



Undergrounding Feasibility Study

Funding Options

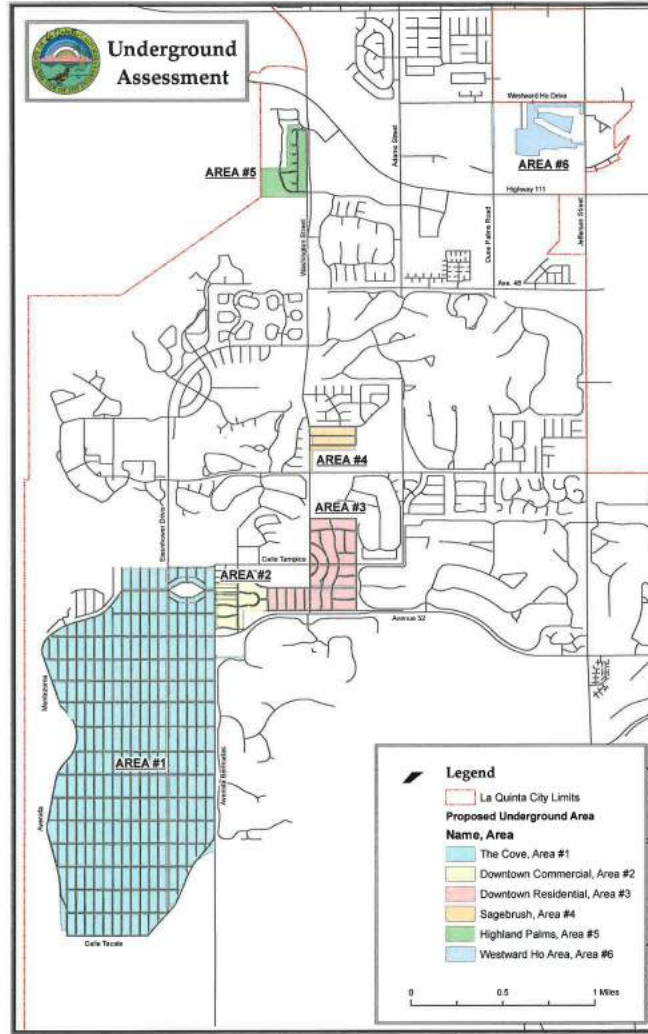


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Funding Options

6 Areas

1. The Cove
2. Downtown Commercial
3. Downtown Residential
4. Sagebrush
5. Highland Palms
6. Westward Ho



Funding Options

Local Funding Approaches

Local projects have traditionally been funded through the 1913 Act Assessment Districts and occasionally by Mello-Roos CFDs.

There are two basic approaches to forming Undergrounding Utility Assessment Districts. One is to form the Assessment District and then prepare the plans and specifications and then get construction bids; the other is to prepare complete plans and specifications and have construction bids in hand before forming the Assessment District.

Included on the following slides are details on the different options available.

Federal & State Grants

There may be grants available, which are presented later in this presentation.



Funding Options

Examples of Successful Assessment Districts

NV5 has assisted with the successful formation of several utility undergrounding assessment districts throughout Southern California. The table below includes a sampling of recently formed districts that are comparable in size and scope to the City’s areas.

District Name	City	# of Parcels	Total Cost	Avg. Cost per Parcel	% Approval (Weighted)
UUAD No. 124	City of Newport Beach	966	\$32,815,700	\$33,970	65.29%
UUAD No. 117	City of Newport Beach	268	\$4,640,550	\$17,315	52.20%
UUAD No. 113	City of Newport Beach	215	\$6,249,500	\$29,067	71.54%
UUAD No. 19-4	City of Manhattan Beach	170	\$7,255,000	\$42,676	75.38%
UUAD No. 19-12	City of Manhattan Beach	231	\$6,735,000	\$29,155	62.27%
UUAD No. 19-14	City of Manhattan Beach	244	\$6,810,000	\$27,909	64.19%
Paseo de la Playa UUAD	City of Torrance	20	\$1,784,400	\$89,220	94.31%
Greenwich Village North UUAD	City of Hermosa Beach	101	\$4,031,600	\$39,916	65.28%



Funding Options

Option One – Municipal Improvement Act of 1913 (Assessment District)

1. The process is initiated by an interested property owner, who acts as a liaison between the City, utility companies, and neighbors
2. Based on the interest letter, the City Consultant prepares a boundary map and submits it to the appropriate utility companies who review the map to ensure that the boundaries are logical and feasible
3. The City Consultant then prepares a petition to be circulated by proponents to all affected property owners within the proposed district boundaries
4. Once the petition is certified by the Assessment Engineer, the City Engineer and the City Consultant will prepare a staff report requesting City Council approval to move forward. With Council approval, the Assessment Engineer will prepare an Engineer's Report
5. The Engineer's Report and Resolution of Intention are submitted to the City Council for approval and a public hearing is scheduled
6. The Ballots are prepared with the assessment amount and sent to each property owner within the proposed district boundaries
7. All votes must be submitted to the City prior to the end of the scheduled public hearing. The district passes if the district received greater than 50% approval and is subsequently approved by the City Council. Following approval by the property owners, the detailed design process begins. It usually involves the following steps: Base mapping, IID electrical design, and telephone and cable design
8. Once the project is fully designed, it will be bid with a contract awarded, and then constructed



Funding Options

Option One – Municipal Improvement Act of 1913 (Assessment District)

Design: After District Formation (Fast-track)

Pros

- Once the petition is approved, the City can immediately order the Engineer's Report, go to ballot and form the Assessment District
- Up front costs are significantly less and the time period to form the District is reduced to about 3-4 months. The agency can pay the up front costs or request that the proponents pay the up front costs by depositing funds with the agency
- It is known whether you have an Assessment District before preparing plans and specifications and obtaining bids

Cons

- Disadvantage is the bids could come in higher than the estimated cost in the Engineer's Report causing a shortfall in assessment funds. This can be counter balanced by placing a larger contingency in the Cost Estimate



Funding Options

Option Two

1. Steps 1-3 are the same as option 1
2. Once the petition is certified by the Assessment Engineer, the City Engineer and the City Consultant will prepare a staff report requesting City Council approval to begin the design process
3. The design process begins once the utility companies receive the design fee, which is the responsibility of the property owners. The process usually involves the following steps: Base mapping, IID electrical design, and telephone and cable design
4. Once the design is complete and accepted by the City and utility companies, the utility companies provide a “guaranteed cost of construction.”
5. The completed design plans, Engineer’s Report, and Resolution of Intention are submitted to the City Council for approval and a public hearing is scheduled
6. Ballots are prepared with the assessment amount and sent to each property owner within the proposed district’s boundaries
7. All votes must be submitted to the City prior to the end of the scheduled public hearing. The district passes if the district received greater than 50% approval and is subsequently approved by City Council



Funding Options

Option Two

Design: Before District Formation

Pros

- Advantage is costs are known before balloting and forming the District

Cons

- Plans, specifications (PS&E) and bidding process must be paid for up front before forming the District
- After paying the up front costs, the District could fail to be formed. The agency could lose the funds for the PS&E unless the proponents of the District pay up front the costs, rather than the agency, by placing a fund deposit with the agency
- It can take two years to have the plans and specifications prepared and construction bids received and support for the District could change during this period



Funding Options

Paying the Assessment & Final Steps

Regardless of which of the two options is selected, property owners will have two options to pay for the assessment:

1. 30-Day Cash Payment Period: Within 30 days after the close of the public hearing, the property owner has the option to pay the full or a portion of the assessment amount. The property owner will save approximately 8% on the portion of the assessment paid in cash. This 8% savings results from not selling bonds for the amount owed. Bonds will be sold for any unpaid portion of the assessment and a lien will be placed on the property until the bond is paid in full.
2. Bond: If the property owner elects to not pay during the 30-Day Cash Payment Period, bonds will be sold. Assessments will be placed on the property tax bill to be paid over a 20 to 25-year financing period. During that time, a lien will be placed on the property until the bond amount is paid in full. Bonds will incur a finance charge.

Once construction of the main line underground infrastructure has been completed, property owners will be responsible for hiring a licensed electrician to connect the property's existing overhead connection to the underground infrastructure – this cost is not covered in the assessment amount and will need to be completed within the designated time frame by the property owners.



Funding Options

Cost Per Parcel Per Area (Paying in Cash) ***

Area No.	Area Name	Parcels in the Area *	Cost of Undergrounding (On Street) **	Avg. Cost Per Parcel (Paying in Cash) **
1	The Cove	5,046	\$117,279,875	\$23,242.15
2	Downtown Commercial	85	\$4,564,999	\$53,705.87
3	Downtown Residential	294	\$11,967,959	\$40,707.34
4	Sagebrush	116	\$2,692,109	\$23,207.83
5	Highland Palms	92	\$4,482,771	\$48,725.78
6	Westward Ho	121	\$4,105,195	\$33,927.23

* The cost estimate is based on IID maps and the count of services requiring conversion, which may differ from a simple parcel count. Occasionally, a single parcel may contain multiple homes or services, and conversely, a home or service may span multiple parcels. The most accurate option is to conduct an engineer’s field study to obtain a true count of homes

** Includes 15% incidental costs (assessment engineer, CM and Inspection, city time, & bond counsel)

*** It is estimated that private conversion costs will be in the \$8,000-12,000 range per parcel. Property owners will be responsible for this amount, which is in addition to their assessment



Funding Options

Cost Per Parcel Per Area (With Bonds)**

Area No.	Area Name	Avg. Cost Per Parcel (Paying in Cash)	Avg. Financial Costs @ 10%	Avg. Total Cost per Parcel (w/o interest over the life of the bond) *	Avg. Total Cost per Parcel (w/4.5% interest over the 20-yr life of the bond) *	Avg. Annual Cost per Parcel (w/4.5% interest over the 20-yr life of the bond) *
1	The Cove	\$23,242.15	\$2,324.21	\$25,566	\$38,818	\$1,940
2	Downtown Commercial	\$53,705.87	\$5,370.59	\$59,076	\$89,699	\$4,484
3	Downtown Residential	\$40,707.34	\$4,070.73	\$44,778	\$67,989	\$3,399
4	Sagebrush	\$23,207.83	\$2,320.78	\$25,528	\$38,761	\$1,938
5	Highland Palms	\$48,725.78	\$4,872.58	\$53,598	\$81,381	\$4,069
6	Westward Ho	\$33,927.23	\$3,392.72	\$37,319	\$56,664	\$2,833

* Rounded to the nearest dollar

** It is estimated that private conversion costs will be in the \$8,000-12,000 range per parcel. Property owners will be responsible for this amount, which is in addition to their assessment



Funding Options

Mello-Roos Community Facilities Act of 1982

In 1982, the Mello-Roos Community Facilities Act of 1982 (Government Code §53311-53368.3) was created to provide an alternate method of financing for needed improvements and services.

- The Act allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (a “CFD”) which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities.
- A CFD is created to finance public improvements and services when no other source of money is available.
- A CFD is created by a sponsoring local government agency. The proposed district will include all properties that will benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners. In many cases, that may be a single owner or developer.
- Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year. If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services.



Analysis of Equivalent Primary Overhead Distribution: Count and Cost Evaluation

Equivalent Overhead Distribution System: A theoretical feeder and distribution extension designed as if the applicant were going to be served overhead by a new system. The line will follow the basic route of the existing overhead system.

This evaluation involves estimating the costs associated with establishing a new equivalent overhead distribution system used for delivering electricity to the existing residents in the 6 study areas. It encompasses the costs linked to the new primary infrastructure elements, such as poles, arms, insulators, pins, anchors, stud poles, cable poles, guying and the associated labor, equipment and permitting related.

The equivalent overhead distribution and feeder extension must originate from the same existing source. The equivalent study should follow the basic route of the existing overhead system but must also be based on sound engineering practices for overhead construction utilizing proper pole spacing, grade of pole construction, and loading engineering.

The intent of this opinion of probable cost is to explore a credit option so Imperial Irrigation District can considerer an equivalent overhead credit for the length of the proposed conversions in the 6 different impacted areas in the City.



Analysis of Equivalent Primary Overhead Distribution: Count and Cost Evaluation

This table provides an estimated count of feeder distribution poles, overhead conductors, and other essential components required to construct a comparable overhead primary distribution feeder system.

EQUIVALENT PRIMARY OH DISTRIBUTION COUNT ESTIMATE	Area #1	Area #2	Area #3	Area #4	Area #5	Area #6	TOTALS
Distribution Poles	765	37	77	40	37	38	994
Distribution Pin, Insulators	3550	172	357	186	172	176	4612
Distribution Arms	887	43	89	46	43	44	1153
Primary Cable Poles	7	4	2	1	1	5	20
OH Feeder Conductor 4 wire 3 phase in Ft	24,868	1,719					26,587
OH Distribution Conductor 4 wire 3 phase in Ft	62,572	3,197	11,801	3,055	2,085	2,859	85,569
Anchors, Stub Poles and Other Guiding	77	4	8	4	4	4	101

This table illustrates the estimated costs involved in constructing a comparable overhead primary distribution and feeder system.

EQUIVALENT PRIMARY OH DISTRIBUTION COST ESTIMATE	Area #1	Area #2	Area #3	Area #4	Area #5	Area #6	TOTALS
*Total Distribution Feeder Poles	\$ 19,125,000	\$ 925,000	\$ 1,925,000	\$ 1,000,000	\$ 925,000	\$ 950,000	\$ 24,850,000
*Total Distribution Primary Cable Poles	\$ 364,000	\$ 208,000	\$ 104,000	\$ 52,000	\$ 52,000	\$ 260,000	\$ 1,040,000
Total 397.5 AAC OH Feeder Conductor - 4 wire 3 phase	\$ 3,854,540	\$ 761,980					\$ 4,616,520
Total OH Distribution Conductor - 4 wire 3 phase	\$ 3,253,744	\$ 166,244	\$ 613,652	\$ 158,860	\$ 108,420	\$ 148,668	\$ 4,449,588
TOTAL	\$ 26,597,284	\$ 2,061,224	\$ 2,642,652	\$ 1,210,860	\$ 1,085,420	\$ 1,358,668	\$ 34,956,108

*Total Distribution Feeder Poles includes (Distribution Pins, Insulators, Distribution Arms and Anchors).

*Total Distribution Primary Cable Poles represent transitions from existing Underground system to Overhead system or vice versa.

This cost estimate is based on whether a private or public entity, other than IID, was constructing a new infrastructure system. The calculations and costs associated with IID's utility may differ from those presented. Costs includes IID's Engineering, Materials, Labor and Permitting.

Funding Options

Other Funding Opportunities

Federal Funding/Grants

The **Infrastructure Investment and Jobs Act (IIJA)**, also known as the Bipartisan Infrastructure Law, has been labeled as a once-in-a-generation investment in infrastructure to support the nation's growth. While nearly 400 funding opportunities exist within IIJA, many of them were focused on either finding the most cost-effective route, directed at clean energy, designed for the state of California to be the applicant, or were focused on rural populations. However, several opportunities presented themselves for the City which may qualify and are presented as follows:

- **GRIP (Grid Resilience & Partnership):** Department of Energy (DOE) program that supports activities that will modernize the electric grid to reduce impacts due to extreme weather and natural disasters. This program will fund comprehensive transformational transmission and distribution technology solutions that will mitigate multiple hazards across a region or within a community, including wildfires, floods, hurricanes, extreme heat, extreme cold, storms, and any other event that can cause a disruption to the power system. This program provides grants to electric grid operators, electricity storage operators, electricity generators, transmission owners or operators, distribution providers, and fuel suppliers. This program will provide up to \$2.5B over 5 years.



Grid Resilience and Innovation Partnerships Program

As part of the Bipartisan Infrastructure Law, the Grid Deployment Office (GDO) is administering the \$10.5 billion Grid Resilience and Innovation Partnerships (GRIP) Program to enhance grid flexibility and improve the resilience of the nation's power grid against growing threats of extreme weather and climate change.

These programs will accelerate the deployment of transformative projects across the nation to help ensure the reliability of the power sector's infrastructure, ensuring all American communities have access to affordable, reliable, clean electricity anytime, anywhere. GRIP includes three funding mechanisms:

GRID RESILIENCE UTILITY AND INDUSTRY GRANTS (\$2.5 BILLION)

Grid Resilience Utility and Industry Grants support activities that will modernize the electric grid to reduce impacts from extreme weather and natural disasters. This grant program will fund comprehensive transformational transmission and distribution technology solutions that will mitigate weather hazards across a region or within a community including wildfires, floods, hurricanes, extreme heat, extreme cold, and extreme weather events that can cause a disruption to the power system. This funding opportunity is available to electric grid operators, electricity storage operators, electricity generators, transmission owners or operators, distribution providers, and fuel suppliers.

- Concept Paper Deadline: **December 16, 2022**
- 289 Concept Papers received
- Full Application deadline: **April 6, 2023**
- Anticipated Award Selection Date: **Summer 2023**
- Next Round of Funding Opens: **Winter 2023**

SMART GRID GRANTS (\$3 BILLION)

Smart Grid Grants support activities that will increase the flexibility, efficiency, and reliability of the electric power system. These grants will fund technology focused on increasing capacity of the transmission system, preventing faults that may lead to wildfires or other system disturbances, integrating renewable energy at the transmission and distribution levels, and facilitating the integration of increasing electrified vehicles, buildings, and other grid-edge devices. Smart grid technologies funded and deployed at scale under this program will demonstrate a pathway to wider market adoption. This grant program has broad eligibility and is available to domestic entities including institutions of higher education; for-profit entities; non-profit entities; and state and local governmental entities, and tribal nations.

- Concept Paper Deadline: **December 16, 2022**
- 326 Concept Papers received
- Full Application deadline: **March 17, 2023**
- Anticipated Award Selection Date: **Summer 2023**
- Next Round of Funding Opens: **Winter 2023**

GRID INNOVATION PROGRAM (\$5 BILLION)

Grid Innovation Program provides financial assistance to one or multiple states, Tribes, local governments, and public utility commissions to collaborate with electric sector owners and operators to deploy projects that use innovative approaches to transmission, storage, and distribution infrastructure to enhance grid resilience and reliability. Broad project applications are of interest including interregional transmission projects, investments that accelerate interconnection of clean energy generation, utilization of distribution grid assets to provide backup power and reduce transmission requirements, and more. Innovative approaches can range from use of advanced technologies to innovative partnerships to the deployment of projects identified by innovative planning processes to many others.

- Concept Paper Deadline: **January 13, 2023**
- 135 Concept Papers received
- Full Application Deadline: **May 19, 2023**
- Anticipated Award Selection Date: **Fall 2023**
- Next Round of Funding Opens: **Winter 2023**

Updated April 2023. Subject to change.
Visit <https://www.energy.gov/gdo/grid-resilience-and-innovation-partnerships-grp-program>



Funding Options

Other Funding Opportunities

Federal Funding/Grants (Continued)

- **Section 108 Loan Guarantee Program:** As a community development block grant recipient, the City may apply for a Section 108 Loan Guarantee Program grant. This program would help provide low-cost, flexible financing to support infrastructure that benefits low- and moderate- income citizens for site improvements. A match is not required and actual funds are unspecified. The funds are distributed on a rolling basis from the U.S. Department of Housing and Urban Development.
- **Public Works & Economic Adjustment Assistance Grant:** This grant assist communities implementing long-term economic development efforts. Through this program, projects that demonstrate climate change resiliency for decades to come are encouraged to apply. A match from the applicant is required via cash/in-kind, although actual funds are not specified, and proportions vary based on unemployment rate and per capita income. The original solicitation date was 03/14/2023, but funds are distributed on a rolling basis from the US Department of Commerce.

Economic Adjustment Assistance Program

What does the Economic Adjustment Assistance (EAA) program do?

The EAA program provides a wide range of technical, planning, and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time. These adverse economic impacts may result from a steep decline in manufacturing employment following a plant closure, changing trade patterns, catastrophic natural disaster, a military base closure, or environmental changes and regulations.

Who may benefit from EAA and what will such funding do to promote economic development?

The EAA program can assist state and local entities in responding to a wide range of economic challenges through:

- **Strategy Grants** to support the development, updating or refinement of a Comprehensive Economic Development Strategy (CEDS).
- **Implementation Grants** to support the execution of activities identified in a CEDS, such as infrastructure improvements, including site acquisition, site preparation, construction, rehabilitation and equipping of facilities. Specific activities may be funded as separate investments or as multiple elements of a single investment.

Why is it advantageous to apply for EAA funding?

The EAA program is EDA's most flexible program. Under the EAA program, EDA can fund market and environmental studies, planning or construction grants, and capitalize or recapitalize revolving loan funds (RLFs) to help provide small businesses with the capital they need to grow.

What criteria are used in determining which projects receive EAA grants?

- The ability of the proposed project to realistically achieve the desired results and catalyze additional resources;
- The ability of a project to start quickly and create jobs faster;
- The extent to which the project will enable the community/region to become more diversified and more economically prosperous;
- The relative economic distress of the region;
- The applicant's performance under previous Federal financial assistance awards, including whether the grantee submitted required performance reports and data;
- The comparative feasibility of the applicant to achieve the outcomes identified in the application;

What is an example of a successful EAA project?

For examples of successful EDA projects, visit <http://www.eda.gov/annual-reports/>

How do I get more information on how to apply?

The Federal Funding Opportunity (FFO) is available at <http://www.eda.gov/funding-opportunities/index.htm>. To discuss any project proposals in further detail, contact your EDA Regional Office.



Funding Options

Other Funding Opportunities

Federal Funding/Grants (Continued)

- **CWDG (Community Wildfire Defense Grant):** With the adoption of a community wildfire protection plan (CWPP), the City could benefit from this program which is designed to help implement projects within the CWPP that are less than 10 years old related to becoming a fire-adapted community. The due date for this grant is on 11/03/2024 and a cash/in-kind match is required. The actual funds from the US Department of Agriculture are unspecified.
- **RCPGP (Regional Catastrophic Preparedness Grant Program) FEMA Region 9:** This grant covers severe damage or disruption to the infrastructure related to a catastrophic incident impacting the area, focusing on projects that are focused on equity and climate resilience. This grant can be used to build on existing regional preparedness efforts for local governments. Although the original due date of 7/24/2023 has passed, there are multiple due dates for these funds from the US Department of Homeland Security. No match is required for the \$12M funds available, with individual projects grants covering up to \$3M.
- **BRIC (Building Resilient Infrastructure & Communities) Direct Technical Assistance Grant:** If the City of La Quinta is able to demonstrate that they have pockets within the community with a social vulnerability index (SVI) score greater than or equal to 0.6, this grant can be applied for. There is no known due date for the next round of funding, but a match is not required for this program funded through the US Department of Homeland Security. This grant is to be used as an additional research resource as the purpose of this program is to provide non-financial direct technical assistance to applicants.



Funding Options

Other Funding Opportunities

State Funding/Grants

- **CPUC (California Public Utilities Commission)** establishes funding mechanisms for undergrounding and upgrading the power grid through a variety of programs under Rules and Tariffs paid by users and the utility through work credits that accumulate annually in the municipality's account. The work credits are established by formula based on the equivalent overhead infrastructure improvement that would have been required if not for the construction of the underground facility. The challenge for agencies served by non-investor funded utilities, such as IID, is that the utility is not obligated to participate in these programs nor set aside work credits to fund future undergrounding as would be required for investor funded utilities, such as SCE. This is to the benefit to the rate payers in the short term but does not provide a funding source for future undergrounding our upgrades to the power grid. However, the CPUC does have requirements for undergrounding of secondary utilities, such as telecommunication lines, at the utility's expense along designated scenic highways and in areas where there is a public interest finding that justifies placing the lines underground. This would require these secondary services to participate, at their own cost, in any City sponsored undergrounding project to move the lines into the public right-of-way; however, the cost to reconnect service to individual properties may be borne by the property owner.
- **CERI (Community Resilience Investment) Program:** This program will fund projects across California that increase community energy resilience and reliability, promote decarbonization of the electric system, improve energy justice and equity, and create good-paying jobs. Approximately \$170 million in formula funds over the next five years will be distributed under the Infrastructure Investment and Jobs Act (IIJA), section 40101(d) – Preventing Outages and Enhancing the Resilience of the Electric Grid.



Funding Options

Summary & Conclusion

Potential funding mechanisms include:

- Local Funding
 - Municipal Improvement Act of 1913 (Assessment District)
 - Mello-Roos Community Facilities Act of 1982
- Federal Funding/Grants
 - GRIP (Grid Resilience & Partnership) Program
 - Section 108 Loan Guarantee Program
 - Public Works & Economic Adjustment Assistance Grant
 - CWDG (Community Wildfire Defense Grant)
 - RCPGP (Regional Catastrophic Preparedness Grant Program) FEMA Region 9
 - BRIC (Building Resilient Infrastructure & Communities) Direct Technical Assistance Grant
- State Funding/Grants
 - CPUC (California Public Utilities Commission) programs
 - CERI (Community Resilience Investment) Program

