

ROSS UNDERGROUND POLICY
Frequently Asked Questions

The following provides answers to many of the frequently asked questions about undergrounding and hopefully clears up some of the common misconceptions.

- What is utility undergrounding?

Utility undergrounding is the process of placing all overhead utilities (electric, telephone, and cable TV) underground. This also may include placing electrical facilities such as transformers underground.

- What is the Town's policy regarding utility undergrounding?

The Town supports the undergrounding of overhead utility wires and poles. Property owners are encouraged to work directly with PG&E instead of involving the Town to underground the power lines in their streets. In the event that this is not possible, the Town will help assist residents in forming an assessment district to construct and finance the undergrounding. The Town Council will require 65% of property owners of a proposed district to sign a petition before an undergrounding project can begin.

- Is undergrounding safe?

YES. In fact, undergrounding may be safer than overhead wires. In the event of an earthquake, the likelihood of someone being hurt from utility poles and wires falling is eliminated. When the wires are placed underground, they are placed into conduit to prevent contact with water or other impacts from weather or fire.

- Who pays for the utilities to be placed underground?

In residential neighborhoods, undergrounding of the utilities is paid for by property owners in the area through the creation of an assessment district. The project area or assessment district may be formed only if it is approved by the affected property owners following the combined procedures of Proposition 218 and the Municipal Improvement Act of 1913. The process is discussed in more detail below.

- How much does undergrounding cost?

That depends on several factors, including the density of housing within a neighborhood as well as difficulty of construction (e.g., digging on narrow streets, subsurface rock formations). Additionally, construction costs are rising fast due to the costs of goods and materials used in construction. Until the engineers have completed a thorough design, an accurate estimate cannot be made. However, under State law, you cannot be assessed until you are informed of what the cost will be. If the project in your neighborhood moves forward, you will know how much it will cost before you vote for or against the project. The average cost for property owners will likely vary between \$35,000 and \$120,000.

In addition to the assessment, which pays for the cost of placing the utilities underground, you will also have to hire a qualified electrician to switch your connection from the overhead wires to the underground system (install “laterals”).

- That’s a lot of money, what if I can’t pay for it all right now?

If the project is approved by the property owners in the proposed project area, you will have a minimum of 30 days to pay for your share of the project after you receive a notice from the Town. However, if you want you can stretch the payments over 20 to 30 years. The assessment will be included on your annual property tax bill until it is paid off.

- What if I can't afford the assessment?

If you are a senior citizen, blind or disabled, you may be eligible to defer the cost of the assessment until you sell or transfer the home, at which time the assessment will be paid with the proceeds from sale of your house. Check with the State for details of applicability of the Property Tax Postponement Program.

- What is the difference between an Assessment District assessment and a tax?

An assessment district’s assessment is based on the direct and special benefit each individual parcel receives from the installation of improvements. A tax is a charge that pays for governmental services or facilities that benefit the public broadly and there is no need to have a relationship between how much tax a person pays and how much service they receive. California law establishes voting requirements for passage of an assessment district to require no more than 50% of the weighted vote by assessment to object to an assessment, whereas general taxes require a majority supporting vote, and special taxes require a two-thirds supporting vote for passage.

- What do I need to know about additional costs related to the ITCC tax?

The ITCC, or “Income Tax Component of Contributions” tax is a surcharge that must be paid to PG&E on the value of certain contributions made in aid of construction of PG&E infrastructure projects by certain entities. Government agencies are exempt if it can be shown that the contribution (i.e. the project) will benefit the public as a whole. A number of California and Marin agencies have completed similar Rule 20B assessment districts with no ITCC tax being charged. That being said, regulatory entities do change rules, policies, and procedures over time. Bond counsel will review the ITCC status for the current regulatory situation at the time the Engineers Report is being worked on.

- How long will this project take to finish?

Based on the size of the project, the time from start to finish will average 2 to 7 years. Oftentimes, this is directly dependent on how cooperative property owners are with contractors who need to access their property to make new connections and utility services. While this may seem like a long time, undergrounding is complicated and requires careful design. It is extremely important that the assessment estimate given to you is as accurate as possible and provides with a significant amount of public input so that are well informed before you vote in favor or against forming an assessment district

- Before I vote on the assessment district, what other factors should I know about or should take into consideration that may not be apparent to the average homeowner?

Every construction project that involves subsurface excavation has the potential to incur additional costs related to unexpected site conditions such as rock layers, old or undocumented utility lines, artesian springs, etc. Also, changes in State or Federal regulatory policies, or fluctuations in the economic climate could affect the final costs of the project. The fact that the Town requires that the project first be awarded by the competitive bid process before the vote takes place eliminates most, but not all of the financial risk. In addition to the assessment cost, the property owner will need to pay for the cost of connecting their house utility service lines to the new underground system.

- Will my electricity be out during the construction?

NO. During construction there will be some disruption because the streets in the area will be dug up, but your electricity, cable TV, and telephone service should not be affected. Only after everyone in the project area has connected to the underground system will the overhead wires and poles be removed.

- How does the voting work?

Under the California State Constitution, each property owner in the proposed assessment district will receive a ballot in the mail. The property owner will then have 45 days to either approve or reject the proposed assessment. The ballot must then be returned to the Town by the specified deadline if it is to be counted. The returned ballots are then counted during a public hearing at a Town Council meeting.

The district is formed and the assessments are made if at least 50% of ballots received are weighted in favor of the District assessment and additionally, a majority of the Parcels voting approve of the assessment. Each ballot is weighted based on the proportion of the benefit derived from the assessment. This means the higher the assessment amount, the more weight is given to the ballot. For example, if your proposed assessment is \$50,000 that might equal one vote. Another person's assessment might be \$100,000 so their ballot would count as two votes.

- Why can't the Town pay for a part of this project?

The Town of Ross is supportive of neighborhood undergrounding projects, however, there are many competing infrastructure needs that must be met, such as repaving roads, repairing public buildings, and maintaining our parks. Also, undergrounding residential neighborhoods only benefits the residents and property owners along their streets so they should be responsible for paying the costs for undergrounding.

- I have heard of something called Rule 20A, what is that?

The California Public Utilities Commission (CPUC), which regulates companies like PG&E, adopted Rule20A that requires PG&E to set aside a portion of revenues from the Town of Ross for undergrounding utilities. In general, Rule20A requires that the funds be used for projects in high traffic or public use areas. PG&E annually sets aside approximately \$10,000 for undergrounding projects for our Town.

- Why can't the Utilities pay for this project? It is their wires right?

Unfortunately, undergrounding is expensive and there is no legal requirement for the utility companies to underground their facilities.

- What will happen to the streetlights?

In many areas throughout the Town, the streetlights are attached to the utility poles. In those cases, the undergrounding project will include the installation of new streetlights. Standard LED streetlights will be installed.

- I've heard about new technologies like fiber optics coming to residential neighborhoods. How does utility undergrounding fit into all of this?

New technologies such as fiber optics can exist both on overhead poles or underground. Currently when undergrounding projects take place, there is additional room for fiber optic cables to be laid down.

- How much will undergrounding improve my property values?

Undergrounding may have a positive effect on property values due to improved safety, enhanced views and general aesthetic improvements. However, the Town cannot determine the exact value for you. You might want to consult with a real estate agent or real estate appraiser for their advice.

- Why can't the Town incorporate undergrounding as part of other infrastructure improvements?

As previously mentioned, it takes 2 to 7 years to plan, design and construct an undergrounding project. If the Town were to incorporate undergrounding with other infrastructure projects, important improvements like pavement rehabilitation, public storm drain and flood control projects would be delayed. In addition, the methods of construction for undergrounding projects are different from traditional utility line improvements.

- If I am opposed to this must I participate?

Yes. Although you will have an opportunity to vote on whether or not an assessment district is formed, in the event that it is, power lines along your street will be undergrounded and a new service connection will be required from the street to your meter located on your house. You will be responsible for hiring a contractor to place your service underground on your property. The Town will help assist you at locating qualified contractors to complete this work.

- After the undergrounding in the street is completed, do I have to underground my service lateral or can I keep it above ground to my house?

In general, in an underground utility district the service laterals will also be undergrounded to each house. However, the Council can grant special permission to allow a private service pole to be constructed by the property owner's contractor and the overhead service lateral to remain, on such terms as the council may deem appropriate, and in cases of unusual circumstances.