

November 16, 2004

Honorable Mayor and Members of  
the Hermosa Beach City Council

Regular meeting of  
November 23, 2004

**PROPOSED BAY VIEW DRIVE ASSESSMENT DISTRICT NO. 2004-2; ENGINEERS  
REPORT APPROVAL; AND ADOPTION OF RESOLUTIONS ALLOWING THE  
PROPERTY OWNERS IN THE PROPOSED DISTRICT TO VOTE ON THE  
ASSESSMENTS**

**Recommendation:**

1. Adopt Resolution No. \_\_\_ declaring intent to form an assessment district and making certain findings and determinations in connection therewith, all relating to Assessment District No. 2004-2 (Bay View Drive); and
2. Adopt Resolution No. \_\_\_ approving report and fixing the time and place of the public hearing for Assessment District No. 2004-2 (Bay View Drive).

**Background:**

The City received a petition from the residents in the Bay View Drive area on April 25, 2000 with 61% of the residents in favor of forming a district. City Council approved funding for preliminary engineering and paid \$30,000 to SCE and \$8,000 to Verizon to design and provide cost proposals to construct their new facilities. The advance will be recovered after a successful assessment district is formed. On June 8, 2004, the City Council approved a contract with David Taussig and Associates, Inc. to complete the engineer's report, assessment diagram, district maps, cost estimates for \$20,000. The City also contracted with the law firm of Stradling, Yocca, Carlson & Rauth to serve as bond counsel and with Northcross, Hill, & Ach, Inc. Financial Advisors for \$20,000 and \$5,000 respectively. This is the same team used successfully in the formation of the Beach Drive Assessment District. The cost for the services rendered by these firms is included in the overall cost of the district and the City will be reimbursed upon successful formation of the district.

Southern California Edison, Verizon, and Adelphia completed the construction cost estimates on November 17, 2004. Total cost to be assessed equals \$1,136,000.00. Individual property assessments will be based upon the length of property fronting on the street being undergrounded. There are two categories of benefit; enhanced streetscape and new utility improvements. With the total frontage length of the project being 2,977.90 feet, this equates to \$381.48 per lineal front foot. Therefore, an average lot that receives full benefit in both benefit categories will be assessed \$13,352.00. Property owners will have the option of making a lump sum payment up-front or adding the amount to their property taxes to be paid over 20 years, at an interest rate to be determined at time of bond sale.

Each property owner was mailed an invitation to a town hall meeting in order to review the engineer's report. The meeting notice also contained a short summary explaining the remainder of the formation process. The meeting was held in the City Hall Council Chambers on Monday, November 22, 2004 and results of that meeting are being provided as a supplemental item. The

formation proceedings for the district follow a very tight time schedule because the utility companies only guarantee their cost estimates for 90 days.

Following the adoption of the resolutions initiating the formation process, the assessment engineer will mail ballots to each affected property owner (see Attachment 4). The ballots will be tabulated to determine final decision at the public hearing to be held at the Council Meeting on Tuesday, January 11, 2005. Under Proposition 218 guidelines, this is a majority protest rule. If 50% plus 1 vote against formation, then the district will be abandoned. If 50% or more of the ballots received are in favor of the formation, then the City Council may approve the assessment district.

The cost of the improvements provided by SCE and Verizon do not include federal tax because the City is exempt due to the public benefit of the project (see Attachment 5). This was done for the previous underground utility districts.

Attachments:

1. Assessment Engineer's Report by David Taussig and Associates, Inc.
2. Draft resolution declaring intent to form an assessment district
3. Draft resolution approving report and the fixing time and place of the public hearing
4. Sample Official Ballot for Special Assessment Election
5. Exemption of ITCC agreement letter

Respectfully submitted,

Concur:

---

Frank J. Senteno  
Assistant Engineer

---

Richard D. Morgan, P.E.  
Director of Public Works/City Engineer

Noted for Fiscal Impact:

Concur:

---

Viki Copeland  
Finance Director

---

Stephen R. Burrell  
City Manager