



# **CITY OF DANA POINT**

## **Utility Undergrounding Policy And Procedures Guide**

# **To: Residents Interested in Forming An Assessment District to pay for the Undergrounding of Overhead Utilities**

## **Introduction**

There has been considerable interest among Dana Point residents to underground overhead utility lines, primarily to improve both aesthetics and/or views and, of course, property values.

City staff with the direction and approval of Utility Undergrounding Subcommittee have put together the attached policy and procedures guide packet to help guide you and your neighbors through this process. Our belief is that residents are better able to decide on the relative merits of undergrounding when they have all the information available to them from the beginning.

Although the City would like to underground utilities for residents on residential streets at no cost, the funding just isn't available to do so in the City General Fund. Also, SDG&E's limited 20A fund account, normally used for undergrounding major arterial streets, has already been obligated for projects.

Therefore, as in other neighboring cities, resident funded opportunities, either directly through SDG&E or the more common Utility Assessment District option, are outlined in this policy handout approved by the City Council.

If you would like to privately pay up front and finance undergrounding yourself, your group can work directly with SDG&E. Please read Section H of this policy guideline. However, if you believe your resident group would have members who need to pay for undergrounding over time (15 years), then the Assessment District information guide is for you.

A general overview fact sheet is provided in Section A to help you generally understand what is involved with pursuing an Assessment District with the City. After reading Sections A and B, if the program sounds right to you, please proceed!

Generally there is a person in the neighborhood who initiates the process, noted in the Assessment District process formation checklist as the Neighborhood Coordinator. If you are that person in your neighborhood, please read the formation process checklist (Section B) carefully. After having met with your neighbors and sharing Section A with them, if you believe that at least two-thirds of them are interested, we suggest you meet next with the City Engineer's office where they will provide you with an overview of the process and answer any initial questions you might have.

Whether the assessment district formation moves forward depends in large part on making sure all those property owners to be included in the proposed district are fully informed and interested in participating. As you will see from the checklist, staff will meet with your group to go over the process and answer questions. Staff is here to assist and facilitate this detailed process.

Once you have decided to proceed with the petition phase, we will have the Assessment Engineer provide an estimate of the cost to property owners prior to signing the petition.

Be advised, undergrounding is costly. Property owners will, at the conclusion of the assessment district formation process, have an opportunity to either pay their costs up front or participate in a bonding issue in which the costs of the undergrounding to the property owner are placed on their property tax bills with payments made over 15 years rather than in a lump sum. However, the cost of connecting the utilities from the street to each home is the responsibility of the property owner and those costs may not be legally included in the bond issue.

There is a lot of detail, so expect the total process, including construction, to take two – three years, depending on SDG&E's construction schedule.

Initial contacts are:                   City Engineer office - 949-248-3554  
  SDG&E                                   - 949-361-8047

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# **SECTION A**

## **General Overview**



**City of Dana Point  
Engineering Division**

## **Section A**

### **Undergrounding Overhead Utility Wires**

#### **General Overview**

##### **Why? \_\_\_\_\_**

Several neighborhood groups have approached the City inquiring about ways to remove unsightly overhead utility wires which obstruct what could be magnificent views. Views are not the only reason to pursue such a project, however. Neighborhood beautification, safety, and improved property values are other benefits of undergrounding.

##### **How Is It Done? \_\_\_\_\_**

There are two methods to accomplish an undergrounding project:

- Working together with neighbors and accomplishing it privately through SDG&E; or
- Forming an Assessment District with administrative assistance from the City of Dana Point

An Assessment District is somewhat time-consuming but easier to finance. This brochure provides you with an overview of these two methods.

##### **Who Starts a Project? \_\_\_\_\_**

Both of these processes require a resident to act as the liaison between you and your neighbors and the City or utility companies. The liaison formally surveys all the homeowners in your area to establish a boundary map.

## **Defining The Project Area\_\_\_\_\_**

The boundary map defines the property owners proposed to specially benefit from having their utility poles removed or wires placed underground. The survey is done to determine how much interest and support can be expected for the formation of such a project. Once this information is evaluated, the City verifies with companies such as SDG&E, Cox Communications and AT&T whether the proposed project is practical. You can then decide which method, if any, is appropriate for your situation.

## **The Methods\_\_\_\_\_**

### **1. A Private District**

*A privately financed undergrounding project is handled exclusively by a group of homeowners and the utility companies.*

The City is not included in this type of project, except to issue Building and Public Works permits. The utility companies are paid by you and other interested property owners to prepare plans for the conversion of the overhead facilities to an underground system. You then arrange to receive bids on these plans. Engineering, construction and incidental fees must be paid in full prior to the construction of the underground system. Under this method of undergrounding, any number of parcels can be included with 100% of the affected properties required to participate.

You are also responsible to pay for the cost of connecting to the underground system from the street to your house. A licensed electrician can do this work for you. Alternatively, you may choose to contact the general contractor doing the work in the street for an individual bid.

### **2. An Assessment District**

*To initiate the Assessment District process, these minimum requirements must be satisfied: Twenty parcels must be included; 1000 linear feet of line must be placed underground; a preponderance of affected property owners must sign a petition (67% or 2/3rds) indicating support to proceed and pay for the process; and an initial non-refundable deposit of \$1,500 per parcel earnest money must be provided (which will be credited to your share of the underground project cost).*

How are assessments calculated?

The City will help you form an Assessment District providing general administrative support outlined in the City's Procedural and Policy Guide. If sufficient interest exists to proceed with a District, the City will coordinate the design, financing and construction of

the project. Additionally, the City advances the initial engineering costs over and above your deposit at its risk top facilitate the process. The primary benefit of this method is that you can finance the safety and aesthetic improvements of undergrounding over time with a bond issuance. The main drawback is that the formal process can take a long time to complete.

If you are interested in proceeding with the formation of an Assessment District, the following more detailed information will help you understand the procedures the City must follow. A checklist and time of schedule of actions and the engineer's assessment methodology is provided in Section E showing how costs are allocated.

## **Planning Your Project\_\_\_\_\_**

The first step in forming an Assessment District is to determine which poles and wires your neighborhood is most interested in placing underground. City staff then works with the utility companies and you to set the preliminary boundary for the project. The next step is to assess who will support a project and where opposition may exist.

Typically, an energetic neighborhood individual will seek the assistance of a few of his or her neighbors and divide the area into blocks, one neighbor surveying one block, another neighbor surveying the next. It's least expensive per property if the entire neighborhood is done. An alternative is to arrange a neighborhood meeting to present the project and receive input from those at the meeting. Holding such a meeting is also a good way to enlist the assistance of members of your neighborhood group. After each representative has informally surveyed the area, you should contact City Engineering Division staff to set a meeting to discuss your preliminary findings from the survey.

## **Confirming the Boundary and Petitioning\_\_\_\_\_**

Once you identify your specific project boundaries. City staff meets with representatives of the utility companies. The purpose of this meeting is to determine whether the perimeters of the project are sufficient to move forward or if they need to be modified to help the various utility companies maintain their systems adequately.

Formal petitioning begins after the boundaries are confirmed. Staff can provide you with a sample petition for you to circulate. Once every homeowner has had an opportunity to sign, the petitions are submitted to the City for evaluation and verification of signatures. To proceed, the City Council looks for a preponderance of support from the affected property owners. Generally, this means that signatures from property owners representing 67% of the number of homes within the boundary area must be filed with the City to indicate a solid level of commitment at this stage.



## **Engineering and Design**\_\_\_\_\_

After the City Council has confirmed that a sufficient number of signatures has been filed and has approved proceeding with the project, staff usually is authorized to send the boundary map to the utilities so that they can design the underground systems. San Diego Gas & Electric (electricity) begins the initial design for the new system. In turn, these electrical plans are then forwarded to AT&T (telephone) and Cox Communications (cable tv/internet) for design completion. This part of the process can take eight to twelve months or even longer to complete, depending on the existing work load of the utility companies and the size and complexity of the project.

## **City Council Action and Requirements of Proposition 218**\_\_\_\_\_

Once the design plans are completed and preliminary costs are estimated, State law requires the City Council to conduct at least one public hearing. The purpose of the hearing is to review detailed aspects of the project and to provide affected property owners with an opportunity to support or protect the formation of the District.

All property owners who are subject to the proposed assessments are notified of the meetings and are mailed ballots as required by Proposition 218, passed in 1996. The mail ballot process allows all affected property owners to express their support or opposition to the proposed assessment. If a majority of the assessment ballots cast are in favor of the project, as weighted by each assessment amount, the City Council must proceed to have the District officially formed.

## **Project Costs**\_\_\_\_\_

Construction costs vary substantially depending on the physical constraints impacting the project and the number of parcels sharing the costs. 2005 costs in one nearby project for a single family dwelling ranged from \$15,000 to \$30,000. All costs relating to the formation of the District and construction of the underground system can be paid by residents over a 15 year period (the annual cost including interest for the example above approximates \$1,500 to \$3,000). As with a private district, you must retain a contractor to connect your home to the underground system. The cost of this work generally ranges from \$1,000 to \$3,000 (2005). The City may not pay the costs of the undergrounding project as it would be considered a "gift of public funds".

## **Cash Pay-Off Period**\_\_\_\_\_

After the City Council has taken action to officially form the District, you have the opportunity to pay off your assessment before it is placed on your tax bill. This cash

pay-off period, usually 30 days, allows you to receive a discount of approximately 8 to 10 percent by foregoing bond financing costs.

## **Financial Assistance for Senior, Blind or Disabled Citizens\_\_\_\_\_**

The State Franchise Tax Board offers a Homeowner Assistance Program where it reimburses low income qualifying persons for a portion of the property taxes assessed on their home. The State Controller's Office administers a Property Tax Postponement Program whereby eligible, senior, blind or disabled homeowners can postpone payment of part or all of the property taxes on their residence, including Assessment District costs, until the house is sold. To qualify, you must meet certain requirements as to age or disability, occupancy, income, property equity and tax status.

Therefore, it may be possible if you are a lower income senior who owns your own home to participate in an Assessment District without any immediate out-of-pocket costs except the cost to hire a private contractor to connect the house to the public system.

## **Construction Schedule\_\_\_\_\_**

The time frame for a typical utility undergrounding project is two to three years, from initial planning to the end of construction. After the City Council has approved the project at the public hearing and has awarded a construction contract, the work of trenching and installing the conduit begins. The utility companies then install wires in the conduit and remove the overhead facilities. At this time, your electrician should complete the work for all property owners from the street onto your property.

## **Frequently Asked Questions**

### **How much does it cost?**

*Costs vary substantially from project to project depending on physical constraints impacting construction access and feasibility, the number of parcels sharing the costs and the number of transformers and lines to be placed underground. 2005 costs for a single family dwelling for residents ranged from \$15,000 – \$30,000.*

### **What costs are included in the Project?**

*Two-thirds of the cost for a recent project were construction related. Each utility charges for its expenses to design and convert the system. Other expenses include engineering, legal, administration and bond issuance costs required to finance the project.*

**Do the utility companies contribute to the cost of the undergrounding?**

*The utility companies do not contribute funds to undergrounding districts. Some portion of the surcharges found in your electric bill goes to local communities to help underground utilities in the public right-of-way. These funds typically go to major arterial street projects of broad public use since everyone contributes.*

**Is the interest rate fixed or variable? At what rate?**

*The interest rate is fixed and is set at the time the bonds are sold. Recently, rates have averaged 6 percent (2005), but will vary depending on economic fluctuations.*

*A professional assessment engineer is hired to prepare a Preliminary Engineer's Assessment Report and a Final Report that describes the scope of the project and list of all costs and assessments to be levied. Assessments are based on the special benefit that each property receives from the improvement project. For instance, properties gaining better views and safer conditions pay higher assessments than properties only benefiting from safety improvements. The reports are made available at City Hall for your review.*

**How do I pay for it? Is the assessment tax deductible?**

*Assessments are placed on your property tax bills to be paid over a 15 year financing period. If preferred, you may pay the assessment in full during a 30-day period before the bonds for the project are issued. Cash payments are made to the City Treasurer. Consult your financial advisor for your tax related questions.*

**Is financial assistance available?**

*The State offers two programs to assist persons who meet minimum requirements for economic and physical hardship as noted earlier. For general information on these programs see Section G or call the State Controller's Office at 1-800-952-566.*

**Is there any benefit for me to prepay my share? Can the assessment be paid after the cash pay-off has been lapsed?**

*If you choose to prepay your assessment during the cash pay-off period, you do not have to pay for certain bond issuance costs, representing a discount of about 8 to 10 percent. The financing company charges a penalty up to three percent or more if you choose to prepay your assessment in full after the cash pay-off period and before the bonds mature.*

**What if I sell my home before the debt is paid in full?**

*This is a matter that can be negotiated between the buyer and the seller. As a lien to the property, the assessment is transferred to the new owner unless you pay it off in full. Ask your realtor and tax advisor for advice.*

**Can the cost of connecting a home to the public system be added to the property tax assessment?**

*No, this cost is negotiated between you and your individual contractor. Each homeowner pays for this work separately from the assessment.*

**What do I do if I have other questions?**

*Call the City Engineering Division at 949-248-3554.*

## **CONTACTS**

**For information on an Assessment District contact:**

**City Engineer Division  
949-248-3554**

**San Diego Gas & Electric  
662 Camino de Los Mares  
San Clemente, CA 92672  
949-3611-8047  
Or  
1-800-411-8047**

## **SECTION B**

### **Process for Formation** **Checklist/Schedule**

**City of Dana Point  
Process for Formation of Assessment District  
For Undergrounding**

<b><u>Item No.</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>	<b><u>Timing</u></b>
1.	Neighborhood Coordinator	Read the policy packet and contact neighbors to measure initial interest in forming an assessment district. Remember you must be able to obtain a petition signed by 67% of at least 20 property owners along 1000 lineal feet utility lines who are willing to advance \$1500 each to go forward with formation.	
2.	Neighborhood Coordinator	Meet with City Engineer's office regarding the steps in the process to form an assessment district, discuss possible boundary and obtain copies of the section A general overview for distribution.	
3.	Neighborhood Coordinator	Set up meeting with all property owners in proposed districts and invite staff and representatives from SDG&E, Cox & AT&T as well as City Engineer to present information & answer questions about district formation and help define boundary.	
4.	Neighborhood Coordinator	Petition Phase  Submit proposed boundaries of the district to City Engineering Dept.	
5.	Finance/Engineering	Sets up appropriate accounting structure to track deposits and expenditures.	
6.	Engineering	In conjunction with Neighborhood Coordinator and Utility Companies, determines proposed district boundaries, required improvements and conceptual cost estimate. Pay SDG&E for cost of getting construction estimates from Council appropriation. Determine estimate of total	2 - 3 months

<b><u>Item No.</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>	<b><u>Timing</u></b>
		costs for inclusion on petition.	
7.	Neighborhood Coordinator, Bond Counsel	Using the above information, prepare the petition, along with a list of names and addresses of all property owners. Draft reimbursement agreement between City and Proponent(s) to govern deposited funds.	1 -2 months
8.	Neighborhood Coordinator	Obtains property owner signatures representing 66.67% or more of the land area subject to assessment. Submits completed petition to City. Submits deposit of \$1,500 per property owner petitioner in proposed district.	2 - 3 months
9.	Finance, City Clerk, Bond Counsel	Deposit advanced funds (petitioner deposits) with City Finance and verify validity of petition signatures. Execute deposit agreement to apply petitioner deposits as a credit to any assessments..	1 month
10.	<u>Bond Counsel</u>	Initiation of the District  Review petition and prepare draft Resolution of Intention for Council approval.	1 month
11.	City Engineer, Finance, City Clerk, City Attorney	Prepare documents for Council to accept the initial deposit, approve the deposit agreement, accept the petition, approve the boundary map, order the preparation of an Engineer's Report, and adopt the Resolution of Intention. Finance Team (Assessment Engineer, Financial Advisor and Bond Counsel) formally retained.	1 month
12.	City Council	Approve above actions.	
13a	Engineering/SDG&E	Project Design Electrical  Coordinate with SDG&E to prepare project design and construction estimates- Decide whether to bid infrastructure portion of work or ask SDG&E to do all work.	4-6 months concurrent with Assessment #14



<b><u>Item No.</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>	<b><u>Timing</u></b>
13b	Engineering/AT&T/ Cox	Project Design Telephone/Cable  AT&T/Cox design following SDG&E design	4-6 months following 13a
14	Engineering, Assessment Engineer	Assessment Report  Prepare Assessment Preliminary Engineer's Report. The Preliminary Engineer's Report includes a map of the assessment district boundaries, an estimate of the total costs of the improvements, and the amount to be assessed upon each parcel. Bond Counsel and Financial Advisor review Preliminary Engineer's Report for conformance to legal requirements and financial market conditions.	3 – 6 months
15	Finance, Engineering, City Clerk, Bond Counsel	Assessment Proceedings  Prepare documents for Council to approve the Engineer's Report and set the time, date and location of the public hearing.	1 month
16	City Manager	Approve above actions.	
17	Finance, City Clerk, Engineering	Prepare and mail notice of Public Hearing and ballots not earlier than 45 days nor later than 15 days prior to date of Public Hearing. The notice will contain the estimated total assessment amount chargeable to the district, the amount chargeable to the record owner's parcel, the basis for the assessment, information regarding the public hearing, and a summary of the procedures for the completion, return, and tabulation of the assessment ballots.	(2 months)

<b><u>Item No.</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>	<b><u>Timing</u></b>
18	City Clerk, Finance, Engineering	Public Meeting 2-4 weeks before Public Hearing	1 month concurrent with Item No. 17
19	City Clerk, Finance, Engineering	Public Hearing  Prepare documents for Council to conduct the public hearing.	1 month
20	City Council	Conduct public hearing: Council considers objections, if any, to the proposed assessment and tabulates ballots. Only those ballots received will be counted. Ballots are weighted on the basis of the dollar amount assessed to each parcel for which the ballot is submitted. If a majority of the weighted ballots returned oppose the proposed assessment, the City Council may not form the district, nor levy the assessments. If a majority of the weighted ballots returned are in favor, the City Council, in its discretion, may adopt a resolution approving the Final Engineer's Report, authorizing the proposed improvements described in the report, confirming the assessments, and directing the City Engineer (Superintendent of Streets) to file an assessment diagram and notice of assessment with the County Recorder's Office.	Typically 60 days after Item No. 16 or as soon thereafter as possible.
21	Treasurer, City Clerk	Records Notice of Assessment with the County Recorder's Office.	
22	Finance	Assessment  Mail Notices of Improvement to Property Owners (starts 30-day cash collection period) which includes the amount of the confirmed assessment and the discount amount for assessments prepaid during the cash collection period.	Within one week after Item No. 19
23	Finance	Post assessment cash prepayments to	30 days

<u>Item No.</u>	<u>Responsible Party</u>	<u>Action</u>	<u>Timing</u>
		appropriate City fund pending bond sale.	following Item No. 19
24	Finance	<p>Bond Issuance</p> <p>Engage services of Financial Advisor to oversee issuance of bonds in conjunction with Bond Counsel. The Financial Advisor will:</p> <ul style="list-style-type: none"> <li>(a) Prepare financing schedule;</li> <li>(b) Review bond documentation;</li> <li>(c) Assist City Staff in engaging the services of a bond underwriter;</li> <li>(d) Negotiate the terms and conditions of the bond issue; and</li> <li>(e) Oversee the bond marketing process and advise the City on the fairness of bond pricing of the underwriter.</li> </ul>	Commencing with Item 13 performed concurrently with Assessment Proceedings above
25	City Council	<p>Sale of Bonds</p> <p>Council Approves Sale of Bonds, Authorizes Bond Issuance and awards contract for construction of undergrounded utilities or directs SDG&amp;E to do work.</p>	Following Conclusion of 30-day Cash Collection Period
26	Finance, Financial Advisor and Bond Counsel	Delivery of Bonds to Underwriter and receipt of Bond proceeds (Bond Closing)	2 weeks after pricing
27.	Finance	Reimburse City for staff time used. Retain District Administrator.	1 month
28.	Engineering	<p>Project Construction</p> <p>Coordinate project construction.</p>	6-12 months

<b><u>Item No.</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>	<b><u>Timing</u></b>
29.	Finance	Levy assessments on County Property Tax bills. Annual levy also includes amount for administrative expenses.	1 <sup>st</sup> Monday of August, unless extended by Auditor to 3 <sup>rd</sup> Monday of August
30.	Finance	Deposit assessment collections for debt service with City's Paying Agent for Bonds and administration assessment collections in Administrative Expense Fund held by City.	December/ April
31.	Finance, District Administrator	Monitor administration of liens and bonds and insure compliance with any continuing disclosure obligations	Ongoing

## **SECTION C**

### **Sample Petition Requesting City Action**

Honorable Mayor and Members of the Dana  
Point City Council  
City of Dana Point  
33282 Golden Lantern  
Dana Point, CA 92629

Re: Petition Requesting the Initiation of Proceedings to Consider the Formation of an  
Assessment District to Finance the Costs of Undergrounding Existing Overhead  
Utilities

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Dear Mayor and Members of the City Council:

We are the    #    owners (the “Owners”) of the properties located in the City of Dana Point (the “City”) which are identified adjacent to our signatures below and are also shown on the map attached to this Petition as Attachment A hereto.

The Owners respectfully petition the City Council of the City (the “City Council”) to initiate proceedings pursuant to the Municipal Improvement Act of 1913 (Streets and Highways Code Section 10000 and following) to consider the formation of an assessment district for the purpose of financing the costs of undergrounding certain existing overhead utilities. The existing overhead utilities proposed to be undergrounded are shown on Attachment A. The    #    properties proposed to be included within the boundaries of assessment district are also shown on Attachment A. The initial non-refundable deposit of \$1,500 per property owner, totaling \$           has been provided to the Director of Administrative Services.

We 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, generally including:

The costs of the design, engineering, plan checking and all other incidental costs related to the preparation of the plans and specifications for the undergrounding;

The costs of the acquisition of additional right-of-way, if any, necessary for the location of the underground utilities and any related above ground facilities such as pedestals;

The costs of the removal of the overhead utilities and the installation of the underground utilities; and

The costs of forming the assessment district and the financing costs related to the issuance of bonds to finance all of the above costs.

In addition, the annual costs of administering the assessment district and the bonds issued for the assessment district will be assessed against those properties that do not choose to pay off their assessment in cash and instead allow it to go to bond.

The Owners understand that those costs of converting our private property so that we can connect our residences to the underground utilities will not be financed through the assessment district. Further, it is acknowledged that all owners must complete the construction of the private property connection within 90 days of the utility undergrounding construction contract notice to proceed in the public right-of-way to avoid monetary penalty.

We further understand that if the City Council elects to initiate the proceedings to consider the formation of an assessment district as we have petitioned:

1. The record owners of the properties proposed to be assessed will receive notice of a public hearing to be held by the City Council. At such public hearing any interested person may present written or oral testimony and the City Council will consider all objections or protests to the proposed assessment.

The record owners of the properties proposed to be assessed will also receive an assessment ballot by which such record owners may express their support for or opposition to the proposed assessment.

All assessment ballots received by the City prior to the conclusion of the public hearing will be tabulated following the conclusion of such public hearing. The City Council shall have the authority to form the assessment district and levy the proposed assessments only if the assessment ballots submitted in favor of the levy of the proposed assessments exceed the assessment ballots submitted in opposition to such levy. In tabulating the assessment ballots, the assessment ballot for each parcel is weighted by the amount of the assessment proposed to be levied on such parcel.

In submitting this petition we are not waiving our right: (a) to testify orally or in writing at the public hearing described above, (b) 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 (c) 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.

This petition is respectfully submitted by:

Date Signed	Name of Property Owner(s) (printed or typed)	Signature of Property Owner(s)	Street Address or Assessor's Parcel No.






## **SECTION D**

### **Sample Letter to Residents Advising Action on Petition**

Property Owner

Re: \_\_\_\_\_ Assessment District No. \_\_\_\_\_ ; APN \_\_\_\_\_

Dear Property Owner:

Based on the petition received from the \_\_\_\_\_ neighborhood in the \_\_\_\_\_ of 200\_, the City of Dana Point has initiated proceedings to form an assessment district to finance the undergrounding of utility facilities, which includes approximately \_\_\_ poles and over \_\_\_\_\_ feet of overhead wires in the area.

The total project costs to underground these facilities will be \$ \_\_\_\_\_. These costs include the cost of design, construction, formation of the district and issuance of bonds. Each property owner's proportional share of these costs are allocated to each property using the specific benefit assessment methodology adopted by the City on \_\_\_\_\_.

After incorporating all the project costs and applying the City's benefit assessment methodology, your property's probable proportional share of the overall project cost is as follows:

Total assessment for APN \_\_\_\_\_ = \_\_\_\_\_

The City's Assessment Engineer will be submitting a detailed Assessment Report to the City Council on \_\_\_\_\_. This information will be available for your review at City Hall. Also, we are available to answer any questions you have regarding your proposed assessment.

In order to form this Assessment District, the City will be mailing property owners ballots in early \_\_\_\_\_ with a public hearing scheduled before the City Council on \_\_\_\_\_. Assuming approval and formation of this Assessment District, your property assessment may either be paid off within 30 days of the levy of the assessment or allowed to go to bond and be collected on your property tax bills over the next 15 years. If you choose to pay off the assessment during the 30-day cash collection period, you will receive a discount which omits the bond-related costs within the assessment. If the prepayment occurs after the issuance of the bonds, you will pay the unpaid balance of the assessment, less a bond reserve credit, plus interest to the next bond interest payment date at which the bonds can be redeemed and a premium paid to the bondholder for the early redemption of his bond prior to its scheduled maturity.

If your assessment is collected on your property tax bill, the principal amount of your assessment, together with interest equal to the interest payable on the bonds to be issued for the

Assessment District, will be amortized over the term of the bonds resulting in substantially equal payments. In addition to these annual assessment installments, an additional administrative assessment will also be collected on your property tax bill to finance the on going costs of administering the bonds and collecting the assessments. The maximum annual administrative assessment will be established at the time of formation of the Assessment District. The City currently estimates that the maximum annual administrative assessment will be approximately \$\_\_\_\_\_.

The total assessment listed above includes costs for undergrounding the main overhead electric, telephone, and/or cable television utilities. Each property owner is responsible for the costs and conversion of the property's service connections (located on private property) to the underground utilities, if they are currently overhead.

If you have any questions or desire additional information, please contact me at \_\_\_\_\_.

Very truly yours,

## **SECTION E**

### **Sample Engineering Assessment** **Methodology**

**CITY OF DANA POINT  
SAMPLE  
ASSESSMENT METHODOLOGY**

The following guidelines can be used to determine the special benefits and cost assessments to properties resulting from the underground of overhead utilities. It should be remembered, that site specific conditions will be considered for each assessment district. As a result, the special benefits and corresponding assessment methodology may vary somewhat between various assessment districts.

**Description of Special Benefits**

Applicable law requires that the assessment of the costs of the construction or installation of improvements must be based on the special benefit that the properties receive from those improvements. In general, there are two special benefits that properties will receive from the undergrounding of utilities. These special benefits can be separated into two categories: Undergrounding Utility Service Special Benefits and Aesthetic Special Benefits.

Undergrounding Utility Service Special Benefits

The Undergrounding Utility Service Special Benefit is a special benefit that is received equally and uniformly by all properties within the assessment district. This special benefit results from the conversion of utility service from overhead service to new underground service by the under-grounding of overhead wires in public road right-of-ways. This special benefit accrues to each property within the assessment district and includes both improved safety and improvement of the overall aesthetics within the assessment district. The removal of utility poles along the road right-of-way will produce greater safety for vehicles traveling within the assessment district, as there are no poles for vehicles to collide with. The removal of overhead utility wires and poles in public right-of-ways also removes visual impediments thus enhancing the district's aesthetics. This special benefit also includes the upgraded utility service that the properties will receive from the installation of new and upgraded utility lines and equipment that replaces the existing overhead lines and equipment.

Aesthetic Special Benefits

The Aesthetic Special Benefit is a special benefit that directly benefits each property in the assessment district, but to varying degrees. Removal of overhead wires and poles from the front, rear and sides of a property directly improves the aesthetic views from that property's vantage point. This special

benefit will vary from property to property based on the length of property frontage which is directly benefiting from under-grounding of existing overhead utilities. This special benefit will also vary from property to property depending upon the physical location and length of the existing overhead wires and poles in relation to each property. Properties with greater lengths of utility abutment will benefit to a greater degree than properties with less abutment length. Properties, which do not directly front on overhead utilities, will not receive any Aesthetic Views Special Benefit.

Undergrounding of overhead wires benefits each property differently when it comes to impacts on ocean and canyon views. All property frontages receive a varying degree of special benefit. Three categories of views special benefit have been identified. Each view category is assigned a numerical "view unit".

A property is considered to have an ocean/canyon view primarily based upon the topographic lay of the land relative to the ocean/canyon. The orientation or elevation of any existing structures, window locations, presence of trees and vegetation, etc. will not typically be considered in determining the view category which will be assigned to a property. Assessments for each parcel are based upon parameters associated with the parcel and not the structures that may currently occupy a given parcel. This allows the property to be modified without affecting the benefit assessment.

#### Direct Ocean View

Those property frontages where overhead wires directly obstruct an ocean view. These frontages will be assessed a unit of 2.00.

#### Direct Canyon View

Those property frontages where overhead wires directly obstruct a canyon view. These frontages will be assessed a unit of 1.50.

#### Partial Ocean View

Those property frontages where overhead wires indirectly or diagonally obstruct an ocean view. These frontages will be assessed a unit of 1.50.

#### Partial Canyon View

Those property frontages where overhead wires indirectly or diagonally obstruct a canyon view. These frontages will be assessed a unit of 1.25.

#### No Ocean/Canyon View

Those property frontages with no ocean/canyon views. These frontages will be assessed a unit of 1.00.

## **Description of Cost Assessment Methodology**

The total project cost is assessed to each property based upon the Special Benefits received by each property. A portion of the total project cost is apportioned to each of the two types of special benefits. The total cost assessment to each property is the sum of the cost attributed to each of the two types of special benefits

### Apportionment of Project Cost Between the Two Types of Special Benefit

The total project cost is apportioned to each of the two types of special benefits based on the ratio of the frontage length of each type of special benefit. The frontage length of Underground Utility Service Special Benefit equals the total length of benefiting property frontages located within the public road right-of-way. The frontage length of Aesthetic Special Benefit equals the total length of property frontages with direct benefit from the removal of overhead utilities. The following example illustrates the apportionment method.

A= Underground Utility Service Special Benefit Footage	= 8,200 feet
B= Aesthetic Special Benefit Footage	= <u>8,900 feet</u>
C= Total Special Benefit Footage	= 17,100 feet

Undergrounding Utility Service Special Benefits represent 48% (A divided by C) of the total special benefit footage. Therefore, 48% of all undergrounding costs will be applied to the Undergrounding Utility Service Special Benefit and will be equally apportioned to each property within the assessment district.

Aesthetic Special Benefits represent 52% (B divided by C) of the total special benefit footage. Therefore, 52% of all undergrounding costs will be apportioned to Aesthetic Special Benefits and assessed to each property based upon its prorated share of benefiting property frontage.

### Assessment of Cost to Individual Properties

The total cost to be assessed to each property is the sum of the costs associated with the Underground Utility Service Special Benefit plus the cost attributed to the Aesthetic Special Benefit.

Undergrounding Utility Service Special Benefit and costs are equally apportioned to all properties. Each property pays an amount equal to the total cost attributed to Undergrounding Utility Service Special Benefits divided by the total number of benefiting properties within the district.

The Aesthetic Special Benefits consist of three portions: Views, pole removal and pedestal installation. For the Aesthetic Views, the benefits are apportioned to each benefiting property based on the linear quantities of benefiting frontage multiplied by a view unit. The view unit is dependent on the view category that the frontage falls in. Costs will be assessed to fronting properties based on the length of directly benefiting frontage, including, front, side, rear and crossing frontage. Properties which abut existing overhead utilities will be assessed based upon the length of abutting property frontage, including properties which are located on both sides of a public street or easement, regardless of which side of the street the utilities are located. Each property will be assessed a portion of the total cost of the Aesthetic Views based on it's weighted prorate share of the total length of benefiting frontage after assignment of the view unit.

The costs of pole removal is apportioned to the benefiting properties. The poles are those within the frontage as described in preceding paragraph.

The costs of pedestal installation is apportioned to all of the properties equally. Those properties that receive the pedestal in their frontage are excluded from this cost.



## **SECTION F**

### **Sample Assessment District Reimbursement Agreement**

## ASSESSMENT DISTRICT REIMBURSEMENT AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the CITY OF DANA POINT, a municipal corporation (the “City”), and the property owners listed on Exhibit A hereto which is incorporated herein by this reference (the “Owners”).

### R E C I T A L S

A. The Owners have asked the City to initiate proceedings under the provisions of the “Municipal Improvement Act of 1913”, being Division 12 of the Streets and Highways Code of the State of California, to form an assessment district (the “Assessment District”) to finance the undergrounding of certain existing overhead public utilities, together with appurtenances and appurtenant work, to serve and specially benefiting properties within the boundaries of the Assessment District.

B. The City is willing to initiate the proceedings to consider the formation of the Assessment District if the Owners agree to advance funds to the City for the payment of all initial consulting and administration costs and expenses related to the proceedings to consider the formation of the Assessment District and to subsequently authorize, issue and sell bonds for the Assessment District (the “Proceedings”). Such monies shall be subject to reimbursement or credit pursuant to the provisions of this Agreement upon the successful sale of bonds for the Assessment District and the receipt by the City of the proceeds of such bonds.

C. The Owners have agreed to advance such funds and the City and the Owners, therefore, desire to enter into an Agreement to provide for the advance of monies and reimbursement or credit for monies so advanced.

### A G R E E M E N T

The parties hereto, for mutual consideration, agree as follows:

Advances. The Owners shall advance monies to the City in such amounts and at such times as specified below to pay all costs and expenses incurred by the City in undertaking the Proceedings and pre-bond sale costs, including without limitation, the following:

Assessment Engineering services;

City Engineering including SDG&E deposit; and

City Attorney/Bond Counsel

All such costs and expenses are collectively referred to as the “Formation and Issuance Costs.”

Advances shall be made to the City pursuant to the following schedule:

A. Owners have advanced \$ \_\_\_\_\_ to the City, receipt of which is hereby acknowledged by the City.

B. The City of Dana Point will initially assume responsibility for staff costs and other formation costs not otherwise included in the required deposit as noted above. Should the City Council successfully form the Assessment District, formation costs not covered by the deposit shall be reimbursed to the City through the property assessments.

Records. The City agrees to keep records consistent with its regular accounting practices of the amount of monies advanced and the expenditure of such monies. Additionally, the City shall enter into and maintain contracts with all consultants that shall specify the scope of services and compensation to be paid to all such consultants. Such records and contracts shall be available for review by the Owners during normal business hours upon reasonable notice to the City.

Reimbursement. If the Assessment District is formed, the Owners may elect among the following options for the reimbursement of monies advanced pursuant to this Agreement:

All monies advanced shall be reimbursed in cash solely from bond proceeds;

All monies advanced shall be applied as a credit upon the assessments levied against properties owned by the Owners as directed by the Owners;

A combination of the above.

If the Proceedings to form the Assessment District are not completed and are abandoned for any reason at any time prior to the successful sale of bonds or the City is unable for any reason to issue or sell the bonds, there will be no obligation on the part of the City to reimburse the Owners for any monies previously advanced pursuant to this Agreement; provided, however, the City does agree to return to the Owners any monies previously advanced which remain on deposit with the City and which the City determines are in excess of the amount necessary to pay for any outstanding Formation and Issuance Costs previously incurred by the City.

Ownership of Documents. All plans, specifications, reports and other documentation as prepared as a part of the Proceedings shall become the property of the City, regardless as to whether the Assessment District is actually formed.

No Obligation to Form Assessment District. The Owners acknowledge that the decision of the City Council to form the Assessment District is an exercise of the legislative authority of the City Council and that the City may not enter into a contract to obligate the City Council to exercise its legislative discretion in a particular manner. This

Agreement does not, therefore, in any way create a contractual, legal or equitable obligation of or commitment by the City to approve the formation of the Assessment District. The City expressly reserves the right to abandon the Proceedings for any reason at any time prior to the completion thereof. Should the Owners desire to abandon the Proceedings, the Owners shall provide written notification of such desire to the City and request the City to immediately terminate all consulting agreements and use all efforts to minimize any and all Formation and Issuance Costs.

Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Singular and Plural; Gender. Whenever used herein, the singular number shall include the plural, the plural number shall include the singular, and the masculine feminine or neuter gender shall include the others whenever the context of the Agreement so indicates.

Entire Agreement. This Agreement contains the entire Agreement between the parties hereto with respect to the subject matter hereof. This Agreement may not be altered, modified or amended except by an instrument in writing executed by all of the parties.

Governing Law. This Agreement has been executed in and shall be governed by the laws of the State of California.

Construction. This Agreement shall be construed as a whole and in accordance with its fair meaning. Captions and organizations are for convenience and shall not be used in construing meaning.

Severability. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable the remainder of the provision thereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

Notices. All notices and demands shall be given in writing by personal delivery or first-class mail, postage prepaid. Notices shall be addressed as appears below for the respective party; provided that, if any party gives notice of a change of name of address, notices to the giver of that notice shall thereafter be given as demanded in that notice. Notices shall be deemed received seventy-two (72) hours after deposit in the United States mail.

CITY: CITY OF DANA POINT  
33282 Golden Lantern  
Dana Point, CA 92629  
Attention: Director of Finance

OWNERS: To the Owners at their addresses as they appear in Exhibit A hereto.

Waiver. The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered a waiver by him of any other covenant, condition or promise. The waiver by either or both parties of the time

for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. The exercise of any remedy provided in this Agreement shall not be a waiver of any consistent remedy provided by law, and any provision of this Agreement for any remedy shall not exclude other consistent remedies unless they are expressly excluded.

Amendment. No provision of this Agreement may be modified, waived, amended or added to except by a writing signed by the party against which the enforcement of such modification, waiver, amendment or addition is or may be sought.

[End of page – next page is signature page]

Signature Page  
to  
Assessment District Reimbursement Agreement  
between  
the City of Dana Point  
and  
the Owners

IN WITNESS WHEREOF, the City and the Owners have executed this Agreement thereby indicating that they have read and understood same, and indicate their full and complete consent to its terms.

CITY OF DANA POINT

By: \_\_\_\_\_  
Director of Administrative Services

By: \_\_\_\_\_  
City Attorney

OWNERS

**EXHIBIT A**

**OWNERS**

Name of Owner

Address of Owner

## **SECTION G**

### **Property Tax Postponement Program**



## Property Tax Postponement for Senior Citizens, Blind or Disabled Citizens

### PROGRAM DESCRIPTION

The Property Tax Postponement Program allows eligible homeowners to postpone payment of part or all of the property taxes on their residence. To participate in this program, the homeowner must complete the claim form and submit it to the State Controller's Office. If the claim is approved, Certificates of Eligibility are mailed to the homeowner. The homeowner must mail or take the certificates to the county tax collector's office to postpone the property taxes due.

**To secure the postponed amount, the State Controller's Office records a lien against the property.** Interest is charged on the postponed taxes on a simple interest basis. The postponed amount and interest are not due until: (1) the homeowner moves from the qualified property; (2) the homeowner sells or conveys title to the home; (3) the homeowner dies and does not have a spouse, or domestic partner, or other qualified individual who continues to reside in the home; or (4) future property taxes or other senior liens are allowed to become delinquent. The homeowner may pay all or part of the obligation before it becomes due.

- Eligibility Requirements
  - Age, Blindness, or Disability
  - Occupancy
  - Income
  - Equity
  - Property Tax Bill
  - Delinquent Taxes
  
- Mobilehome or Floating Home
- Cooperative Housing Corporation
- Leasehold (Possessory) Interest
- Life Estate
- Interest Rate on Postponed Taxes
- Homeowner Assistance Program
- Account Transfer to New Residence
- Subordination Provisions
- Account Statement
- Payments

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### Eligibility Requirements

To be eligible for property tax postponement, you must meet each of the following requirements.

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### Age, Blindness, or Disability

You must be either 62 years of age or older as of December 31, 2005, or be blind or disabled at the time of application. All other recorded owners (except spouse, domestic partner, and direct-line relatives) must also meet this requirement. If you are disabled, your disability must be expected to last for a continuous period of at least 12 months.

Direct-line relatives are defined as (a) parents, children, or grandchildren of the claimant and/or the claimant's spouse, and (b) the spouses of the relatives named in (a).

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## Occupancy

You must have owned and occupied the property as your principal place of residence as of December 31, 2004. All other recorded owners (except spouse, domestic partner, and direct-line relatives) must also meet this requirement.

You are still eligible for postponement if: (1) you are temporarily confined to a hospital or medical institution for medical reasons; (2) the property was the principal place of residence immediately prior to confinement; and (3) the residence is not rented.

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## Income

Your **total** household income must not have exceeded \$24,000 for calendar year 2004. Household income means income by all persons who lived in your home during 2004, except minors, students, and renters.

EXCEPTION: If you applied and qualified for postponement for the 1983-84 tax year, your total household income must not have exceeded \$34,000 for calendar year 2004.

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## Equity

You and any other owners must have a combined 20% equity interest in the home at the time of application. The application cannot be approved if the total amount of liens, deeds of trust, mortgages, or other encumbrances against the home exceeds 80% of its fair market value as determined by the State Controller.

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## Property Tax Bill

You must submit a copy of your most recent secured property tax bill. Tax bills are mailed by the county tax collector on or before November 1 of each year.

EXCEPTION: If you are a tenant-stockholder in a cooperative housing corporation, you are not required to submit a copy of the property tax bill. See [Cooperative Housing Corporation](#) for more information.

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## Delinquent Taxes

If you are 62 or older and owe delinquent taxes for prior years, you must pay the county tax collector for all taxes that became delinquent prior to your 62nd birthday. If you are blind or disabled and owe delinquent taxes for prior years, you must pay the county tax collector for all taxes that became delinquent prior to the time you became disabled or blind.

***Prior-year delinquent taxes are not eligible for postponement if you own a mobilehome or floating home. All prior-year delinquent taxes must be paid at the time the Certificates of Eligibility are used to pay the current year's taxes.***

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### **Mobilehome or Floating Home**

A mobilehome or floating home must be on the secured property tax roll of the county in which it is situated. You must obtain the written consent of all registered and legal owners and all junior lien holders. Also, you must submit a copy of your certificate of title issued by the State Department of Housing and Community Development. As mentioned above, prior-year delinquent taxes are not eligible for postponement. If you own a mobilehome or floating home and meet the program eligibility requirements, the State Controller's Office will mail you a security agreement for your signature. After the State Controller's Office receives the signed security agreement, Certificates of Eligibility will be issued to you.

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### **Cooperative Housing Corporation**

Tenant-stockholders own shares in a cooperative housing corporation, which entitles them to occupy for dwelling purposes a house or apartment in a building owned by the corporation. If you are a tenant-stockholder and meet the program eligibility requirements, the State Controller's Office will mail you a Notice of Election to Postpone and a Recognition Agreement. These forms must be completed and executed by you and an officer of the housing corporation. The forms must then be returned to the State Controller's Office, along with a statement signed by the officer of the housing corporation that indicates the amount of your proportionate share of the property taxes. Upon approval of the Notice of Election to Postpone, warrants will be issued to you in the amount you have elected to postpone.

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### **Leasehold (Possessory) Interest**

A leasehold (possessory) interest property is land in California that an individual does not own but has the right to possess and occupy. If you have a leasehold interest, it must be for a period of no less than 45 years from the time you first filed for postponement. For example, if you are a first-time filer in 2005, your leasehold interest must extend to at least January 1, 2050. You must submit a copy of the recorded lease agreement and policy of title insurance. If you meet the eligibility requirements, the State Controller's Office will mail you a Notice of Election to Postpone. This form must be completed and executed along with: (a) an assignment of the remaining term of the leasehold interest; and (b) additional security in the form of a deed of trust. Fee owners and leasehold parties of interest are required to sign consent forms. Upon approval of the Notice of Election to Postpone, Certificates of Eligibility will be issued to you.

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### **Life Estate or Contract of Sale**

A life estate entitles a person to a lifetime residence on real property owned by another person. A contract of sale is an agreement for the purchase of property in which the title remains in the seller's name until the completion of the contract. If your residence is based on a life estate or is under a contract of sale, you must have written consent to postpone property taxes. The consent must be given by the remainderman, i.e., the person(s) who will own the property when you die, or by the person(s) who hold title to the property under the contract of sale. All consent documents must accompany the postponement application when filed with the State Controller's Office. Upon approval of the postponement application, Certificates of Eligibility will be issued to you.

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### **Interest Rate on Postponed Taxes**

Interest is computed monthly on postponed amounts on a simple interest basis (the annual interest rate

divided by 12). Interest continues to accrue on the postponement account until all postponed taxes plus interest are repaid to the State. The interest rate is set in July of each year based on the annual yield the State's Pooled Money Investment Account and applies only to that particular year's postponed taxes.

The following table shows the annual interest rates since 1977-78.

<i>Fiscal Year</i>	<i>Rate</i>
1977-78 - 1983-84	7% per annum
1984-85 - 1986-87	10% per annum
1987-88 - 1988-89	7% per annum
1989-90 - 1991-92	9% per annum
1992-93	6% per annum
1993-94 - 2000-01	5% per annum
2001-02	6% per annum
2002-03 - 2003-04	3% per annum
2004-05 - 2005-06	2% per annum

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### **Homeowner Assistance Program**

The Homeowner Assistance Program is a separate program administered by the Franchise Tax Board (FTB). If you qualify, you may participate in both the Homeowner Assistance and the Property Tax Postponement programs. The Controller's Office encourages you to participate in the Homeowner's Assistance Program, because any assistance you receive is used to reduce the amount of the obligation secured by the property tax postponement lien.

To obtain a Homeowner Assistance claim form (FTB9000), contact FTB at (800) 852-5711 or (800) 868-4171. The filing period for the Homeowner Assistance Program is July 1, 2005, through October 15, 2005.

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### **Account Transfer to New Residence**

If you pay your postponement account in full and purchase a new residence, you may be eligible to reborrow the amount you repaid to the State. To reborrow the repaid amount, you must submit an application of transfer within six months after the postponement account was paid. Call the Controller's Office to request an application. If your application is approved, you will be sent a refund and a new lien will be recorded against your new residence.

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### **Subordination Provisions**

If you refinance your home or obtain a new loan against the property on which you have postponed taxes, it may not be necessary to pay the postponement lien. The State Controller's Office may subordinate the postponement lien to the new loan if it determines that subordination is appropriate. However, your lender must agree to the subordination.

If you do not wish to pay off the postponement lien, have your lender contact the State Controller's Office for further instructions.

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### Account Statement

An account statement is provided to you each year. However, you may obtain an account statement at any time by calling (800) 952-5661 or (916) 327-5587, writing to the State Controller's Office at the address:

Steve Westly, State Controller  
Division of Collections  
Property Tax Postponement Program  
P.O. Box 942850  
Sacramento, CA 94250-5880

or e-mail your request to [Postponement@sco.ca.gov](mailto:Postponement@sco.ca.gov).

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### Payments

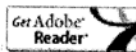
You may make payments on your account in any amount before the obligation become due. All payments received are applied first toward accumulated interest and then toward the outstanding principal balance (postponed tax amount).

Make your check or money order payable to Steve Westly, State Controller, and mail it to the address:

Steve Westly, State Controller  
Division of Collections  
Property Tax Postponement Program  
P.O. Box 942850  
Sacramento, CA 94250-5880

Please include your Social Security number on the check or money order, and on any accompanying documents, to ensure proper credit.

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[Privacy](#)

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Control  
We:

**Other financing help may include the FHA Reverse Mortgage or an Equity Line of Credit**

## **SECTION H**

### **Privately Working with SDG&E**



# Working with SDG&E® on your Underground 20B or 20C Conversion

Below you will find the process necessary to assist you with your conversion.

Converting overhead electric facilities to underground electric facilities can be a very large and expensive endeavor, and SDG&E® is here to work with you and get it done. Before you initiate a service conversion yourself, you should check to see if SDG&E already has a municipal conversion planned for your area. If you live in the City of San Diego, contact the city at 619-533-3841. Outside the City of San Diego, visit [www.sdge.com](http://www.sdge.com) and click on 'Rates & Regulations' and then select 'Underground Conversion Projects' to see a list of conversions planned throughout SDG&E's service territory. Following the process below will keep your request moving and will improve your satisfaction with the conversion of your electric, telephone and cable television facilities from overhead to underground:

## PLANNING PHASE

*In the early stages of your job, you will be working with SDG&E's Project Management Department.*

- 1 Call SDG&E at 1-800-411-SDGE (7343) to notify us of your interest in replacing the overhead utility lines in the street and to your home or building with underground electric facilities. Your inquiry will be forwarded to an SDG&E Planner. Within three to five working days, your Planner will contact you to determine the scope of your proposed project. If appropriate, a joint meeting at your site will be scheduled.
- 2 Based on the scope of the conversion the planner will determine an engineering fee that will be required before SDG&E can begin the preliminary design process. The non-refundable engineering fee will be applied toward the cost of the job if you decide to proceed with the conversion. If applicable, contact the telephone and cable television companies to determine the cost of converting their overhead facilities to underground.

- 3 If your project will impact other properties, contact all property owners to ensure that you are all in agreement about the project, and designate a chairperson who will be the point of contact with SDG&E. SDG&E will provide you a "Conversion Participant Form"; this form will need to be signed by all property owners affected by the conversion. SDG&E cannot convert overhead power lines without the consent of all affected property owners.

You also may want to contact your local municipality to determine if they offer the option of forming an Assessment District to facilitate moving overhead utility lines underground (not offered in the city of San Diego). This option is normally used with larger projects involving many property owners. A vote of the affected property owners in a municipal election is required, and the project will proceed if approved by a majority of voters. Your municipality may have funds available from SDG&E to pay your engineering fee in partnership with the Assessment District. Your municipality will then initiate bonds to pay the utility costs, and property owners will repay the bonds.

## UNDERGROUND 20B OR 20C CONVERSION

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Applicable federal and state taxes are waived for municipality-initiated projects, but affected property owners are held responsible for paying the administrative costs to form the Assessment District and to manage the bonds.

- ④ SDG&E will prepare a preliminary design, which will take about 8 to 12 weeks to complete. The preliminary design must be approved by you. Once your written approval is received, we will provide you with construction options and detailed cost information. You will have two options:

1. Hiring a contractor to do all of the trenching and conduit work which also includes the modification of the electric panel to accept the underground electric service. All other work will be completed by SDG&E.
2. You may select SDG&E to complete all work which will require a "Permit to Enter form" that needs to be signed by all conversion property owners.

- ⑤ Contact your SDG&E Planner with your decisions on the following:

- the construction options you've selected
- if you approve the design submitted to you
- if you will be working directly with SDG&E or forming an Assessment District through the municipality

- ⑥ SDG&E will complete the final project design based on the options you have selected (allow approximately 4 weeks for this process). Your Planner will send you a final job package, complete with a contract, cost information and notification of any additional information you may need to submit for your conversion.

- ⑦ All participants will be required to pay for an electrical city/county permit to convert their service from overhead to underground at the panel. A trenching permit is required from the city/county when digging in the public franchise.

*Upon completion of the project design, you will be provided with copies of your design sketch and advised of any easements that may be required for our facilities.*

*If you select to do all of the work yourself, you or your contractor will be responsible for coordinating with all other utility companies. If you choose to have SDG&E complete all work, we will coordinate with any other utility companies involved.*

*When your contract, applicable fees and other required information is returned, your job will be forwarded to the SDG&E Construction Department. All fees and required forms must be received, and the coordination with any other utility companies must be completed, before any construction work is scheduled. We will also need to secure all signed easements, if any are required, prior to beginning construction.*

### CONSTRUCTION PHASE

*The construction phases of your project will vary, depending on your decision to hire a contractor or work exclusively with SDG&E. An SDG&E Operations Coordinator will manage your project throughout the construction process.*

- ① SDG&E or your contractor will perform the required trenching in the street and will install the conduit and substructures for all affected utility services. This will include the installation of the individual service



## UNDERGROUND 20B OR 20C CONVERSION

conduit from the SDG&E source to your electric panel. All work must be inspected by SDG&E.

- 2 When the trench and conduit installation is completed, SDG&E crews will pull in the new underground cable into the conduits in the street, set the padmounted equipment and make all necessary connections. When this is complete, we will energize the new underground system so it is ready to supply power to your property.
- 3 Upon receipt of your final service trench and service terminating equipment inspection clearances from SDG&E along with all related city/county electrical inspection clearances (San Diego or Orange County for unincorporated areas), SDG&E crews will install and energize the new underground cable to your property.
- 4 When all property owners have had their new underground service connected, the power poles and overhead electric lines will be removed.

**To avoid a delay in connecting your underground electric service, make sure you have done the following:**

1. **Obtained final service trench and service terminating equipment inspections from the SDG&E Inspector.**
2. **Obtained all related electrical final inspections from the City/County.**

### FREQUENTLY ASKED QUESTIONS

- 1 **How much will this conversion cost?**
  - Ballpark cost \$350.00 per foot in existing asphalted streets
  - Ballpark cost \$250.00 per foot in non paved roads
- 2 **Is SDG&E going to bury the lines in the future?**

Check SDG&E web site at [www.sdge.com](http://www.sdge.com) and click on 'Rates & Regulations' and then select 'Underground Conversion Projects' to see a list of conversions planned throughout SDG&E's service territory.
- 3 **How long will it take from start to finish?**

The design process can take approx. 12 weeks and the construction process can also take approx. 12 weeks. (These durations may vary depending on the specifics of your project.)
- 4 **Does SDG&E do everything?**

It is the customer's choice to have SDG&E or hire a contractor to do all trenching and conduit installation.
- 5 **What about Telephone and CATV facilities?**

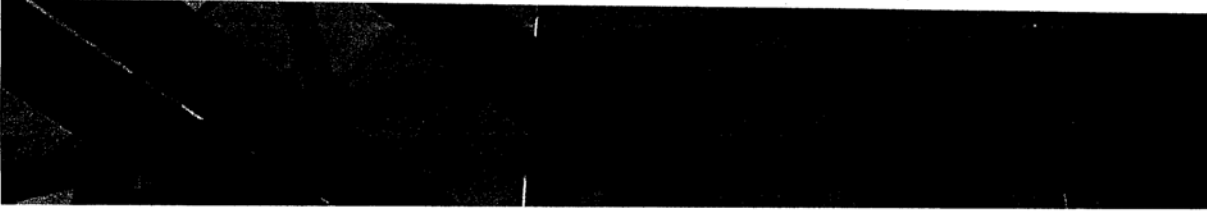
The telephone company and cable company will provide their own designs and costs. These installations typically are placed in the same trench along with the electric.
- 6 **Does SDG&E trench on private property?**

If the customer chooses SDG&E to do all of the work and the customer provides a "Permit to Enter form", SDG&E will trench on private property.
- 7 **What does it take to form an assessment district?**

Check with your local municipality for requirements.

- Ballpark cost \$1500.00 for residential electric panels that will need to be converted to accept underground service.

Ballpark costs include all trenching, backfill, substructures, conduit, pull rope, and overhead electrical removals.



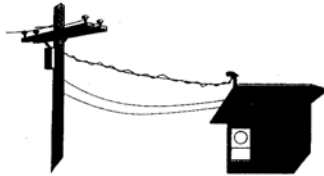
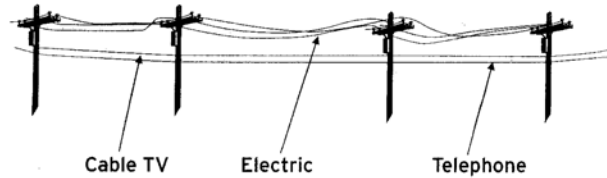
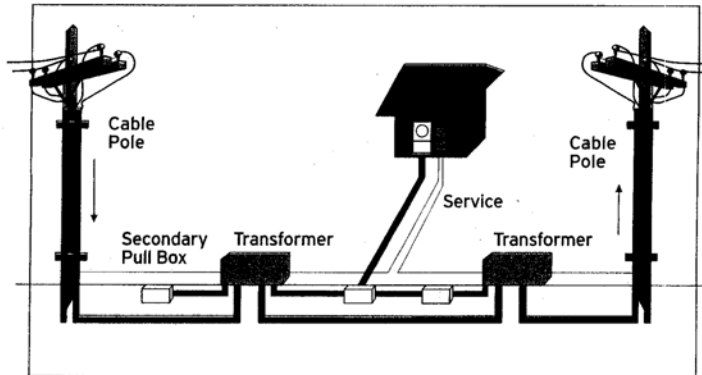
## UNDERGROUND 20B OR 20C CONVERSION

- ③ Do you know any trenching contractors who do this work?

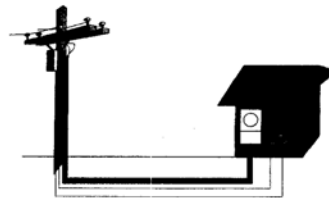
SDG&E does not make any recommendations on contractors. Your selected contractor must have a "Class A" license to work on city/county streets.

- ④ How do we determine the cost to each customer when you provide only a total cost? Should the cost be evenly divided considering some customers are secondary only?

SDG&E does not determine the cost to each participant of the conversion, it is up to the participants of the conversion to properly distribute the cost of the conversion.



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