

# How to Form a Property-Owner Funded Utility Undergrounding District in Your Neighborhood

The purpose of this “Tool-Kit” is to provide local residents with a step-by-step approach to forming a property-owner funded undergrounding utility district.<sup>1</sup>

## Step 1 – Determine District Boundaries (1-2 months)

### A. Local Residents Form a Neighborhood Committee

Public Works strongly recommends that local residents interested in establishing utility undergrounding assessment districts start by forming a neighborhood committee of six or fewer interested property owners. The committee will be responsible for organizing neighborhood meetings, gathering support and signatures and distributing information about the projects to property owners.

The committee should include at least one person from every block. The committee should identify a block captain who will become the coordinator and point of contact for that block.

### B. Neighborhood Committee Determines the Proposed Boundaries for the Undergrounding District.

The neighborhood committee should determine the proposed boundaries for the utility undergrounding district based on where there are known or anticipated areas of support for property-owner supported utility undergrounding.

Ideally, utility undergrounding district boundaries should be no more than 300 homes (equivalent to approximately three to four blocks, depending on density), should fall along natural breaking points (entire blocks must be undergrounded, including the curb return area). Under PG&E’s undergrounding rules, a utility undergrounding district must be at least 600 linear feet (or an entire block segment).

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<sup>1</sup> This tool-kit is intended for informational purposes only. It is neither legal advice nor a guarantee that local residents can establish an utility undergrounding.

## **Step 2 – Circulate Petition (2-4 months)**

### **A. Neighborhood Committee Meets with Public Works**

Once the neighborhood committee has defined the proposed utility undergrounding district, the committee can contact Public Works at (628) 271-2000 to schedule a meeting to confirm the proposed district boundaries.

As a point of reference only, in 2009 the estimated cost for undergrounding residential neighborhoods was \$1,360 per linear foot of trenching, including the costs of installing new streetlights (approximately \$34,000 for an average lot with a 25-foot frontage).<sup>2</sup> Actual costs will depend on market conditions at the time the project is priced and constructed.

The simplest way to estimate costs is to measure the frontage length of each property in the proposed district and assign a percentage for each property based on the project's total linear footage. More complex formulas can be developed that account for enhanced property values, scenic views, etc. How to allocate the total costs of the project will ultimately be up to property owners in the utility undergrounding district.

### **B. Neighborhood Committee Gauges Support for Project**

The neighborhood committee should prepare a presentation for property owners in the proposed utility undergrounding district discussing the nature of the project and the estimated costs. If there is consensus among property owners to move the project forward, the next step is to collect signatures on a petition.

### **C. Neighborhood Committee Collects Signatures on a Petition**

The neighborhood committee must circulate a formal petition in the form attached hereto. Public Works requires that signatures be collected from at least 60 percent of the property owners on any block proposed to be undergrounded in order for the project to move forward. Public Works can provide the committee with a list of all property owners for this purpose.

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<sup>2</sup> This figure takes into account that the California Public Utilities Commission will require utilities to partially subsidize these undergrounding projects.

## **Step 3 – Legislate Underground District (4-6 months)**

### **A. Neighborhood Committee Submits Signed Petitions to Public Works**

Public Works will verify that the signatures on the petition are from property owners of record in the proposed utility undergrounding district and that 60 percent of the property owners have signed the petition. In the event that Public Works determines that the neighborhood committee has failed to meet the 60 percent signature requirement, the committee may elect either to: (a) continue to collect signatures; (b) redefine the proposed utility undergrounding district to include only those blocks where the 60 percent requirement can be met; or (c) terminate the project.

### **B. Public Works Holds a Public Hearing**

Once Public Works verifies the signatures, the Public Works Director will hold a public hearing to consider the proposed utility undergrounding district. During the Director's hearing, property owners and other interested parties will be given the opportunity to voice their support for or opposition to the proposed district.

### **C. Board of Supervisors Approves the Utility Undergrounding District**

If the Public Works Director approves the proposed utility undergrounding district at the hearing, the Director will forward legislation to the Board of Supervisors to establish the district. In order to proceed with forming a utility undergrounding district, the Board of Supervisors must approve the ordinance by a majority vote.

## **Step 4 – Form Assessment District (4-6 months)**

### **A. Property Owners Obtain Funding for Utility Design Plan and Engineering Report<sup>3</sup>**

If the Board of Supervisors approves the utility undergrounding district, property owners must obtain funding for the required utility design plan and engineering report. If property owners and the Board of Supervisors finally approve the utility undergrounding assessment district (as described below in steps 4.B through 4.F), these costs can be added to the total amount to be assessed on property owners in the district. Otherwise, property owners will not be able to recover these costs.<sup>4</sup> As a rule of thumb, the cost for preparing the report will be 10 to 15 percent of the cost of the entire project.

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<sup>3</sup> Step 4 is only for proposed utility undergrounding districts in which property owners will seek to have the City assess the cost of the project on their properties. If all property owners in the district intend to fund the undergrounding project without any assessments, Step 4 will apply only to the extent that property owners must pay for and obtain a design plan and engineering report.

<sup>4</sup> The City is unable to fund the cost of the design plan and engineering study at this time. It is therefore assumed that property owners will fund these costs.

## **B. Board of Supervisors Approves Resolution of Intention**

The Board of Supervisors may then choose to make findings and approve a resolution of intention to form a utility undergrounding assessment district. The resolution must: (a) describe the proposed improvement; (b) specify the boundaries of the district; (c) provide for the issuance of improvement bonds if required; (d) declare the City's intention to levy an assessment; and (e) refer the proposed improvements to Public Works for preparation of an engineering report.

## **C. Utilities Prepare Design Plans**

Each utility or one lead agency will complete design plans for the project. These plans will provide the basis for pricing the project and completing construction. Property owners will be given the opportunity to review and comment on the plans before they are finalized.

## **D. Consultants Prepare Engineering Report**

The engineering consultant must prepare a report containing the following information: (a) plans and specifications for the improvements; (b) an estimate of the costs of the improvements; (c) an estimate of the amount to be assessed on each parcel in the proposed district; and (d) diagrams showing the boundaries of the proposed district. The Board of Supervisors must then consider whether to approve the engineering report.

## **E. Property Owners Approve the Assessment**

The Board of Supervisors must then hold a public hearing on the proposed utility undergrounding assessment district. The Board of Supervisors will mail ballots to all property owners in the district and notify them of the date and time for the hearing. All ballots must be submitted prior to the conclusion of the hearing.

At the hearing, the Board of Supervisors will consider all protests against the proposed assessment and tabulate the ballots. The Board of Supervisors may not impose an assessment if a majority of property owners protest the assessment. In tabulating the ballots, the Board of Supervisors must weigh them according to the proportional financial obligation of the affected properties.

## **F. Board of Supervisors Approves Formation of the Assessment District**

If the ballots support forming the utility undergrounding assessment district, the Board of Supervisors may choose to make findings and approve a resolution forming the district, authorizing the improvements, and ordering the assessments.

## **G. Assessor Records the Assessment**

If the Board of Supervisors legislates the undergrounding district and approves the assessment district, all property owners in the district will be required to participate in the undergrounding project.

The Assessor will record the assessment on each property in the utility undergrounding assessment district. Property owners may elect to prepay the assessment and avoid interest charges, or they may choose to pay a portion each year in accordance with the terms and conditions of any bonds to be issued by the City.

## **Step 5 – Construction (2 months/block)**

Public Works will notify all residents about construction details and timelines. The Public Works Utility Undergrounding Coordinator and the project engineer will be available to answer questions and concerns throughout the construction phase of the project.

During construction, multiple trenches will be cut in both the roadway and sidewalks, lateral trenches will be cut from the sidewalk to the front of each property, new utility connections will be installed on all properties, final utility connections will be completed, and overhead utility connections will be removed. New streetlights also will be installed and in some cases new curb ramps will be installed at intersections.

The final work will include the removal of all overhead utility facilities and the final restoration of the pavement. In most cases, Public Works will not resurface the streets.

After construction is completed, the property owners must gift the sub-structure and all appurtenances (pull boxes, wires, etc.) to PG&E and the streetlights to the City. PG&E and the City then will be responsible for maintaining these facilities

