



Final Engineer's Report

for

**Underground Utility
Assessment District No. 86**

**Prepared under the provisions of the
Municipal Improvement Act of 1913**

For the

CITY OF NEWPORT BEACH
Orange County, California

Prepared by:

 **Harris & Associates**

October 23, 2002

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AGENCY: CITY OF NEWPORT BEACH

PROJECT: ASSESSMENT DISTRICT NO. 86

TO: CITY COUNCIL

**ENGINEER'S "REPORT" PURSUANT TO THE
PROVISIONS OF SECTIONS 2961 AND 10204
OF THE STREETS AND HIGHWAYS CODE**

The purposes of this Assessment District is to provide financing to underground power, telephone and cable facilities in the area generally described as Balboa Peninsula, specifically the area bounded by "G" Street, Ocean Boulevard, Channel Road and the public beach. The proposed underground utility improvements will provide conversion to a more safe and reliable upgraded utility system and will improve neighborhood aesthetics.

The construction of these improvements will conform to existing City of Newport Beach, Southern California Edison, Pacific Bell Telephone Company and Adelpia Cable standards. By virtue of such improvements, the proposed improvements are of special and direct benefit to these properties.

Pursuant to the provisions of Article XIID of the State Constitution, Part 7.5 of the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931", being Division 4 of the Streets and Highways Code of the State of California, and the "Municipal Improvement Act of 1913", being Division 12 of said Code, and the Resolution of Intention, adopted by the City Council of the CITY OF NEWPORT BEACH, State of California, in connection with the proceedings for Assessment District No. 86 (hereinafter referred to as the "Assessment District"), I, Joan E. Cox, P.E., a Registered Professional Engineer and authorized representative of Harris & Associates, the duly appointed Engineer of Work, herewith submits the "Report" for the Assessment District, consisting of six (6) parts as stated below.

PART I

This part contains the plans and specifications which describe the general nature, location and extent for the proposed improvements to be constructed, and are filed herewith and made a part hereof. Said plans and specifications are on file in the Office of the Superintendent of Streets.

PART II

This part contains an estimate of the cost of the proposed improvements, including capitalized interest, if any, incidental costs and expenses in connection therewith as set forth herein and attached hereto.

PART III

This part consists of the following information:

- A. A proposed assessment of the total amount of the costs and expenses of the proposed improvements upon the several subdivisions of land within the Assessment District, in proportion to the special benefits to be received by such subdivisions from said improvements, which is set forth upon the assessment roll filed herewith and made a part hereof.



- B. The total amount, as near as may be determined, of the total principal sum of all unpaid special assessments and special assessments required or proposed to be levied under any completed or pending assessment proceedings, other than that contemplated for the Assessment District, which would require an investigation and report under the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931" against the total area proposed to be assessed.
- C. The total true value, determined from the latest Assessor's roll, of the parcels of land and improvements which are proposed to be assessed.

PART IV

This part contains the proposed maximum annual administrative assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the CITY OF NEWPORT BEACH, and not otherwise reimbursed, resulting from the administration and collection of assessments, from the administration and registration of any associated bonds and reserve or other related funds, or both.

PART V

This part contains a map showing the boundaries of the Assessment District, and a diagram showing the Assessment District, the boundaries and the dimensions of the subdivisions of land within said Assessment District, as the same existed at the time of the passage of the Resolution of Intention. The Boundary Map and Assessment Diagram are filed herewith and made a part hereof, and part of the assessment.

PART VI

This part shall consist of the following information:

- A. Description of facilities
- B. Right-of-Way Certificate
- C. Environmental Certificate

This report is submitted on October 23, 2002.

HARRIS & ASSOCIATES



JOAN E. COX, P.E.
R.C.E. No. 41965
ENGINEER OF WORK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



Preliminary approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA,
on the 24 day of September, 2002.

DEPUTY *Ailani L. Brown*
CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



Final approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA, on the
_____ day of _____, 2002.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



Part I Plans and Specifications

The plans and specifications to construct the utility undergrounding improvements, and any ancillary improvements thereof, for the area generally described as Assessment District No. 86, Balboa Peninsula, specifically the area bounded by "G" Street, Ocean Boulevard, Channel Road and the public beach, describe the general nature, location and extent of the improvements for this Assessment District are referenced herein and incorporated as if attached and a part of this Report.

Said Plans and Specifications for the improvements are on file in the office of the Superintendent of Streets.

**Part II
 Cost Estimate**

	Estimated Costs	
	Preliminary	Confirmed
CONSTRUCTION COSTS		
Utility Construction*		
Southern California Edison	\$209,082	\$209,082
Pacific Bell	\$224,700	\$224,700
	<u>\$433,782</u>	<u>\$433,782</u>
Subtotal Construction Costs:	\$433,782	\$433,782
Contingency (10%)	\$43,378	\$43,378
Total Construction Costs:	\$477,160	\$477,160
INCIDENTAL EXPENSES		
Edison Design Engineering	\$15,000	\$15,000
Pacific Bell Design Engineering	\$12,091	\$12,091
Assessment Engineering	\$26,000	\$26,000
Contract Inspection	\$2,500	\$2,500
City Administration	\$5,000	\$5,000
Filing Fees	\$1,000	\$1,000
Bond Council	\$15,000	\$15,000
Incidental Contingencies	\$3,623	\$3,623
	<u>\$80,214</u>	<u>\$80,214</u>
Total Incidental Expenses:	\$80,214	\$80,214
Total Construction and Incidental Expenses:	\$557,374	\$557,374
FINANCIAL COSTS (1st Bond Issue)		
Underwriter's Discount	2.50% \$16,000	\$16,000
Bond Reserve	5.00% \$33,000	\$33,000
Funded Interest @ 12 months @	6.00% \$39,000	\$39,000
Paying Agent	\$2,500	\$2,500
Bond Printing, Registration and Servicing	\$10,000	\$10,000
	<u>\$100,500</u>	<u>\$100,500</u>
Total Financial Costs:	\$100,500	\$100,500
DISTRICT FORMATION AMOUNT TO ASSESSMENT:	\$657,874	\$657,874

FEDERAL INCOME TAX COMPONENT OF CONTRIBUTION (ITCC)
 (2nd Bond Issue) **

FINANCIAL COSTS (2nd Bond Issue)		
Federal Tax Component	\$60,502	\$60,502
Underwriter's Discount	2.50% \$2,000	\$2,000
Bond Reserve	5.00% \$4,000	\$4,000
Funded Interest @ 12 months @	6.00% \$5,000	\$5,000
Paying Agent	\$2,500	\$2,500
Incidental Contingencies	\$6,554	\$6,554
	<u>\$80,556</u>	<u>\$80,556</u>
TOTAL FEDERAL TAX AND FINANCING COSTS:	\$80,556	\$80,556
TOTAL AMOUNT TO ASSESSMENT:	\$738,430	\$738,430

* Adelphia Cable is required to pay for undergrounding through the Franchise Agreement with the City.

** 2nd Bond Issue for Federal Income Tax Component of Contribution (34%) will only be issued if the Federal Government assesses the tax.



**Part III
Assessment Roll and
Method of Assessment Spread**

WHEREAS, on September 24, 2002 the City Council of the CITY OF NEWPORT BEACH, State of California, did, pursuant to the provisions of the 1913 Act "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code, of the State of California, adopt its Resolution of Intention No. 2002-63, for the installation and construction of certain public improvements, together with appurtenances and appurtenant work in connection therewith, in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 86 (hereinafter referred to as the "Assessment District"); and

WHEREAS, said Resolution of Intention, as required by law, did direct the Engineer of Work to make and file a "Report", consisting of the following as required by Section 10204 of the Act:

- a. Plans
- b. Specifications
- c. Cost Estimates
- d. Assessment Diagram showing the Assessment District and the subdivisions of land therein;
- e. A proposed assessment of the costs and expenses of the works of improvement levied upon the parcels within the boundaries of the Assessment District;
- f. The proposed maximum annual assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the City and not otherwise reimbursed resulting from the administration and collection of assessments or from the administration and registration of any associated bonds and reserve or other related funds.

For particulars, reference is made to the Resolution of Intention as previously adopted.

NOW, THEREFORE, I, Joan E. Cox, the authorized representative of HARRIS & ASSOCIATES, pursuant to Article XIID of the California Constitution and the "Municipal Improvement Act of 1913", do hereby submit the following:

1. Pursuant to the provisions of law and the Resolution of Intention, I have assessed the costs and expenses of the works of improvement to be performed in the Assessment District upon the parcels of land in the Assessment District specially benefited thereby in direct proportion and relation to the special benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram, a copy of which is attached hereto and incorporated herein.
2. As required by law, a Diagram is hereto attached, showing the Assessment District, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within said District as the same existed at the time of the passage of said Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been given a separate number upon said Diagram and in said Assessment Roll.



3. The subdivisions and parcels of land the numbers therein as shown on the respective Assessment Diagram as attached hereto correspond with the numbers as appearing on the Assessment Roll as contained herein.
4. NOTICE IS HEREBY GIVEN that bonds will be issued in accordance with Division 10 of the Streets and Highways Code of the State of California (the "Improvement Bond Act of 1915"), to represent all unpaid assessments, which bonds shall be issued not to exceed the legal maximum term as authorized by law, THIRTY-NINE (39) YEARS from the 2nd day of September next succeeding twelve (12) months from their date. Said bonds shall bear interest at a rate not to exceed the current legal maximum rate of 12% per annum.
5. By virtue of the authority contained in said "Municipal Improvement Act of 1913", and by further direction and order of the legislative body, I hereby recommend the following Assessment to cover the costs and expenses of the works of improvement for the Assessment District based on the costs and expenses as set forth below:

	As Preliminarily Approved	As Confirmed
Estimated Cost of Construction:	\$477,160	\$477,160
Estimated Incidental Expenses:	\$80,214	\$80,214
Estimated Financial Costs:	\$100,500	\$100,500
Estimated Federal Tax & Financing Costs:	\$80,556	\$80,556
Estimated Total to Assessment:	\$738,430	\$738,430

For particulars as to the individual assessments and their descriptions, reference is made to Table 1 (Assessment Roll) attached hereto.

6. The Method of Spread of Assessment is as set forth in the exhibit identified as Part III (Exhibit 1), which is attached hereto, referenced and so incorporated.

Table 1
Assessment Roll

Asmt No.	Assessor's Parcel Number	Total Assessed Value	Existing Liens	Benefit Units per Parcel	Preliminary Dist. Formation (1st Bond Issue)	Preliminary Total Asmt (1st & 2nd Bond Issues)	Confirmed Dist. Formation (1st Bond Issue)	Confirmed Total Asmt (1st & 2nd Bond Issues)	Value to Lien Ratio
1	048 202 01	\$793,031	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	144
2	048 202 02	\$621,500	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	113
3	048 202 03	\$448,752	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	82
4	048 202 04	\$67,873	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	12
5	048 202 05	\$73,760	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	13
6	048 202 45	\$529,851	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	96
7	048 202 46	\$658,366	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	120
8	048 202 07	\$547,090	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	99
9	048 202 38	\$790,500	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	144
10	048 202 39	\$333,704	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	61
11	048 202 44	\$676,086	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	123
12	048 202 43	\$583,670	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	106
13	048 202 10	\$570,105	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	104
14	048 202 11	\$86,454	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	16
15	048 202 12	\$585,290	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	106
16	048 202 13	\$332,337	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	60
17	048 202 14	\$138,343	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	25
18	048 202 15	\$810,900	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	147
19	048 202 16	\$793,901	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	144
20	048 202 17	\$1,693,200	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	308
21	048 202 41	\$103,448	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	19
22	048 202 42	\$759,361	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	138
23	048 202 37	\$1,178,432	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	214
24	048 202 36	\$2,241,913	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	408
25	048 202 35	\$2,297,172	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	418
26	048 202 34	\$2,594,091	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	472
27	048 202 33	\$181,705	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	33
28	048 202 32	\$984,731	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	179
29	048 202 31	\$369,652	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	67
30	048 202 30	\$524,315	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	95
31	048 202 47	\$448,829	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	82
32	048 202 48	\$205,255	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	37
33	048 202 27	\$118,773	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	22
34	048 202 26	\$3,162,000	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	575
35	048 202 25	\$91,245	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	17
36	048 202 24	\$145,788	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	27
37	048 202 23	\$594,071	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	108
38	048 202 22	\$142,880	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	26
39	048 202 21	\$938,846	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	171
40	048 202 20	\$302,012	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	55
41	048 202 19	\$3,300,000	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	600
42	048 212 01	\$543,256	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	99
43	048 212 02	\$105,041	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	19
44	048 212 03	\$92,527	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	17
45	048 212 04	\$310,572	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	56
46	048 212 05	\$248,024	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	45
47	048 212 06	\$534,665	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	97
48	048 212 07	\$658,720	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	120
49	048 212 08	\$688,723	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	125
50	048 212 09	\$92,341	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	17

Asmt No.	Assessor's Parcel Number	Total Assessed Value	Existing Liens	Benefit Units per Parcel	Preliminary Dist. Formation (1st Bond Issue)	Preliminary Total Asmt (1st & 2nd Bond Issues)	Confirmed Dist. Formation (1st Bond Issue)	Confirmed Total Asmt (1st & 2nd Bond Issues)	Value to Lien Ratio
51	048 212 10	\$649,553	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	118
52	048 212 11	\$100,808	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	18
53	048 212 27	\$96,453	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	18
54	048 212 28	\$103,016	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	19
55	048 212 13	\$804,223	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	146
56	048 212 14	\$494,938	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	90
57	048 212 29	\$1,968,965	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	358
58	048 212 30	\$1,805,234	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	328
59	048 212 25	\$960,568	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	175
60	048 212 26	\$447,420	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	81
61	048 212 22	\$2,213,260	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	402
62	048 212 33	\$1,841,223	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	335
63	048 212 34	\$2,493,838	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	453
64	048 212 20	\$116,813	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	21
65	048 212 19	\$2,756,222	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	501
66	048 212 18	\$4,473,720	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	813
67	048 212 17	\$427,183	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	78
68	048 212 31	\$245,448	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	45
69	048 212 32	\$93,319	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	17
70	048 262 01	\$1,087,738	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	198
71	048 262 02	\$780,300	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	142
72	048 262 03	\$727,605	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	132
73	048 262 04	\$193,369	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	35
74	048 262 05	\$910,350	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	166
75	048 262 06	\$115,283	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	21
76	048 262 07	\$483,232	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	88
77	048 262 08	\$453,964	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	83
78	048 262 09	\$80,565	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	15
79	048 262 10	\$142,758	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	26
80	048 262 11	\$81,852	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	15
81	048 262 12	\$227,636	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	41
82	048 262 13	\$100,688	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	18
83	048 262 14	\$77,628	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	14
84	048 262 15	\$724,417	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	132
85	048 262 32	\$5,579,400	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	1,014
86	048 262 31	\$3,264,000	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	593
87	048 262 27	\$307,311	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	56
88	048 262 26	\$2,865,261	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	521
89	048 262 25	\$2,172,806	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	395
90	048 262 24	\$1,205,004	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	219
91	048 262 23	\$1,743,035	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	317
92	048 262 22	\$1,378,109	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	251
93	048 262 21	\$132,514	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	24
94	048 262 20	\$521,176	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	95
95	048 262 19	\$1,195,098	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	217
96	048 262 18	\$645,550	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	117
97	048 262 17	\$1,534,974	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	279
98	048 262 16	\$312,778	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	57
99	048 282 01	\$382,793	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	70
100	048 282 02	\$821,954	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	149
101	048 282 03	\$83,266	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	15
102	048 282 04	\$773,135	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	141
103	048 282 05	\$442,959	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	81
104	048 282 06	\$562,267	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	102
105	048 282 07	\$90,686	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	16

Asmt No.	Assessor's Parcel Number	Total Assessed Value	Existing Liens	Benefit Units per Parcel	Preliminary Dist. Formation (1st Bond Issue)	Preliminary Total Asmt (1st & 2nd Bond Issues)	Confirmed Dist. Formation (1st Bond Issue)	Confirmed Total Asmt (1st & 2nd Bond Issues)	Value to Lien Ratio
106	048 282 08	\$433,445	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	79
107	048 282 09	\$397,902	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	72
108	048 282 10	\$519,382	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	94
109	048 282 11	\$789,871	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	144
110	048 282 41	\$166,801	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	30
111	048 282 43	\$122,607	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	22
112	048 282 14	\$85,471	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	16
113	048 282 15	\$1,150,000	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	209
114	048 282 16	\$528,099	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	96
115	048 282 17	\$946,738	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	172
116	048 282 18	\$719,163	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	131
117	048 282 19	\$746,340	\$7,091	0.26	\$1,274.00	\$1,430.00	\$1,274.00	\$1,430.00	88
118	048 282 40	\$842,930	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	153
119	048 282 39	\$1,184,656	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	215
120	048 282 33	\$1,399,782	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	255
121	048 282 32	\$1,433,234	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	261
122	048 282 31	\$133,620	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	24
123	048 282 30	\$2,971,382	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	540
124	048 282 29	\$131,166	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	24
125	048 282 28	\$129,752	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	24
126	048 282 27	\$954,576	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	174
127	048 282 26	\$5,331,661	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	969
128	048 282 25	\$2,007,241	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	365
129	048 282 24	\$1,998,583	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	363
130	048 282 23	\$323,738	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	59
131	048 282 22	\$136,382	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	25
132	048 282 35	\$121,473	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	22
133	048 282 36	\$2,420,139	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	440
134	048 282 38	\$1,112,137	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	202
135	048 282 37	\$223,163	\$0	1	\$4,900.00	\$5,500.00	\$4,900.00	\$5,500.00	41
		\$118,848,200	\$7,091	134.26	\$657,874.00	\$738,430.00	\$657,874.00	\$738,430.00	159

Table 2
Debt Limit Valuation

A. ESTIMATED BALANCE TO ASSESSMENT	\$738,430
B. UNPAID SPECIAL ASSESSMENTS	\$7,091 *
TOTAL A & B	\$745,521
C. TRUE VALUE OF PARCELS	\$118,848,200 **
AVERAGE VALUE TO LIEN RATIO	159 :1

* Unpaid Special Assessments shall consist of the total principal sum of all unpaid special assessments previously levied or proposed to be levied other than in the instant proceedings.

** True Value of Parcels means the total value of the land and improvements as estimated and shown on the last equalized roll of the County.

This report does not represent a recommendation of parcel value, economic viability or financial feasibility, as that is not the responsibility of the Assessment Engineer.

CERTIFICATION

I, the undersigned Assessment Engineer, do hereby certify that the total amount of the principal sum of the special assessments proposed to be levied, together with the principal amount of previously levied special assessments, as set forth above, do not exceed one-half (1/2) the total true value of the parcels proposed to be assessed.

EXECUTED on October 23, 2002.

HARRIS & ASSOCIATES



JOAN E. COX, P.E.
R.C.E. No. 41965
ASSESSMENT ENGINEER
CITY OF NEWPORT BEACH
COUNTY OF ORANGE, STATE OF CALIFORNIA



Exhibit 1 Method and Formula of Assessment Spread

Since the improvements are to be funded by the levying of assessments, the "Municipal Improvement Act of 1913" and Article XIII D of the State Constitution require that assessments must be based on the special benefit that the properties receive from the works of improvement. In addition, Section 4 of Article XIII D of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the local agency levying the assessment must separate the general benefits from the special benefits. It also provides that parcels within a district that are owned or used by any agency, the State of California, or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. Neither the Act nor the State Constitution specifies the method or formula that should be used to apportion the costs to properties in any special assessment district proceedings.

The responsibility for recommending an apportionment of the costs to properties which specially benefit from the improvements rests with the Assessment Engineer, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. In order to apportion the assessments to each parcel in direct proportion with the special benefit which it will receive from the improvements, an analysis has been completed and is used as the basis for apportioning costs to each property within the Assessment District.

Based upon an analysis of the special benefit to be received by each parcel from the construction of the works of improvement, the Assessment Engineer recommends the apportionment of costs as outlined below. The final authority and action rests with the City Council after hearing all testimony and evidence presented at a public hearing, and tabulating the assessment ballots previously mailed to all record owners of property within the Assessment District. Upon the conclusion of the public hearing, the City Council must make the final determination whether or not the assessment spread has been made in direct proportion to the special benefits received by each parcel within the Assessment District. Ballot tabulation will be done at that time and, if a majority of the ballots weighted by assessment amount are not in opposition to the Assessment District, the City Council may form the Assessment District.

The following sections set forth the methodology used to apportion the costs of the improvements to each parcel.

Special Benefit

In further making the analysis, it is necessary that the properties receive a special benefit distinguished from general benefits conferred on real property located in the District or to the public at large.

The purpose of this Assessment District is to provide the financing to underground existing overhead electrical, telephone and cable facilities. These facilities are the direct source of service to the properties within the Assessment District. There are no main transmission or trunk facilities within the Assessment District.

The proposed replacement of existing overhead utility facilities (power, telephone and cable facilities) with underground facilities will provide a special benefit to the parcels who will be served

by the new distribution facilities as a result of enhanced service, reliability and capacity, as well as improved safety. Removal of the existing wood poles and the overhead wires will also aesthetically enhance all parcels that are directly adjacent to these facilities.

In this Assessment District, 100% of the cost allocation for the improvements is special benefit to the parcels within the Assessment District and there is no general benefit. By virtue of such special benefits, the proposed improvements will provide a higher level of service, increase the desirability of the properties and will specifically enhance the values of the properties within the Assessment District. Therefore, the proposed improvements are of direct and special benefit to these properties.

Method of Apportionment

Based upon the findings described above, the special benefit received by the properties within the boundaries of the Assessment District is the conversion from an overhead to an underground utility system resulting in improved safety, reliability, a higher level of service to all properties that will take service from the new facilities and improved aesthetics to the adjacent properties.

Based on these conditions, it is our conclusion that the improvements specially benefit all properties in the Assessment District. As all properties in the Assessment District are zoned single family residential, it is also our conclusion that the special benefit is distributed equally to each parcel on a per parcel basis. Therefore, one benefit unit is assigned to each parcel within this assessment district.

- An exception to this is Assessment No. 117 (APN 048-282-19). This parcel is also a part of the previously established Assessment District No. 64 and was previously assessed 74% of the total assessment amount, based on a determination that it would be assessed the balance when the overhead utilities directly adjacent to it were underground with this current district. Therefore, this parcel is assessed for $1 - 0.74 = 0.26$ benefit units.

Incidental Expenses and Bond Costs have been assessed to the entire Assessment District on a prorata basis relative to the construction cost allocations.

The Total Assessment in this Assessment District has two components. The first component, and issuance of the first series of bonds, is for the District Formation Assessment to underground the utilities. The second component is the Income Tax Component of Contribution (ITCC) and is assessed to cover any tax liability incurred by Southern California Edison as a result of an Internal Revenue Service determination that the utility conversion is a taxable event. If in the future, Southern California Edison is taxed, a second series of bonds will be issued. The total assessment lien on each parcel will be the estimated Total Assessment for District Formation plus the ITCC.

For particulars to the Assessment Roll, reference is made to Table 1.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the special benefits that each parcel receives from the works of improvement.

DATED: October 23, 2002

HARRIS & ASSOCIATES



JOAN COX, P.E.
R.C.E. No: 41965
ASSESSMENT ENGINEER
CITY OF NEWPORT BEACH
ORANGE COUNTY,
STATE OF CALIFORNIA



I, LEILANI I. BROWN, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was filed in my office on the 23 day of OCTOBER, 2002.

Leilani I. Brown
DEPUTY CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



I, LEILANI I. BROWN, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was preliminarily approved by the City Council of the CITY OF NEWPORT BEACH, CALIFORNIA, on the 24 day of September, 2002.

Leilani I. Brown
DEPUTY CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA



I, _____, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was approved and confirmed by the City Council of said City on the ____ day of _____, 2002.

CITY CLERK
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

I, Stephen G. Badum, as SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was recorded in my office on the ____ day of _____, 2002.

SUPERINTENDENT OF STREETS
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA.



Part IV Annual Administrative Assessment

A proposed maximum annual administrative assessment shall be levied on each parcel of land and subdivision of land within the Assessment District to pay for necessary costs and expenses incurred by the CITY OF NEWPORT BEACH, and not otherwise reimbursed, resulting from the administration and collection of assessments, from the administration or registration of any bonds and reserve or other related funds, or both. The maximum assessment is authorized pursuant to the provisions of Section 10204(f) of the Streets and Highways Code and shall not exceed fifty dollars (\$50) per parcel per year, subject to an annual increase based on the Consumer Price Index (CPI), during the preceding year ending in January, for all Urban Consumers in the Orange, Riverside, and Orange County areas. The exact amount of the administration charge will be established each year by the Superintendent of Streets.

The annual administrative assessment will be collected in the same manner and in the same installments as the assessment levied to pay for the cost of the works of improvement.



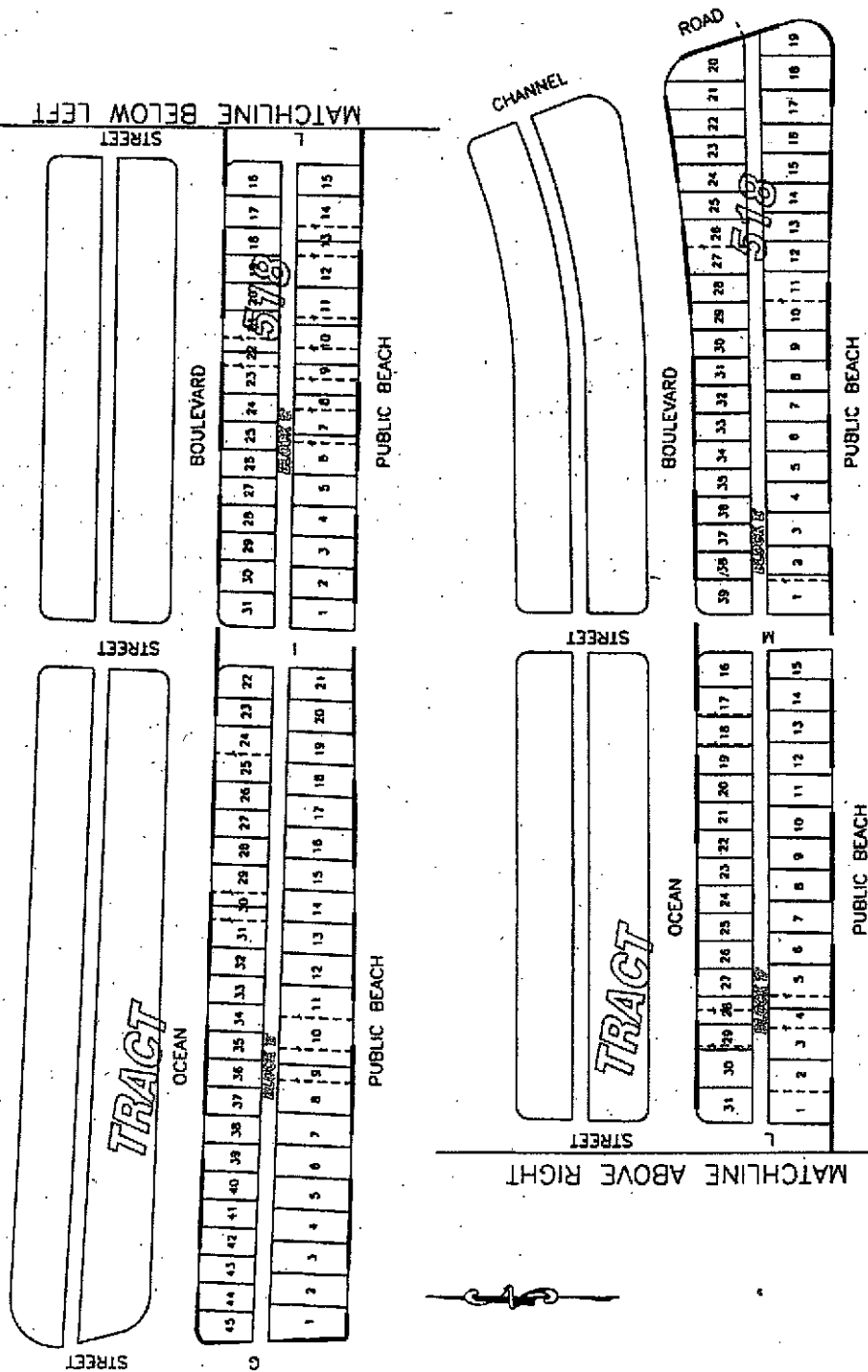
Part V
Boundary Map and Diagram of Assessment

A reduced copy of the Boundary Map and Assessment Diagram are attached hereto. Full-sized copies of the Boundary Map and Assessment Diagram are on file in the Office of the City Clerk, of the City of Newport Beach.

As required by the Act, the Assessment Diagram shows the exterior boundaries of the assessment district and the assessment number assigned to each parcel of land corresponding to its number as it appears in the Assessment Roll contained in Part III Table 1. The Assessor's parcel number is also shown for each parcel as they existed at the time of the passage of the Resolution of Intention and reference is hereby made to the Assessor's Parcel Maps of the County of Orange for the boundaries and dimensions of each parcel of land.



PROPOSED BOUNDARIES OF
ASSESSMENT DISTRICT No. 86
 (BALBOA PENINSULA - BOUNDED BY G ST., CHANNEL RD., OCEAN BLVD., & THE BEACH)
 CITY OF NEWPORT BEACH, COUNTY OF ORANGE
 STATE OF CALIFORNIA



ACCEPTED AND Laid AT THE
 REQUEST OF _____
 DATE _____ FEE \$ _____
 INSTRUMENT / _____ PAGE _____
 BOOK _____
 DARLENE J. BLOOM
 COUNTY CLERK-RECORDER
 BY _____ DEPUTY

FILED IN THE OFFICE OF THE CITY CLERK OF THE
 CITY OF NEWPORT BEACH THIS _____ DAY OF _____
 20____ CITY CLERK _____

I HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED
 BOUNDARIES OF ASSESSMENT DISTRICT No. 86,
 CITY OF NEWPORT BEACH, COUNTY OF ORANGE, WAS
 APPROVED BY THE CITY COUNCIL OF THE CITY
 OF NEWPORT BEACH, AT A REGULAR MEETING THEREOF,
 HELD ON THE _____ DAY OF _____ 20____ BY ITS
 RESOLUTION NO. _____ CITY CLERK _____

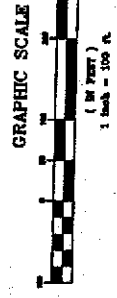
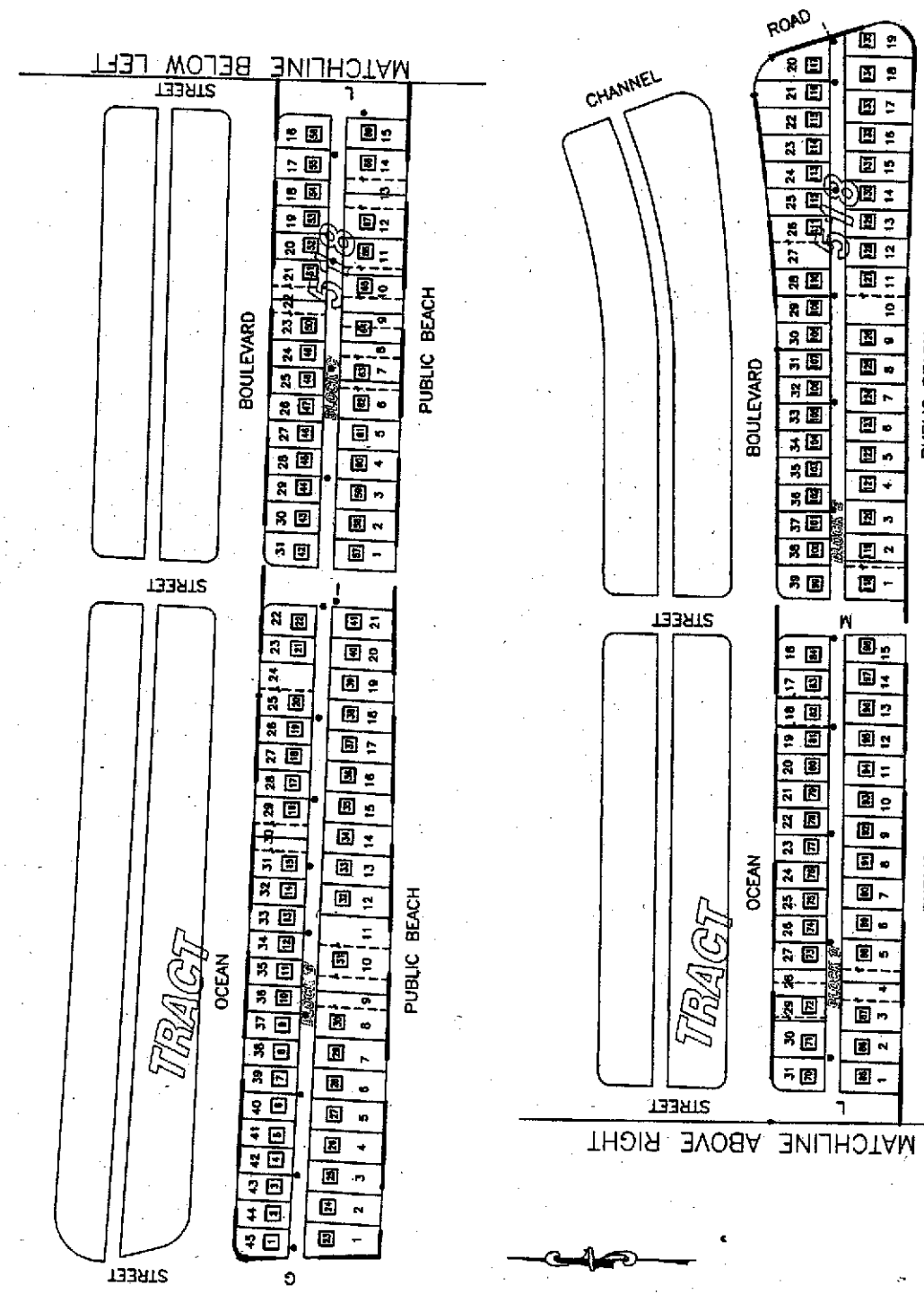
LEGEND:
 _____ PARCEL LINE
 - - - - - LOT LINE
 - - - - - ASSESSMENT DISTRICT
 BOUNDARY
 1 LOT NUMBER

DATE 04/01/02 SHEET 1 OF 1

Harris & Associates
 PROGRAM MANAGERS
 CONSTRUCTION MANAGERS
 CIVIL ENGINEERS
 34 EXECUTIVE PARK, SUITE 100, IRVINE, CA 92614-4705
 (949) 850-3900

THE BOUNDARY OF THE PROPOSED ASSESSMENT DISTRICT
 CORRELATES WITH TRACT 518, BLOCK "B", BLOCK "C", BLOCK
 "D" AND BLOCK "E", RECORDED IN BOOK 17 PAGES 33-35 OF
 MISCELLANEOUS MAPS.

ASSESSMENT DIAGRAM FOR
ASSESSMENT DISTRICT No. 86
 (BALBOA PENINSULA - BOUNDED BY G ST., CHANNEL RD., OCEAN BLVD., & THE BEACH)
 CITY OF NEWPORT BEACH, COUNTY OF ORANGE
 STATE OF CALIFORNIA



THE BOUNDARY OF THE PROPOSED ASSESSMENT DISTRICT
 COINCIDES WITH TRACT 516, BLOCK "B", BLOCK "C", BLOCK
 "D" AND BLOCK "E", RECORDED IN BOOK 17 PAGES 33-36 OF
 MISCELLANEOUS MAPS.

ACCEPTED AND FILED AT THE
 REQUEST OF

DATE _____ TIME _____ FEE \$ _____
 INSTRUMENT # _____ PAGE _____
 BOOK _____

DARLENE J. BLOOM
 COUNTY CLERK RECORDER

BY _____ DEPUTY

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF
 STREETS, CITY OF NEWPORT BEACH, THIS _____ DAY
 _____ 20____

SUPERINTENDENT OF STREETS

AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL ON
 THE LOTS, PRECES AND PARCELS OF LAND SHOWN ON
 THIS ASSESSMENT DIAGRAM, SAID ASSESSMENT WAS
 LEVIED ON THE _____ DAY OF _____, 2002.
 REFERENCE IS MADE TO THE ASSESSMENT ROLL
 RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF
 STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT
 LEVIED AGAINST THE PARCELS SHOWN ON THIS
 ASSESSMENT DIAGRAM.

CITY CLERK _____

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY
 OF NEWPORT BEACH THIS _____ DAY OF _____ 2002

CITY CLERK _____

LEGEND:

--- PARCEL LINE
 - - - LOT LINE
 1 LOT NUMBER
 --- ASSESSMENT DISTRICT
 BOUNDARY
 ASSESSMENT NO.
 * POLES TO BE REMOVED

Harb & Associates
 CIVIL ENGINEERS
 34 EXECUTIVE PARK, SUITE 150, IRVINE, CA 92614-4705
 (949) 835-3900

Part VI Description of Facilities, Time Estimate

Section 10100 of the Act provides for the legislative body of any municipality to finance certain capital facilities and services within or along its streets or any public way or easement. The following is a list of proposed improvements as allowed under the Act to be installed, or improved under the provisions of the Act, including the acquisition of required right-of-way and/or property. For the general location of the improvements to be constructed referenced is hereby made to the Plans and Specifications described in Part I of this report.

The following improvements are proposed to be constructed and installed in the general location referred to as Assessment District No. 86.

1. Removal of existing power and telephone poles.
2. Removal of overhead resident service drops.
3. Construction of mainline underground power and telephone conduit, with appurtenant manholes and pullboxes.
4. Construction of service conduit and appurtenances.

The improvements will be designed by the Southern California Edison Company, Pacific Bell Telephone Company and Adelphia Cable. The City of Newport Beach will inspect the work to ensure conformance to city standards and specifications where applicable.

Once completed, the underground facilities will become the property and responsibility of Southern California Edison Company, Pacific Bell Telephone Company, and Adelphia Cable.

Each owner of property located within the Assessment District will be responsible for arranging for and paying for work on his or her property necessary to connect facilities constructed by the public utilities in the public streets and alleys to the points of connection on the private property. Conversion of individual service connections on private property is not included in the work done by the Assessment District.

The estimated time for completion of the undergrounding of the utilities is 6 months after the sale of bonds. Property owners will be required to provide necessary underground connections within 120 days of the completion of the underground facilities.

Failure to convert individual service connections on private property may result in a recommendation to the City Council that the public utilities be directed to discontinue service to that property. Overhead facilities cannot be removed until all overhead service has been discontinued.

Right-of-Way Certificate

**STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF NEWPORT BEACH**

The undersigned hereby CERTIFIES UNDER PENALTY OF PERJURY that the following is all true and correct.

That at all time herein mentioned, the undersigned was, and now is, the authorized representative of the duly appointed SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA.

That there have now been instituted proceedings under the provisions of Article XIID of the California Constitution, and the "Municipal Improvements Act of 1913," being Division 12 of the Streets and Highways Code of the State of California, for the construction of certain public improvements in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 86 (hereinafter referred to as the "Assessment District").

THE UNDERSIGNED STATES AND CERTIFIES AS FOLLOWS:

It is acknowledged that the proposed Works of Improvement must be located within public rights-of-way, land, or easements owned by or licensed to the CITY OF NEWPORT BEACH, County of Orange, State of California, at the time of the construction of the Works of Improvement, and the undersigned hereby further certifies that all rights-of-way necessary for the Works of Improvements will be obtained and in possession of the City, County, or State prior to construction by the CITY OF NEWPORT BEACH.

EXECUTED this 23RD day of OCTOBER, 2002, at CITY OF NEWPORT BEACH, California.

SUPERINDENT OF STREETS
CITY OF NEWPORT BEACH
State of California

By: 
Stephen G. Badum

Certificate of Completion of Environmental Proceedings

STATE OF CALIFORNIA
COUNTY OF ORANGE
CITY OF NEWPORT BEACH

The undersigned, under penalty of perjury, CERTIFIES as follows:

1. That I am the person who authorized to prepare and process all environmental documentation as needed as it relates to the formation of the special assessment district being formed pursuant to the provisions of the "municipal Improvement Act of 1913" being Division 12 of the Streets and Highways Code of the State of California, said special Assessment district known and designated as ASSESSMENT DISTRICT NO. 86 (hereinafter referred to as the "Assessment District").

2. The specific environmental proceedings relating to this Assessment District that have been completed are as follows:

CEQA compliance review:

The proposed project is Categorical Exempt (Class 2) from the provisions of CEQA (replacement or reconstructions).

3. I do hereby certify that all environmental evaluation proceedings necessary for the formation of the Assessment District have been completed to my satisfaction, and that no further environmental proceedings are necessary.

EXECUTED this 24 day of SEPTEMBER, 2002, at CITY OF NEWPORT BEACH, California.

By: _____


Stephen G. Badum
CITY OF NEWPORT BEACH
STATE OF CALIFORNIA

