
District 6	Complete Verizon and Time Warner cut-overs of District households to new underground system; Edison to begin removal of aerial plant; Time Warner to begin removal of aerial plant								Begin removal of remaining wires and poles			
Districts 12 & 14		Walkdown each District with Edison Staff		Plan Review Community Meetings		Finalize Utility Design Plans		Bidding by Joint Utilities				
District 15	Complete Edison review of design plans; Complete Verizon and Time Warner design plans; City Staff to complete review of utility design plans								Walkdown District with Edison Staff		Plan Review Community Meeting	

2012												
District	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
District 6	Complete removal of remaining poles; Edison to install remaining streetlight poles											
Districts 12 & 14	Utilities prepare and deliver "Guaranteed Price Packages"; Development of Assessment Methodology and Draft Preliminary Engineer's Report				Assessment Methodology Community Meetings		Assessment Engineer complete Prelim. Engr. Report		District formation proceedings and Prop. 218 Voting		30-day Cash-Collection period; Prepare & sell bonds;	
District 15	Finalize Utility Design Plans				Bidding by Joint Utilities			Utilities prepare and deliver "Guaranteed Price Packages"; Development of Assessment Methodology and Draft Preliminary Engineer's Report				

2013												
District	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Districts 12 & 14	Payment to Utilities		Preconstruction			Begin Civil Construction (12-month period)						
District 15	Assessment Methodology Community Meetings		Assessment Engineer complete Prelim. Engr. Report		District formation proceedings and Prop. 218 Voting		30-day Cash-Collection period; Prepare & sell bonds;		Payment to Utilities		Preconstruction; Begin Civil Construction (12-month period)	