DISTRICT # 45 UNDERGROUND CONVERSION PROJECT

GENERAL QUESTIONS ON SERVICE CONVERSION:

1. **What is service conversion and what is the work involved?**

Service conversion means replacing the existing overhead electric, telephone and the cable TV service from the pole to your home from overhead to underground. The work involved consists of installing three conduits in a trench to accommodate power, telephone and cable TV conductors. The required conduits will run from the designated service point in or adjacent to the sidewalk to your building or present meter location.

2. **Will the City pay for service conversion work?**

The City **will not** pay for service conversion work. In accordance with Utility Rule and Regulation 17, this work is to be done at the property owner's expense.

3. **How much will service conversion cost?**

Typical conversion costs for detached single family homes range from $4500 to $8000 with the average being around $4500. Typical conversion costs for commercial services are higher.

For apartment and condominium complexes, the conversion cost will depend on the number of units. Typical costs, (which should be shared by the number of owners in the complex) will range from $5500 to $9000.

4. **Will the City provide cost estimates for the property owner's?**

Yes. The City already estimated the service conversion cost for each and every property and provided this information to the property owners prior to the public hearing and introduction of the ordinance establishing the underground district.

5. **What is the breakdown of the service conversion cost?**

The estimate broke the costs into:

a) Trenching and backfilling for conduit placement.

b) Material cost: service cables, conduits, new main switch and meter socket (if required)

c) Labor to install the new service cables, conduit, etc. and make all necessary changes and connections inside the house.

6. **Why does the City give an estimate if it does not intend to the work?**

The estimate is provided for the following reasons:

- To inform the property owners what it will cost them to convert their service;
- For use as a comparison with the price quoted by contractors from whom you request quotes;
- To provide information so property owners can decide whether to borrow the conversion funds from the City.

7. **When will property owners be required to convert their electric service?**

Our tentative schedule on the project shows that the property owners will be required to convert their service during the Spring of 2010. Property owners will again be notified at that time to convert their service. The City will provide a list of contractors and a sample set of specifications to be used in obtaining competitive bids.

8. **Will the City help finance the service conversion?**

Yes. The City will offer each affected owner the option of borrowing money at a favorable interest rate and spreading the payments over a ten year period. The principal amount plus interest, and loan handling fee ($50) is repayable in ten years with the payments added to the property tax bill.

The State of California has a program for low income seniors (annual income below $24,000) to defer property tax payment until their home is sold. The program places a lien on the property which is paid off when the property is sold.
Here is the link to web site:
http://www.sco.ca.gov/col/taxinfo/ptp/index.shtml

Also, the California State Franchise Tax Board has a homeowner assistance program to reduce property taxes for seniors with annual incomes below $12,000. Please check the Franchise Tax Board web site.

9. **How can property owners get the service conversion work done?**

Select and hire a contractor to do the service conversion.

10. **Is there a lien established against the property when money is borrowed from the City?**

Yes. A lien in the amount of the principal plus interest and handling fee will be established against the property, which will remain in effect until the loan is paid off. The loan can be paid in full at any time.

11. **How is the interest rate on the loan computed?**

The interest is computed at a rate equal to three quarters of one percent (3/4 of 1%) in excess of the rate shown in the New York Bond Buyers Index of Municipal Bond Average yields for 20 bonds for the week preceding the day on which the district is created.

Example. If the yield is 7.5%, then the interest rate would be 8.25%

12. **If I have more questions, who should I contact?**

The following persons may be contacted if you need any additional information:

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