

# **Most Frequently Asked Questions**

## **About Forming**

### **Utility Undergrounding Assessment Districts**

#### **Why do we need to underground utilities?**

Since 1976, the Town of Tiburon has required all new developments to place their utilities below ground. However, there are many neighborhoods that were improved before 1976 and the impact of the over ground power poles is readily visible.

Proponents of utility undergrounding argue that the value of undergrounding is derived from improved service reliability, greater public safety and enhanced aesthetics. High winds and inclement weather that the Tiburon Peninsula faces in the winter can result in downed utility lines leaving customers without service for extended periods of time. When power lines do go down, if they cross a roadway, police and fire crews are prohibited from crossing the lines until they can be assured that the lines are not energized. This can cause significant disruption in public safety response times. Finally, with views so highly valued by Tiburon residents, eliminating visual blight enhances views and can have a positive impact on a property's value.

#### **What are the key components of an undergrounding district?**

Typically, the entire utility infrastructure is placed underground eliminating the need for poles. Joint trenches are excavated within the public right-of-way which will typically contain the electrical, telephone and cable television systems. Electrical transformers are sometimes placed in underground vaults as well. Each private property owner is responsible for the cost of placing their respective overhead utilities underground through a private service lateral from the property line to their electrical service panel.

#### **What are the advantages and disadvantages to undergrounding utilities?**

The advantages to undergrounding utilities are noted above. Service reliability, public safety and aesthetic improvements are often arguments for undergrounding utilities. Also, doing so on a community/neighborhood-wide basis can take advantage of economies of scale.

Arguments against undergrounding utilities often surround the cost of doing so and "fairly" allocating such costs. There is a belief by some that any increased benefit derived by some neighbors should result in a proportionate increased cost borne by those neighbors.

## **Who pays for the undergrounding of utilities? Why don't the utilities pay? Why doesn't the Town pay?**

The cost for paying for undergrounding utilities is typically borne by the residents who will most benefit from these efforts. The utility companies typically will not pay for undergrounding utilities in a completely residential neighborhood. California Public Utilities Commission (CPUC) Rule 20A provides limited funds to each community through the ratepayers to underground electrical and telephone facilities. Rule 20A allocations accrue slowly and are not sufficient to fund residential undergrounding projects. Tiburon has dedicated these funds towards the cost of undergrounding where the greatest benefit can be gained. Typically, this would include all utility poles along Tiburon Boulevard.

CPUC Rule 20B allows for property owners to underground utilities at their expense. Rule 20B projects are not funded by the utility companies.

Historically, through rulemaking at the State level, utility companies have been exempt from undergrounding existing utilities. Since they are not mandated to do so, they simply do not.

The Town does not have the financial resources to underground the existing overhead utilities.

## **How much would it cost to underground my utilities?**

Each undergrounding district varies in cost depending on a number of factors including, but not limited to, size of district, terrain, distance and depth of trench and overall cost of construction. Undergrounding of the private service laterals will also vary in cost depending on similar factors. Finally, the District Engineer will establish the estimate for the entire project and then, at the District Engineer's sole discretion, determine the benefit spread for each parcel.

For example, with the Stewart Drive Undergrounding Assessment District, the per-parcel assessment was approximately \$16,000. Additionally, property owners paid between \$1,000 and \$5,000 for their service lateral connection. It is important to note that this is simply an example of a recent undergrounding effort (88 homes in 2002). Future districts may differ dramatically.

### **How do I pay for the undergrounding? What is an assessment district?**

Once the boundaries of the proposed Undergrounding District are established and the District is formed by the Town Council, the District members can choose to pay for all costs directly, or more commonly, form an Assessment District as a means of paying for the District costs.

An Assessment District is formed by the Town Council typically to finance a capital project that benefits a select neighborhood. In this case, District members would choose to impose an assessment upon themselves. The Town would sell bonds for the value of the project costs and the bonds would be paid by the District members as part of the individual property tax bill. Typically, the project may be financed over 20 to 30 years at the prevailing public bonding interest rate.

### **How do we get started if we want to form a district?**

Initiating an Undergrounding District takes a lot of dedication, education and fund raising by the District proponents. Proponents will need to identify the tentative boundaries of the District (with input from PG&E) and gather signatures from property owners on a petition expressing interest in exploring the District formation.

Once the boundaries are tentatively set, the proponents will need the Town to approve the proposed District in concept. Further, a District Engineer will need to be retained to develop a study to fine-tune the boundaries and to estimate the cost.

Funds will need to be collected by the District proponents in order to develop an engineering study. On average, approximately \$1,200 per parcel within the District needs to be collected in advance of the study. These funds will pay the District Engineer to coordinate with the various utilities and develop a cost estimate for completion of the undergrounding. The study will also determine the cost per parcel as it relates to the Engineer's benefit study.

### **I don't want to be in the proposed District. What can I do to get out of it?**

The District will be formed by a majority vote of the District membership with majority approval by the Town Council. Once established, there is nothing a member can do to get out of it.

### **Will my street be re-paved and sidewalks repaired after the completion of the undergrounding?**

No, not necessarily. It is not a part of the traditional undergrounding effort. Typically, these are additional costs that the District can decide if they want to fund.

**Will the light poles/standards be removed after the undergrounding is completed?**

Typically, light poles will not be removed. However, this depends on the neighborhood and traffic and the desirability of having street lights. Sometimes, neighbors can be influential in determining whether light poles/standards are to remain.

**How long will this entire process take?**

Petitioning and Council action – 6 months  
Preliminary engineering – 12 – 18 months  
Final design, bidding and construction – 8 - 10 months

**When do I pay for the undergrounding? Can I pay all at once and, if so, are there any benefits to doing so?**

There are two options for paying your portion of the district costs.

1. You can pay the principal and interest on your annual property tax bill spread over a fixed number of years (typically no more than 25 years); or
2. You can pay upfront and not incur any of the bond interest.

It is important to remember that the debt is tied to the property itself and payable by the current property owner. Should you opt to sell your property in the future, the annual obligation would fall to the future property owner.

**Will I be responsible for anything else as a result of undergrounding utilities?**

You will need to underground the portion of the utility that runs from the “property line” to your home. This can be done through the contractor retained to complete the overall undergrounding effort or through your own efforts. Either way, it needs to be completed prior to the completion of the overall project.

In addition, should your circuit box/panel be inadequate, you may need to upgrade it to meet current standards. The Town’s Building Division can better advise you on this.

**Do I need to pull any permits from the Town for any work done as a result of undergrounding?**

Any work completed on your property as a result of the undergrounding will need Town permits. The Town will be able to advise you on this.

**Will the contractor who performs the undergrounding work also underground my service lateral?**

It depends. The Contractor will be able to do this and will give you an individual bid for his/her efforts. Alternatively, you can retain your own contractor to complete the work or if qualified, do the work yourself.

**What if my service lateral is already undergrounded?**

If your current lateral is already undergrounding, then you will probably have no additional work related to the overall undergrounding project.

**Why do I need to pay a deposit in order to initiate the undergrounding process?**

In order to develop an engineering cost estimate for the entire project, engineering studies must be undertaken by the utility companies and the District Engineer. The cost of these studies cannot be absorbed by the utility companies or the District Engineer.

**Will my deposit be refunded if the undergrounding district is ultimately not approved?**

Not likely. This is one of the reasons why the Town policy requires preliminary support from at least 60% of the property owners within the proposed district, which is 10% greater than the simple majority approval required to formally establish the district. Should the proposed district be rejected after the engineering has been completed, any remaining funds will be refunded on a pro-rata basis to the original donors.

**Are there circumstances whereby I can avoid being part of the proposed district?**

Typically not. An exception is when your electrical power could be supplied from a joint utility pole which is outside the district boundary. However, only PG&E can make that determination.