



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Ryan Russo  
Director, DOT

**SUBJECT:** Piedmont Pines Utility  
Undergrounding Phase II

**DATE:** July 01, 2021

City Administrator Approval 

Date: Jul 8, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt:**

**A Resolution 1) Overruling Protests; 2) Determining Results Of Election For The City Of Oakland Utility Underground Assessment District No. 2021-232, Piedmont Pines Phase II; 3) Confirming Assessments And Adopting Revised Engineer's Report; 4) Ordering The Improvements To Be Made; 5) Directing The City Clerk And The Director Of Department Of Transportation To File And Record Certain Documents Including A Notice Of Assessment; 6) Directing Mailing To Property Owners Of A Notice Of Assessment; And 7) Directing Actions With Respect Thereto.**

## **EXECUTIVE SUMMARY**

This report describes the final steps necessary to form Utility Underground Assessment District No. 2021-232, Piedmont Pines Phase II, which is being proposed to assess a portion of the costs to convert the overhead utility facilities to an underground system and install new street lighting facilities within the district, which includes property on Chelton Drive from Ascot Drive to Carisbrook Drive and from Darnby Drive to Skyline Boulevard benefiting from the improvements.

## **BACKGROUND / LEGISLATIVE HISTORY**

The upcoming actions are:

1. Open a public hearing on the formation of Assessment District No. 2021-232.
2. Hear testimony from those who desire to speak.
3. Close the public hearing.
4. Count ballots

If 50% or more "Yes" votes have been submitted, then a majority protest does not exist, and the Assessment District may be formed. Staff recommends adopting a resolution 1) Overruling Protests; 2) Determining Results Of Election For The City Of Oakland Utility Underground Assessment District No. 2021-232, Piedmont Pines Phase II; 3) Confirming Assessments And Adopting Revised Engineer's Report; 4) Ordering The Improvements To Be Made; 5) Directing The City Clerk And The Director Of Department Of Transportation To File And Record Certain Documents Including A Notice Of Assessment; 6) Directing Mailing To Property Owners Of A Notice Of Assessment; And 7) And Directing Actions With Respect Thereto.

### **ANALYSIS AND POLICY ALTERNATIVES**

The Assessment District is for Phase II. Property owners representing over one-half of the proposed area of the Assessment District previously submitted to the City a petition for district formation. On May 10, 2021, City Council adopted a resolution of intention to form the Assessment District and a resolution preliminarily approving the Engineer's Report and setting a public hearing and election on July 20, 2021, on the proposed district. A boundary map has been recorded, notices of the hearing and assessment ballots have been mailed to the property owners, and informal property owner information meetings have been held. Property owners may submit ballots until the close of the public hearing.

The creation of the Assessment District No. 2021-232 is essential to the delivery of the Piedmont Pines Area Undergrounding Project. Determining that the majority of property owners, within the boundaries of the project, have voted positively for the establishment of the Assessment District, is the initial step. Overruling minority protests will then allow the Council to move forward with adopting the finalized Engineer's Report and ordering the improvements and work contained within.

With the adoption of the Revised Engineer's Report, the City Clerk and Director of Transportation can record the assessment diagram and establish the assessment roll. A Notice of Assessment can then be recorded with the County Recorder and the Engineer of Work will mail a notice of assessment to each of the properties of record.

While the bonds must be sold for the assessments to go onto the tax roll, work on the project will not necessarily be completed at the time the installments initially appear.

If the assessments are confirmed, an assessment diagram and notice of assessment will be recorded, creating liens on the assessed property. As described above, property owners may pay the assessments in full (with a discount) prior to the issuance of bonds to clear the lien or may pay in part. The lien may be foreclosed upon to the extent a property owner allows its assessment to go to bond and later becomes delinquent on one or more installments on the tax bill. The lien is on an equal basis with general property taxes and is superior to private mortgage and other liens. After bonds are issued, unpaid assessments may be paid in full by paying the remaining unpaid assessment, interest through the date(s) which a corresponding amount of bonds may be called, a prepayment premium not exceeding 3% and costs relating to the early payment and bond call, less a credit relating to the bond reserve fund. Such credit will be less than the credit for paying in cash prior to the bond sale, since after the initial cash payment period, the bond costs will have been incurred.

The assessment engineer's assessment methodology uses benefit points as a means to apportion assessments within the Assessment District. Each parcel is assigned benefit points in proportion to the estimated special benefit the parcel receives relative to other parcels in the Assessment District from the utility undergrounding. The highest and best use of the parcel is the basis on which benefit points are assigned. The benefit points are based on three factors: aesthetics, safety and reliability and the benefit factors are applied to the number of potential dwelling units on each parcel in deriving each assessment amount. The assessment formula and benefit factors are described more fully in the Engineer's Report included as **Attachment A**.

Undergrounding the utilities on Chelton Drive from Ascot Drive to Carisbrook Drive, and from Darnby Drive to Skyline Boulevard will be a special benefit for the Piedmont Pines Area of the City of Oakland, and it may provide an incentive for other property owners or developers to undertake similar development projects within the City of Oakland.

### **FISCAL IMPACT**

Of the estimated \$35 million-dollar project cost, \$31 million will be shared by PG&E, AT&T and Comcast. The City share of \$4,437,958 will take the form of an assessment to the benefitting property owners. The Assessment District's share of the cost will be funded from the net proceeds of bonds secured by installments of unpaid assessments and interest, and cash payments of the assessment, if any. The typical assessment for the 223 properties in the Assessment District is approximately \$15,517.89. All assessments that have not been paid in full during a cash collection period will "go to bond" and the assessments along with interest and ongoing administrative costs will be collected on the property tax bills over a period of up to 30 years. The annual installments for the typical unpaid assessment are conservatively estimated to be approximately \$1,590.00, with one-half the annual amount being due on each of the regular two ad valorem tax payment dates. The interest portion will be based on the actual interest on the bonds to be issued, the repayment of which would be secured by the unpaid assessments. The estimate includes a cushion for a potential increase in interest rates over the current levels and assumes the maximum amount which may be levied on each parcel to pay for ongoing administrative costs. Based on the current timetable, the unpaid assessment installments would first appear on the property owners tax bills in the fall of 2022.

The financed portion of the costs of the improvements would be by means of the issuance of municipal bonds pursuant to the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code (the "Bond Act"). Authorization of the bond issuance will be brought back for consideration by the Council at a future date prior to the bond sale. The bonds will be secured by the unpaid assessments and interest thereon and the City will not be obligated to pay debt service from other City funds. The City will have certain obligations relating to foreclosure on delinquent parcels and there will be responsible bond administrative requirements, the costs of which are expected to be recoverable through the assessment levy and/or foreclosure proceeds related to delinquent assessment installments, as applicable. Further detail regarding obligations and requirements relating to the bonds will be provided at the time of consideration of the authorization of the bonds.

### **PUBLIC OUTREACH / INTEREST**

A notice and ballot have been mailed to each property owner located in the proposed Assessment District, and a public outreach meeting has been held.

### **COORDINATION**

The Office of the City Attorney, Treasury Bureau and the Budget Bureau have reviewed this report and the accompanying two resolutions.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** When the Utility Underground Assessment District No. 2021-232, Piedmont Pines Phase II is implemented; it will provide the opportunity to use local contractors who will employ Oakland residents thus strengthening the local economy.

**Environmental:** Implementation of the project will eliminate nearly 2 miles of unsightly overhead utility lines in or affecting the public-right-of-way and innumerable drops to individual properties. It will improve the livability, aesthetics, and safety for the neighborhood and reduce the potential for fire, electric danger or utility outage resulting from trees falling or touching overhead wires. Furthermore, the undergrounding of overhead cables and equipment, and replacement of wood poles will enhance emergency evacuation in the event of a catastrophe.

**Race and Social Equity:** The replacement of overhead lines and wood poles with a new underground system will allow the disabled and senior citizens to move safely along unobstructed walkways.

The infusion of a sizable utility upgrade project in an area in Oakland will result in new equipment system and cable plant which will benefit the immediate users as well as the community at large. The disappearance of overhead wires and wood poles will distinguish itself in the Piedmont Pines residential community as a showpiece.

### **CEQA**

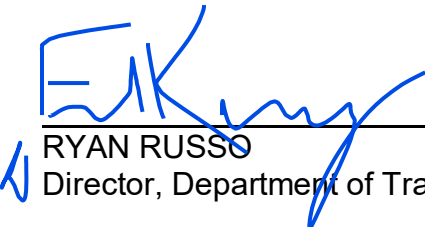
The California Environmental Quality Act ("CEQA") and the CEQA Guidelines exempt specific types of projects from environmental review. The following CEQA exemptions apply to this encroachment under CEQA Guidelines sections 15301 (existing facilities), 15183 (projects consistent with a Community Plan, General Plan, or Zoning), and 15061(b)(3) (no significant effect on the environment).

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt a Resolution 1) Overruling Protests; 2) Determining Results Of Election For The City Of Oakland Utility Underground Assessment District No. 2021-232, Piedmont Pines Phase II; 3) Confirming Assessments And Adopting Revised Engineer's Report; 4) Ordering The Improvements To Be Made; 5) Directing The City Clerk And The Director Of Department Of Transportation To File And Record Certain Documents Including A Notice Of Assessment; 6) Directing Mailing To Property Owners Of A Notice Of Assessment; And 7) And Directing Actions With Respect Thereto.

For questions regarding this report, please contact Allen Law, Electrical Services Manager at Department of Transportation, Street Lighting Administration at (510) 615-5428.

Respectfully submitted,

  
RYAN RUSSO  
Director, Department of Transportation

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Street Lighting, Department of Transportation

*Attachments (1):*

*A: Revised Engineer's Report for Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II), dated June 2021*

