



NEIGHBORHOOD UNDERGROUNDING PROJECT

SELF-UNDERGROUNDING

**Town Commission
Special Meeting
February 22, 2016**



Presentation Outline

- Discussion background
 - Overview of Neighborhood assessment timeline
 - Project constants
- “Snapshot” concept
- Self-undergrounding implications
- Potential accommodation path
- Considerations
- Options



ASSESSMENT TIMELINE

Date	Action
March 15	Referendum
April 4	Initial Assessment Resolution
April 12	Mailed/published notices
May 9	Public Hearing/Final Assessment Reso
May – August	Validation Proceeding
September 15	Certify Assessment Roll To Tax Collectors
November	Property Tax/Assessment bill mailed by Tax Collectors



Project Constants

- Referendum will take place on March 15
- Text of Ballot Question
 - Not to exceed amount of bonds (\$23,850,000)
 - Project must complete undergrounding throughout Town
- Maximum amount of assessment to be imposed against each tax parcel
 - Determined by information included on Town website
 - Qualification language



“Snapshot” of Parcel Configuration During Assessment Imposition

- Parcel configuration constantly changing
 - Subdivision, new parcels
 - Development/redevelopment of existing parcels, etc.
- Snapshot of parcel characteristics as of a time certain
 - overhead vs. underground
 - service connections, etc.
- Snapshot is necessary for assessment implementation process



Snapshot, cont.

- Initial Assessment Resolution (April 4)
 - Establishes assessment rates
 - Directs creation of assessment roll
 - Rates and roll are based on preliminary snapshot
- Final Assessment Resolution (May 9)
 - Approves assessment roll
 - Finalized Snapshot
 - After this date, change in classification (from overhead to underground) will not change the assessment treatment of parcels



Snapshot, cont.

- Assessment roll generally does not change after approval, except for:
 - Reductions in principal due to payment receipts
 - Reductions in principal due to cost savings
 - Correction of errors
 - Parcel subdivision or development



Snapshot, cont.

- Snapshot necessary because:
 - Capital project – total amount of assessment is determined at the beginning of a defined term
 - Difficulty of reallocating benefits/costs
 - Increasing assessment amount above mailed notices requires new notices and public hearing
 - Assessment amounts included on Town website prior to referendum further limit the ability to subsequently increase
 - Certainty for planning, financing, landowner, voters expectations



Self-Undergrounding Implications

- Assessment amounts:
 - Townwide: assessment = actual cost
 - Per parcel: assessment may be +/- actual cost, approximation based on benefit
- Overhead, planning, design costs spread throughout assessed area
- Self-undergrounding by property owners
 - Changes classification from “overhead” to “underground”
 - Avoids sharing in overhead costs
 - Potential cost-shifting, subject to established maximum assessment amounts
 - Not an “opt-out,” still subject to general benefit assessment



Self-Undergrounding – Timing Considerations

- Neighborhood Snapshot Dates:
 - April 4 (Initial Resolution)– preliminary snapshot
 - May 9 (Final Resolution) – final snapshot
- Unlikely completion of self-undergrounding by May 9, 2016
- Town has authority to move forward with undergrounding or any capital improvement project, not required to delay or put project on hold
 - Cost increases due to loss of economies of scale with respect to GMD project
 - Inflationary increases
 - Interest rate risks
 - Referendum sets maximum amount of debt which assumes project moves forward without unreasonable delay



Potential Accommodation Path for Self-Undergrounding

- Initial Assessment Resolution (April 4)
 - Provides process and conditions for self-undergrounding
 - Establishes a deadline by which either:
 - Completion of self-undergrounding project, or
 - Property owner(s) enter into **binding agreement** with Town for completion of self-undergrounding
 - Deadline = May 2 (one week prior to public hearing/approval of final assessment roll)



Self-Undergrounding Agreement

- Property owner(s) agreement to complete self-undergrounding within time certain (ex. 365 days)
- Property owner(s) pay pro-rata share of soft costs upfront (to be refunded if no performance)
- Town agrees to reclassify affected tax parcel as “underground” if/when all criteria have been satisfied
 - No lines within 55 feet
 - Any radial, looping, service connections, communications, fiber, street lights etc. completed



Self-Undergrounding Agreement, cont.

- Property owner(s) are jointly & severally responsible for any costs incurred by Town due to property owner non-performance
- Only property owners who sign the agreement can be reclassified as underground
- Agreement will be recorded lien against affected tax parcels (with lien released upon proof of performance)
 - Performance must be timely, no extensions
 - Expenses incurred by property owners will not be reimbursed by Town => owners assume risk



Final Assessment Resolution (May 9)

- Approves assessment roll based on parcel configuration “snapshot” as of that day
- Provides for subsequent change of parcel classification (overhead to underground) for property owners who executed Self-Undergrounding Agreement and timely performed
- Result: property owners are assessed the full amount, but the assessment will be reduced upon proof of timely performance
- If self-undergrounding does not occur under the contract, no reclassification of parcel(s) or reduction in assessed amount



Accommodation Summary:

Date	Action
By February 26	Prepare form of Self-Undergrounding Agreement
April 2	Initial Assessment Resolution <ul style="list-style-type: none"> • Describes conditions for self-undergrounding • Approves form of Self-Undergrounding Agreement
May 2	Deadline for completion of self-undergrounding <u>or</u> execution of agreement
May 4	Workshop re: Final Assessment Resolution & agreements
May 9	Final Assessment Resolution <ul style="list-style-type: none"> • Approves assessment roll based on snapshot that day
September 15	Certify assessment roll to Tax Collectors
May 2, 2017	Deadline for completion of self-undergrounding



Considerations:

- Undergrounding differs from water/sewer utility where:
 - Infrastructure is owned by Town
 - Town can prohibit property owners from making improvements to system
- Undergrounded utility lines are owned by private utilities
 - Private utilities, through applicable tariffs/regulations, determine who can underground, circumstances, etc.
- Town is not prohibiting self-undergrounding after approval of assessment roll, but self-undergrounding thereafter will not result in reallocation of assessment for property owners who did not enter into agreement



Considerations:

- Self-undergrounding may result in revenue shortfall, so it is important to establish a cutoff date at which the shortfall, if any, becomes known
- Any shortfall must be funded by:
 - Value engineering/cost savings/scope reductions
 - Lower than expected construction bids
 - Other legally available funds of the Town (i.e. operating millage increase)



Options:

1. Move forward with project based on parcel configuration snapshot as it exists on May 9 snapshot
 2. Accommodate self-undergrounding as outlined above
- Questions/Discussion