December 6, 2001

Honorable Mayor and Members of   Regular Meeting of
the Hermosa Beach City Council   December 11, 2001

UNDERGROUND DISTRICT FORMATION - ENGINEERING COSTS - SOUTHERN CALIFORNIA EDISON

Recommendation:

1.   That the City Council approve expenditure of $95,000 for engineering planning of three
      separate assessment districts; and,
2.   Appropriate $95,000 from Capital Project Funds to be reimbursed following district
      formation.

Background:

Pursuant to City Council direction staff has obtained the engineering cost estimates for the
following petition generated underground assessment districts.

Bayview Drive	63 Parcels	$30,000
Bonnie Brea	165 Parcels	$50,000
Beach Drive	31 Parcels	$15,000
TOTAL		**$95,000**

The engineering work that would be performed by SCE or its consultants, when completed, will
provide the cost estimate that is used to begin the actual assessment district approval process.
Once the estimate has been obtained, the assessment engineer prepares the engineers report, the
cost per parcel is set, and the proposed assessment is mailed to each property owner along with a
ballot to be returned. The assessment ballots are counted at a public hearing of the City Council.
If more than 50% of the proposed assessments vote "yes", the district proceeds. The process,
once the estimates are available, realistically will take six to nine months to the counting of the
votes. The time frame for SCE to complete the estimate is two months

The Beach Drive district may be able to proceed on a different track as it appears that they will
have near 100% sign up. The committee intends to meet with staff to develop a strategy to move
this district along on a different track.

The funds advanced from the Capital Improvement Fund are returned once the district is formed
and the bonds are sold. This is the same approach that we used with the other two districts now
being completed. In the event the districts do not proceed, the City would not be reimbursed.

Respectfully submitted,

Stephen R. Burrell
City Manager