



# Town of Atherton

## Utility Underground Districts

Since 1966, the Town has required that utility services to newly constructed dwelling units be located underground from the utility poles to the structures. Though this requirement does not remove poles from the right-of-way, it reduces the clutter of overhead wires along our scenic streets.

There has been recent expressed interest by some residents in the removal of the existing poles and wires along Town roadways to improve aesthetics, safety and potentially increase property values.

The following information is provided to clarify the process by which existing utilities can be underground and to solicit input from residents regarding their interest in the formation of utility underground districts.

### *Frequently Asked Questions*

#### *What is utility undergrounding?*

Utility undergrounding is when the existing overhead utilities (phone, cable TV, internet and electric) are replaced by a system that is essentially underground. Wires for these utilities are run through conduits in streets, adjacent rights-of-way, and easements, and utility poles are removed. Service wires from homes and other buildings in an underground district must also be placed underground, and homes that currently receive overhead utility service must be converted to receive service from the new underground system.

#### *What are the advantages to utility undergrounding?*

Removing overhead utilities eliminates the visual blight of utility poles with cross arms, wires, transformers and associated hardware. Besides the aesthetic improvement to the general neighborhood, some properties can realize view enhancements. Some feel that undergrounding will increase property values throughout the local community.

As more and more utilities are undergrounded, the reliability of these services may improve. Without protection from storms, wind and earthquakes, poles and wires can fall causing personal injury and damage. They can also block roads at a time when emergency vehicles need neighborhood access. Note, however, that reliability depends on what connects to the underground system, and in the case of an outage, underground facilities can take longer to resolve than overhead facilities.

### ***What is an Underground Utility District?***

An underground utility district is an area in the Town within which poles, overhead wires, and associated structures are not permitted. Each district has defined boundaries that include several contiguous parcels and portions of the street rights-of-way.

### ***How is an Underground Utility District Created?***

The creation of an undergrounding districts can be initiated by the Town or by property owners. In Atherton, most, if not all undergrounding districts would be initiated by property owners with a common interest in eliminating overhead utilities. There are three types of underground districts:

- Rule 20A – These are **initiated by a city or county**, through a public hearing process. These districts are typically formed along roadways which area considered major collector or arterial streets, that carry a heavy volume of pedestrian or vehicular traffic, or that adjoin or pass through a civic or public recreation area. Electric conversion costs are paid from credits provided by PG&E. Atherton receives only about \$25,000 per year in undergrounding credits, which is insufficient to fund a stand-alone district.
- Rule 20B – Typically **initiated by property owners**, with the support of a City or County, when the area does not fit the Rule 20A criteria, but involves both sides of the street for at least 600 feet. Under Rule 20B, the property owners responsible for the installation of the conduit, substructures and boxes. This is a common way to effect undergrounding. To assist in financing, an “assessment district” can be established in which the majority of voting property owners (votes weighted by assessment) can elect to form a utility undergrounding district. Cost sharing is based upon special benefits received.
- Rule 20C – **One or more property owners can create a “private” district** with costs being shared on a mutually agreed basis.

### ***What is the difference between an Assessment District and a Private District?***

Assessment districts tend to be much larger which provides an economy of scale. In a private district all costs are paid up front, whereas property owners in an assessment district can elect to spread payments (with interest) up to 25-30 years. Private districts are subject to a hefty federal tax. The Town can assist with moving an assessment district through steps with the Town and PG&E. In Atherton, this would be done at no cost to the property owners.

### ***Who decides how much each property is assessed?***

An undergrounding assessment district will have an Engineer of Record funded by the District formation committee. This is a private consulting firm which specializes in assessment engineering. The proponents of a proposed district play the major role in selecting the Engineer – a process that can be facilitated by the Town. The Engineer of Record is charged by State

regulations with the task of fairly allocating the total cost of a district among the properties within a district boundary. The method of assessment is not fixed by law, and the process, by virtue of the physical diversity of properties, is not perfect. Factors such as view enhancement, lot size, improved safety, frontage improvement, etc. may be considered. Property owners who feel that their assessment is unfair have an opportunity to appeal to the City Council prior to finalization of assessments and the tabulation of votes.

***Why would anyone chose to create a private district?***

Private districts have no minimum size requirements and can often be done in almost half the time. Although they take 100% participation of all properties within their boundaries, they are a convenient way for a single owner or a small group of neighbors to remove their immediate overhead utilities.

***Why not form one big district to underground the remaining overhead areas of the Town?***

Public safety and convenience must be weighed against the amount of construction impact involved. Experience has shown that logically formed districts impacting single street areas and contiguous parcels can be managed in a way to minimize impacts to the community at large. Larger districts, require longer design times and have a greater impact on the community at large with the attendant road closures and construction activities, can strain traffic circulation and the patience of residents.

***Why doesn't the Town just pay to everything undergrounded?***

Atherton, like all California communities, simply can't afford to maintain the Town's infrastructure and pay for undergrounding. To help defray the cost, Atherton would participate by not charging the property owners in an assessment district for administrative and professional services related to management of the project. This will typically amount to a 15 – 20% cost savings. In other community these costs are typically borne by the property owners.

***Why don't the utility companies pay for undergrounding?***

There is no legal requirement for utilities to pay for undergrounding. The California Public Utility Commission regulations and franchise agreements have created different obligations for the three utility companies involved in undergrounding Atherton's overhead facilities. The costs to design and construct the new underground infrastructure are the responsibility of the property owners. In an assessment district the property owners pay for PG&E to transfer their system from overhead to underground. AT&T charges only a token amount and Comcast typically does not charge.

***So what will it cost and how long would it take?***

The average assessment for each property owner is estimated at \$15,000 to \$60,000 depending on the size and complexity of the district and other factors identified by the Engineer of Record for the specific parcel. This range is also a function of the number properties per length of streets involved. The more properties, the lower the average cost. As noted, within a district, the individual assessments will vary depending on the special benefits received as determined by the Engineer of Record.

Property owners are also responsible for the added cost of undergrounding their utilities services from their homes to the street. This has varied from \$2,000 to \$15,000, depending upon the unique topography and existing improvements at each property. Additional costs may be assessed related to the relocation and undergrounding of transformers.

Start to finish, a District can take approximately 3-5 years to complete. This varies as District underground projects take time to form and gain support of neighbors and once formed, design of the District must go through public utilities for approval (usually a long cue), and construction can take up anywhere from 6 to 18 months depending on the complexity of the utilities.

***What happens to the street lights that are now on the utility poles?***

New, freestanding light poles are installed. These are more attractive and generally more efficient than the old fixtures. These new light poles are usually selected by the neighborhood.

***How can I get an underground district formed in my neighborhood?***

A Rule 20B assessment district must be initiated by the City Council. A formal petition from at least 60% of the property owners in a proposed district must be presented to the Council for their consideration.

A petition must include a preliminary estimate of cost and a defined district boundary. A sample is attached. To formulate this information and to receive help and guidance, please call the City Engineer at 650-752-0541.

**Property Owner Petition**

**TO: Honorable Mayor and Members of the Atherton City Council**

**PETITION OF INTEREST OF PROPERTY OWNERS TO UNDERGROUND UTILITIES WITHIN THE OWN OF ATHERTON**

We, the undersigned, being owners of property within the area of a proposed assessment district to be established under the MUNICIPAL IMPROVEMENT ACT OF 1913, Division 12 (Sections 10000, et seq.) of the Streets and Highways Code of the State of California (the "Act"), do hereby petition the City Council of the Town of Atherton (the "Town") to commence and carry through to completion under the provisions of said Act, all proceedings for the formation of an ASSESSMENT DISTRICT as hereinafter described and for the acquisition of the hereinafter mentioned improvements within the Town of Atherton, County of San Mateo, State of California.

The area within the Town, which we hereby request the City Council to form as an ASSESSMENT DISTRICT, as hereinabove mentioned, is shown on a map attached hereto as Exhibit A entitled "**MAP OF PROPOSED UNDERGROUNDING ASSESSMENT DISTRICT FOR THE \_\_\_\_\_ NEIGHBORHOOD**"

The improvements, which we hereby request to be acquired for the benefit of the property within the above-mentioned proposed assessment district, are the conversion of existing overhead electrical and communications facilities to underground locations and the removal of poles.

We understand:

A. That the cost of the improvements will be assessed to the land, which benefits from the improvements including our land;

B. That a report will be prepared on the project, including plans and specifications, a detailed cost estimate, and a division of the costs among the benefited parcels of land, and that a public hearing will be conducted on the report.

C. That the cost of engineering, legal, and other incidental expenses will be included in the project cost;

D. The estimated cost of the improvements to be financed from Assessment District for each parcel is \$ 40,000 - \$ 60,000.

E. That each property owner may pay his assessment either in cash without interest or in installments with interest over a period of 15 to 20 years.

F.If the parcel’s private property service connection to the utilities is not underground, then the property owner will be required to convert the service connection, at their own expense, after the utility undergrounding has been completed. The typical cost is \$ 5,000. This expense may be added to the assessment.

This petition is filed with you under and pursuant to the provisions of Section 2804 of the Streets and Highways Code of the State of California.

The petition may be filed in counterpart or may be joined with other petition for a similar work.

ASSESSOR’S PARCEL NO:

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STREET ADDRESS OF PROPERTY:

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OWNER’S NAME (PRINTED):

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OWNER’S SIGNATURE:

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DATE: \_\_\_\_\_

MAILING ADDRESS (IF DIFFERENT FROM PROPERTY):

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***The full cost of utility undergrounding in residential neighborhoods is the financial responsibility of property owners. The state of California has a postponement program, which may allow some property owners to defer payment.***