

CAPISTRANO BAY DISTRICT
AGENDA REPORT
October 31st, 2017

Old Business

ITEM 9a

Undergrounding Utilities

In considering financing options for this project the Board requested an inquiry to the District's main depository bank *Farmers & Merchants Bank (FMB)* to explore the possibility of a direct bank loan as opposed to creating another *Assessment District (AD)*. While AD's are the typical funding mechanism for capital improvement projects, there are formation costs and the thinking on the part of the Board would be to somehow avoid these upfront formation costs. *FMB* has so far replied with the following comments:

Hi Don,

I wanted to get back to you regarding the inquiry. Given the Governmental/Special District Agency aspect of the borrowing entity it may not be a direct fit for F&M. We are typically a CRE collateral lender.

However, I am checking internally about lending in the public/governmental sector. Is the borrower the CB Community Services District? Or were you going to create a private borrowing entity to hold the debt, with individual guarantors and collateral?

I will get back to on Monday...I am out of the office tomorrow.

Take care,
Scot Proud
Vice President
Relationship Manager
San Clemente
Farmers & Merchants Bank

Tel. (949) 373-2470 | Mobile (714) 987-0900
scot.proud@fmb.com | www.fmb.com



(more information on the following two pages)

The facts that have been gathered so far regarding this project are as follows:

- SDGE has told us they will NOT place transformers in underground vaults. This was confirmed independently from sources at the City of Laguna Beach who have worked closely with SDGE and Edison in their undergrounding projects over the years
- SDGE must have easements for ground-level transformer placements
- OCTA/Metrolink does NOT grant easements on their Right of Way properties
- Transformers can NOT be placed on RR property, only on District or private land
- In the north half of the community (to the turnaround at 35537) the District owns a narrow strip of property along the RR block wall where transformers can be placed
- In the south half of the community (from 35545 to the south end) the District owns NO property along the RR side of the roadway so transformers cannot be placed on that side, only on the seaward side on homeowners' properties
- The Engineer's details show a total of 10 transformers to service the south half of the road – of these, 8 must be placed on private property – in a poll of those 13 owners, all but 1 have said No (most of the transformers are intended to straddle property lines thereby requiring two properties for a single transformer)
- The City of Dana Point Planning Dept. has confirmed that the District will need to apply for a Coastal Development Permit. When asked how this might work out given the changes in the flood zones, they had no immediate answer
- SDGE was asked if they have a policy that might restrict or prohibit the undergrounding of utilities within a designated coastal high hazard flood zone and they said SDGE has no such policy (see attached email from Phil Sheridan/SDGE Project Planner)
- also attached on the following pages is the cost estimate by our consultant for the project:
UTILITY SPECIALISTS INC.



4429 Morena Boulevard
San Diego, California 92117
858.581.2250

PHASE 1 (FROM THE ENTRANCE SOUTH TO 35537)

- Includes approximately 5400LF and 109 homes/ lots.
- 27 of those homes have already had their utility services converted to underground from the base of the pole to the meter.
- Option 1 - Opinion of Probable Cost
 - SDG&E Fee: \$894,000
 - Telephone Fee: \$286,000
 - Cable TV Fee: \$62,000
 - Trenching Contractor Costs: \$1,090,000
 - House Panel Upgrade: \$5,500 x 82 = \$451,000
 - **TOTAL: \$2,783,000**
- Option 2 - Opinion of Probable Cost
 - SDG&E Fee: \$215,000
 - Telephone Fee: \$286,000
 - Cable TV Fee: \$62,000
 - Trenching Contractor Costs: \$405,000
 - House Panel Upgrade: \$5,500 x 82 = \$451,000
 - **TOTAL: \$1,419,000.00**

PHASE 2 (FROM 35545 SOUTH TO END OF THE ROAD)

- Includes approximately 3600LF and 88 homes/ lots.
- 18 of those homes have already had their utility services converted to underground from the base of the pole to the meter.
- Opinion of Probable Cost
 - SDG&E Fee: \$184,500
 - Telephone Fee: \$190,300
 - Cable TV Fee: \$42,000
 - Trenching Contractor Costs: \$270,000
 - House Panel Upgrade: \$5,500 x 60 = \$330,000
 - **TOTAL: \$1,016,800**

Option 1 Total Cost: \$3,799,800

Option 2 Total Cost: \$2,435,800