



Legislation Text

File #: RES 18-0080, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Stephanie Katsouleas, Public Works Director

SUBJECT:

Resolution No. 18-0080 Approving an Agreement Between the City of Manhattan Beach and Property Owners of Underground Utility Assessment District 4, Advancing Funds for Utility Design and Assessment Engineering Services and Authorizing the City Manager to Issue Payments to Southern California Edison, Frontier Communications and Charter Communications for Design Services, and to a Consultant for Assessment Engineering Services (Public Works Director Katsouleas).

ADOPT RESOLUTION NO. 18-0080 APPROVING AGREEMENT ADVANCING PRIVATE FUNDS

RECOMMENDATION:

Staff recommends that City Council:

1. Adopt Resolution No. 18-0080 (Attachment 1) approving an Agreement (Attachment 2) between the City of Manhattan Beach and property owners of Underground Utility Assessment District 4, advancing funds for utility designs and assessment engineering services.
2. Authorize the City Manager to issue payments to Southern California Edison, Frontier Communications and Charter Communications for those design services, and to a consultant (to-be-determined) for assessment engineering services.

FISCAL IMPLICATIONS:

The potential fiscal implications associated with approving the attached Agreement range up to an estimated \$250,000, subject to the terms outlined in the attached Agreement. Initially, payments made to three utility companies and the consulting Assessment Engineer (to be selected) will draw from the funds deposited by the property owners of District 4 to the City of Manhattan Beach. The staff support needed to administer the district formation process (prior to the outcome of the Proposition 218 balloting) is provided within existing City resources. Under the City's current utility undergrounding policy guidelines, the City only receives reimbursement for past and future staff time if the district is approved by parcel owners and City Council. The Proposition 218 process is a critical step in the district formation process.

BACKGROUND:

On October 3, 2017, City Council approved a request among District 15 property owners to allow that district to expand its boundaries back to those of the former District 4 (Attachment 3), which originally failed the Proposition 218 process in November 2005. City Council also approved the district's

request to allow it to immediately proceed with design and assessment engineering at its own cost if district property owners wished to bypass the City's survey validation requirement. The survey validation process is required when the City contemplates advancing its own funds on design and assessment engineering services, but is not required otherwise. Based on the current proposal by District 4 property owners, staff does not anticipate conducting a survey validation process for District 4.

DISCUSSION:

Based on fee proposals provided by each utility, staff estimates that the design fees for Southern California Edison, Frontier Communications and Charter Communications will be as follows:

Southern California Edison: \$100,000

Frontier Communications: \$56,000

Charter Communications: \$33,726

Assessment Engineering Services have yet to be determined, but are not expected to exceed \$40,000. District 4 property owners have indicated to the City that they have raised enough funds to pay for design and assessment engineering services and would like to formalize the proposed arrangement with the City such that there is clear understanding about the responsibilities and obligations by each party in both advancing District 4 to a Proposition 218 vote and forming the district.

The attached Agreement, which sets forth the terms between the City and District 4 property owners, is summarized as follows:

1. The Agreement documents an initial deposit with the City in the amount of \$190,000, subject to certain reimbursement conditions. The remaining funds to be deposited will be determined once the assessment engineering costs are known.
2. All deposit proceeds will be used to pay for Southern California Edison, Frontier Communications and Charter Communications design services, as well to pay for Assessment Engineering services.
3. The City commits to carrying out the Proposition 218 ballot process for Underground Utility Assessment District 4, recognizing three possible outcomes:
 - a. If the Proposition 218 process fails to reach 50% + 1 support of weighted returns, then the deposit is retained by the City and the agreement is terminated.
 - b. If the Proposition 218 process succeeds in reaching a 50% + 1 majority of weighted returns AND the City declines to form the district, the City is obligated to repay the full amount of the deposit to District 4 property owners.
 - c. If the Proposition 218 process succeeds in reaching a 50% + 1 majority of weighted returns and the City proceeds with district formation, the deposit is reimbursable to District 4 property owners out of the assessment proceeds.

Staff recommends that City Council approve the attached Agreement so that staff may begin design activities for District 4 as soon as possible. Once the Agreement is approved by both parties, District 4 property owners will deposit funds with the City to cover design and assessment engineering costs so that those designs can commence.

Staff also recommends that the City Manager be authorized to make all necessary payments as

identified above to the utility companies and assessment engineering firm ultimately selected using the deposits received by District 4 property owners.

PUBLIC OUTREACH/INTEREST:

No public outreach has been conducted regarding this issue.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that undergrounding overhead utility systems is categorically exempt from CEQA review per Section 15302 of the State CEQA Guidelines. Thus, no further environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Resolution No. 18-0080
2. Agreement (Agreement will be forwarded under separate cover.)
3. District 4 Boundary Map