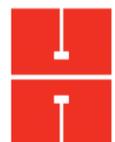




CREATING A UTILITY UNDERGROUNDING DISTRICT



Harris & Associates



PROJECT TEAM



Adam Marston

Project Manager, Municipal + District Finance

AGENDA

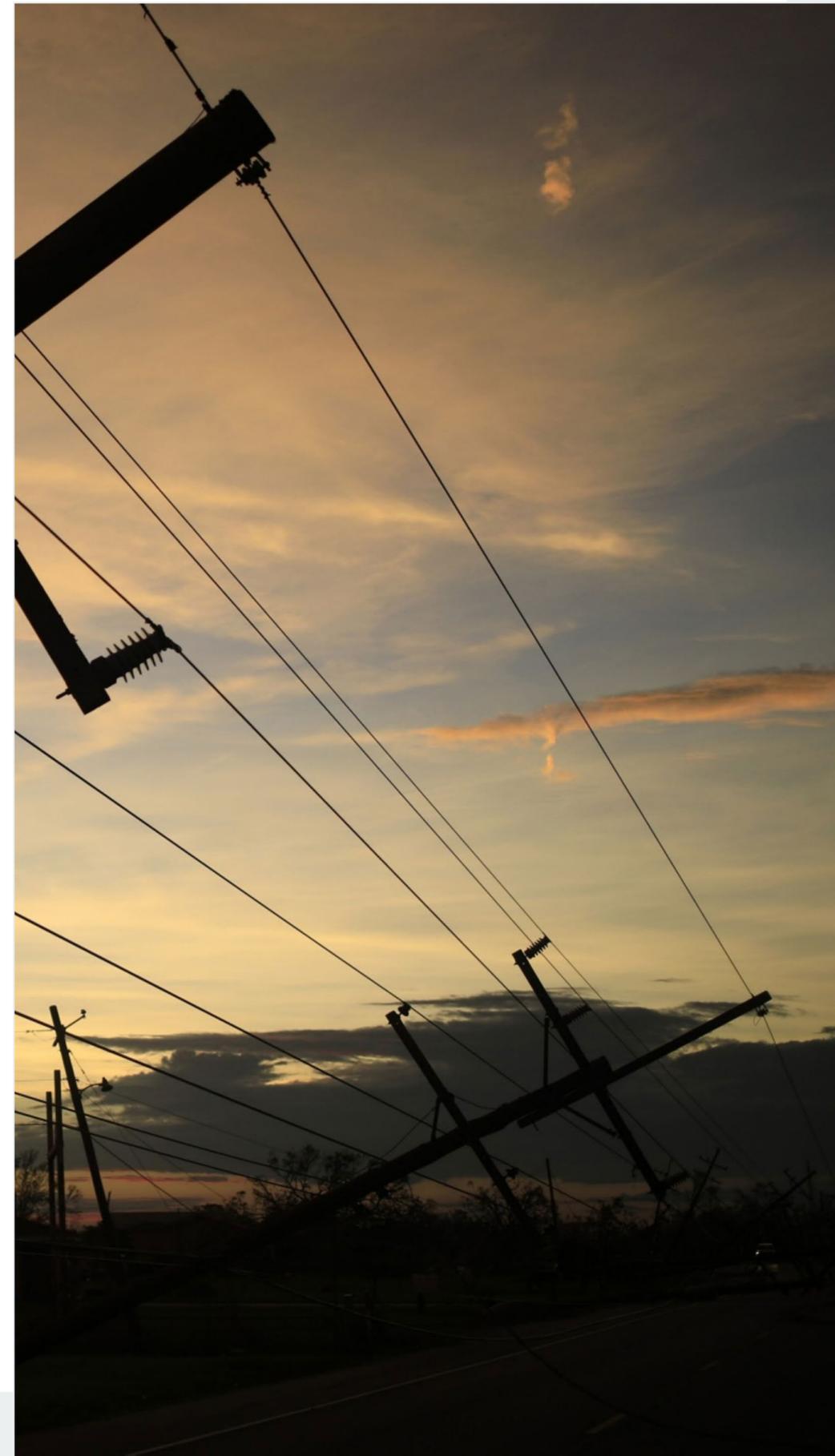
- Overview of Key Steps
- Selecting Financing Mechanism
- District Formation
- Paying Your Assessment/Special Tax
- How Long Does It Take?



CREATING A UTILITY UNDERGROUNDING DISTRICT

Task 1 – Proposed District and Petition Circulation

- Petition requirements include:
 - Proposed district boundary detailing poles and lines to be removed
 - Preliminary cost estimate
 - Signature page
- Successful petition process requires 60% approval (based on parcel acreage)
 - Formal process that must be approved by City Council



CREATING A UTILITY UNDERGROUNDING DISTRICT

Task 2 – Rate and Method/Benefit Assessment

- Confirm district boundaries
- Preliminary special tax/assessment methodology

Task 3 – Design & Cost Estimates

- Utility design
- Confirm preliminary costs
- Property owner meetings

Task 4 – District Formation

- Mello-Roos or Assessment District
- Project Bid

Task 5 – Construction



OVERVIEW OF KEY ISSUES IN SELECTION OF FUNDING MECHANISM

Issue	Mello-Roos CFD	Assessment District (Most Common)
General Benefit	Special tax – no requirement to pay for general benefit	Can only fund special benefit, other funding needed to pay for general benefit
Costs to parcels	No direct nexus required since CFD is special tax	Assessment must be proportional to special benefit received
Approval Threshold	2/3 approval required, if more than 12 parcels are included a special election is required	Majority weighted by assessment amount
Changes in development	Maximum special tax adopted at formation,	“Fixed Lien” recorded at time district is formed

HOW ARE ASSESSMENTS CALCULATED?

BENEFIT RECEIVED

- Assessments must be proportional to the benefit received.
- Parcels cannot be assessed for general benefit.

BENEFIT FACTORS

- Neighborhood aesthetics
- Safety
- View enhancement
- Connection

BENEFIT CONSIDERATIONS

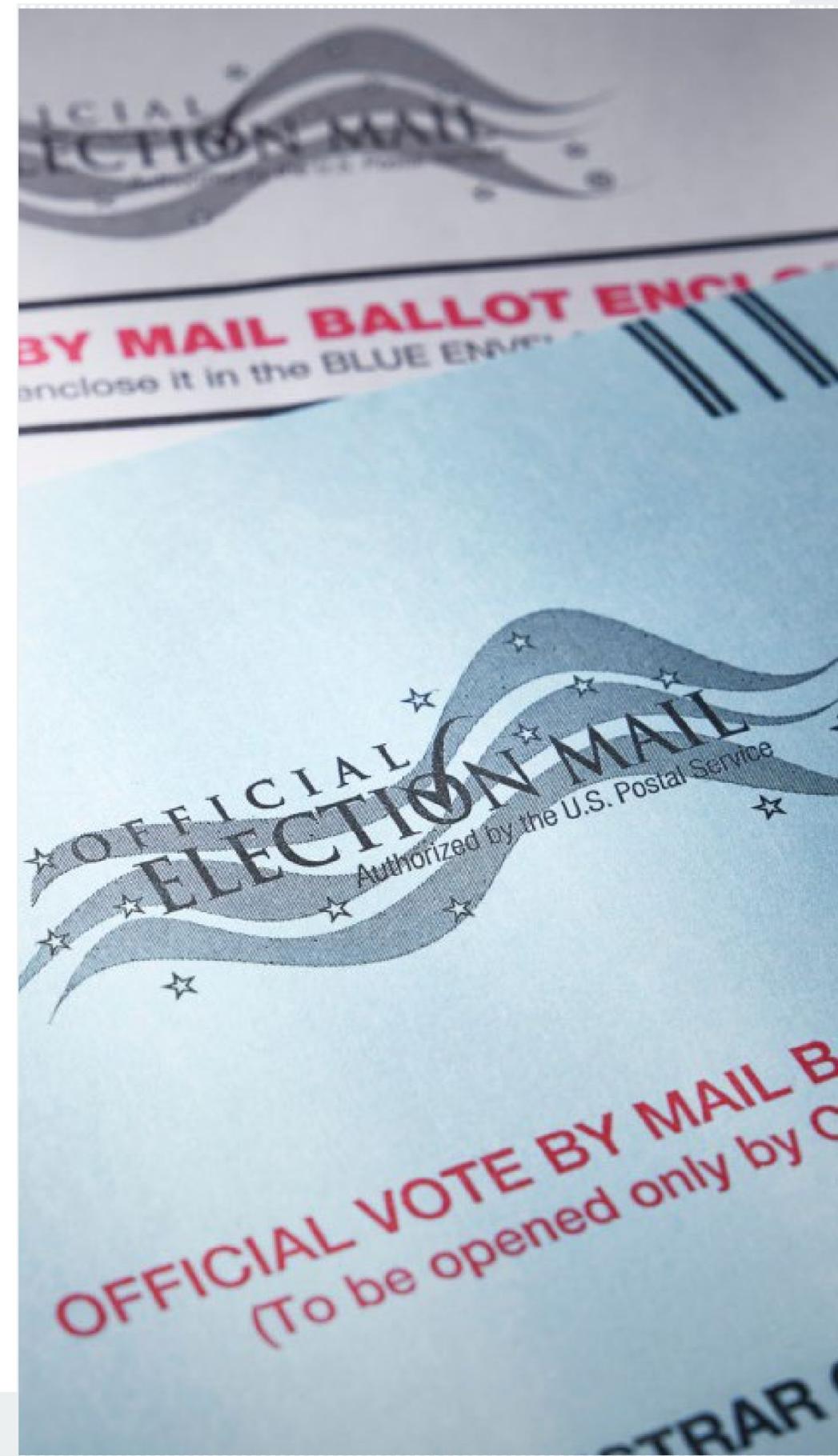
- Location of existing overhead utilities.
- Parcel size & number of units.
- Will the parcel connect to the new underground system?

KEY POINTS

- Assessment does not change over time.
- Assessments are based on a formula weighting each benefit factor.

HOW IS MELLO ROOS TAX CALCULATED?

- Special tax formula determines the annual tax on each parcel, does not have to be based upon special benefit
 - Tax can change over time, but may not exceed the maximum tax established at district formation
- Typical tax formula can look at:
 - Land use and parcel size
 - Development status



APPROVAL REQUIREMENTS

MELLO-ROOS SPECIAL TAX (2/3 REGISTERED VOTER APPROVAL)

- Special election by registered voters is conducted if there are more than 12 registered voters within district.
- Requires approval by 2/3 of the voters casting ballots.

BENEFIT ASSESSMENT (MAJORITY APPROVAL BY PROPERTY OWNERS)

- Assessment ballot mailed at least 45 days prior to public hearing.
- Ballots must be returned prior to public hearing.
- Ballots remain sealed until close of the public hearing.
- Ballots, weighted by assessment value are tabulated, and district can be formed if there is not a majority protest.

PROPERTY TAX



PAYING YOUR ASSESSMENT / SPECIAL TAX

1

Agency issues tax-free bonds

- 20-25 years typically
- Issuance cost is typically 25-30% of construction costs

2

Opportunity to Pay In Full

- 30 Day Cash Collection Period
- May reduce assessments due to cost of issuance and financing savings
- No interest payments

3

Assessments Collected on Property Tax Bill

- Assessments run with the land and are passed to new owners in the event of sale

4

Can be paid off at any time

- Property owners contact the City and bond administrators to receive a payoff amount



HOW LONG DOES IT TAKE?

ESTIMATED TIMELINE



BUILD PROPERTY OWNER SUPPORT (3-6 MONTHS)

- Completed by District Proponents



DISTRICT FORMATION AND DESIGN

- Design (1-2 Years)
- District Formation (6-12 Months)



CONSTRUCTION

- Timing depends on the size of the District



PROPERTY OWNER CONVERSION

- Completed within 6 Months of construction completion
- Costs borne by property owners



THANK YOU

**CONTACT
INFORMATION**

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