



**Honorable Mayor and Members of the Hermosa Beach City Council**

**GREENWICH VILLAGE NORTH UNDERGROUND UTILITIES ASSESSMENT DISTRICT—ADOPT RESOLUTION TO AWARD CONSTRUCTION CONTRACT, APPROVE AMENDMENT TO AGREEMENT WITH NV5, INC., AND ADOPT RESOLUTIONS TO ISSUE BONDS AND ENROLL ASSESSMENTS**

**CEQA:** The Project is exempt under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15302, class 2 (d) (Replacement and Reconstruction). The proposed work consists of conversion of overhead electric utility distribution system facilities to underground including connection to existing overhead electric utility distribution lines where surface is restored to the condition existing prior to the undergrounding.

(Public Works Director Joe SanClemente)

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**Recommended Action:**

Staff recommends City Council:

1. Adopt a Resolution awarding a Construction Contract to CEM Construction Corporation for the CIP 114 Greenwich Village North – Underground Utilities Assessment District in the Amount of \$2,307,500, Authorizing Contract Change Orders up to \$461,500, Approving Project Design and Plans Pursuant to Government Code Section 830.6, and Establishing a Project Payment Account” (**Attachment 1**) to approve the construction contract (**Attachment 2**);
2. Authorize the Director of Public Works to file a Notice of Completion following final completion of the contract;
3. Approve the Third Amendment to an agreement with NV5, Inc. to provide professional services for construction management and inspection services during construction which increases the contract amount by \$100,000, resulting in a total amended not-to-exceed contract amount of \$600,000, and extends the term of agreement to July 12, 2027 (**Attachment 3**);
4. Adopt a Resolution authorizing the issuance of Limited Obligation Improvement Bonds, approving and directing the execution of a Paying Agent Agreement and a Placement Agent Agreement, authorizing sale of bonds, and other related documents and actions with respect thereto to issue district bonds up to \$4,031,600 (**Attachment 4**), appointing the City Finance Manager as paying agent, and authorize the execution of the Paying Agent Agreement (**Attachment 5**), and appointing Hilltop Securities, Inc. as Placement Agent and authorize the execution of the Placement Agent Agreement (**Attachment 6**);

5. Adopt a Resolution directing the County of Los Angeles Auditor-Controller to place the direct assessments for the Greenwich Village North Underground Utilities Assessment District on the County Tax Roll” (**Attachment 7**); and
6. Authorize the Mayor to execute the proposed contracts and the City Clerk to attest, subject to approval by the City Attorney.

**Executive Summary:**

As a part of the Greenwich Village North Underground Utilities Assessment District (“District”), the City has advertised for construction the design plans prepared by the utilities to underground the existing overhead utility lines. The lowest responsive and responsible bidder submitted a bid that is within the voter-approved Proposition 218 assessment ceiling and the City has found them to be a qualified and responsible contractor. City staff recommend awarding the contract to the lowest responsive and responsible bidder; and amending its existing on-call professional services agreement with NV5, Inc. (“NV5”) to assist the City with construction management and inspection.

The City will pay for the project out of the proceeds of the to-be-issued limited obligation district improvement assessment bonds (“Bonds”) not to exceed \$4,031,600 at an interest rate not to exceed 6.00%. On June 30, 2025, District property owners were given a second 30-day notice to prepay their assessments by July 30, 2025. Parcels in the District that do not prepay the assessment will finance the Bonds at an interest rate not to exceed 6.00% for a period of 20 years. The financed bond assessment of principal and interest, plus administrative expenses, will be collected on the District parcels’ annual property tax bill.

**Background:**

On May 4, 2017, the Public Works Department received a formal request from the Greenwich Village Underground Association (“Association”) asking the City to initiate the formation of an assessment district known as the Greenwich Village North Underground Utilities Assessment District (“District”), which included 101 parcels along Hermosa Avenue from 34<sup>th</sup> Street to 27<sup>th</sup> Street, in order to finance the undergrounding of overhead utility lines within the District.

The Association and the City prepared a letter with proposed boundaries, obtained 60% of owner’s signatures for their interest/continued commitment, and prepared boundary map/cost estimates. The next step in the process was for the City to retain the services of outside consultants that were well-versed in these matters. In July 2018, the City issued a Request for Proposals (RFP) for assessment engineering services and NV5 was selected based on staff’s review of the proposals received. On November 27, 2018, the City Council awarded a \$35,000 five-year professional services agreement to NV5 to serve as the Assessment Engineer for the project. At the meeting, it was also reported that the City’s Municipal Advisor, NHA Advisors LLC, and the City’s Bond Counsel, Jones

Hall LLP, submitted proposals that were within the City Manager's signature authority. These service agreements were executed in January 2019.

On July 23, 2019, the City Council adopted Resolution No. 19-7203, which declared the intention to make acquisitions and improvements in the District and directed the Assessment Engineer to prepare the Preliminary Engineering Report for the District. This action followed a five-step process following Alternative 2 of the City's Underground Utilities Assessment Districts Guide ("Guidelines") which is based on the maximum possible project cost.

On August 11, 2020, the City Council adopted Resolution No. 20-7252A, which approved the Preliminary Engineer's Report for the District, set a public hearing date for October 13, 2020, directed the mailing of combined public hearing notices and assessment ballots to all property owners in the District, and directed the filing of the District Boundary Map with the County Recorder. The Preliminary Engineer's Report identified a total estimated project cost of \$4,031,600 and outlined how assessments would be apportioned to each parcel. Subsequently, the Assessment Engineer mailed the combined public hearing notices and assessment ballots. The utility companies involved (Southern California Edison Company ("SCE"), Crown Castle, Inc., and Frontier Communications, Inc. ("Frontier") required advance payment of \$185,000 in design fees which would be collected by deposit agreement presented at the public hearing.

A virtual informational meeting was also scheduled for September 10, 2020 to answer questions from property owners within the District.

On October 13, 2020, the City Council held the required public hearing to take testimony on the proposed District. Following the close of the public hearing, the City Clerk with the assistance of the Assessment Engineer, tabulated the assessment ballots, which showed that no majority protest against the assessment existed because the assessment ballots submitted in opposition to the assessment did not exceed the ballots submitted in favor of the assessment, with each ballot weighted according to the proportional assessment amount allocated to each respective parcel. Following the announcement of the successful ballot results, the City Council adopted Resolution No. 20-7260, which adopted the final Engineer's Report, confirmed the Assessment on all parcels in the District, and ordered the work to be performed. At the same meeting, the City Council authorized the City Manager to execute a deposit agreement with the Association to reimburse them for the aforementioned up-front design costs. The Final Engineer's Report estimated a total project cost of \$4,031,600 and clarified how assessments were calculated using industry standards.

After the October 13, 2020 meeting, the City initiated the Design Phase of the project by entering into agreements with SCE, Crown Castle, and Frontier and paying their

associated design fees. Those design fees were deposited by the Association with the City in April 2021 and subsequently paid by the City to the utilities in May 2021.

The City received preliminary design plans from SCE in December 2021 and a formal first draft in January 2022. The SCE plans were finalized in October 2023.

The City received Crown Castle's and Frontier's first draft of the design plans on February 2023 and July 2023, respectively. Those plans were finalized in February 2024 and January 2025, respectively.

With the design plans completed, the City packaged the plans together, prepared the project specifications, and advertised the project on April 17, 2025.

### ***Past Council Actions***

<b>Meeting Date</b>	<b>Description</b>	<b>Votes</b>
November 27, 2018	City Council awarded a contract for Assessment Engineer Services for the Greenwich Village North Utility Underground Assessment District.	<b>Ayes (4-0)</b> (Duclos, Armato, Campbell, Fangary) <b>Absent (1)</b> (Massey)
July 23, 2019	City Council adopted the Resolution of Intention to establish the Greenwich Village North Underground Utilities Assessment District; and directed the Assessment Engineer to prepare the Preliminary Engineering Report.	<b>Ayes (3-0)</b> (Duclos, Armato, Fangary) <b>Absent (2)</b> (Campbell, Massey)
August 11, 2020	City Council adopted the resolution preliminarily approving engineer's report and set the date for the public hearing, authorized and directed the mailing of combined public hearing notices/assessment ballots and authorized the City Clerk to receive and tabulate the assessment ballots at the public hearing and authorize the filing of the Boundary Map with the County Recorder for the proposed Greenwich Village North Underground Utilities Assessment District.	<b>All Ayes (5-0)</b> (Detoy, Armato, Campbell, Fangary, Massey)

Meeting Date	Description	Votes
October 13, 2020	City Council held a public hearing, tabulated the ballots, approved the final Engineer's Report, and created the Greenwich Village North Underground Utilities Assessment District.	<b>All Ayes (5-0)</b> (Detoy, Armato, Campbell, Fangary, Massey)

### **Contract Award:**

On April 17, 2025, the City issued Notice Inviting Bids 25-002, including the Plans (**Attachment 8**) and Special Provisions (**Attachment 9**), inviting experienced contractors to submit a bid for the subject project. The Notice Inviting Bids was published in the local newspaper, on the City's electronic bidding platform, Planet Bids, and in relevant construction trade journals. On May 29, 2025, the City received a total of six bids which were opened and read aloud by the City Clerk. The bid results are summarized below:

BIDDER	BID AMOUNT
CEM Construction Corporation	\$2,307,500.00
Northwest Excavating	\$2,691,684.00
Minako America Corporation	\$3,034,000.00
Hot Line Construction, Inc.	\$3,222,222.63
Asplundh Construction, LLC	\$3,358,371.05
International Line Builders, Inc.	\$3,859,428.00

The Construction Bid Opening Log is provided in **Attachment 10**.

Staff reviewed the bid submitted by the lowest bidder, CEM Construction Corporation ("CEM"), (**Attachment 11**) and determined its bid to meet the contract requirements. Staff confirmed CEM's contractor's license is active and in good standing with the Contractor's State License Board. Staff contacted CEM's references and confirmed their competency through completion of recent projects of similar scope of work within the past five years. It should be noted that while there were no SCE/electrical utility undergrounding project references presented in their bid, CEM did include past clients such as the City of Orange, City of Alhambra, City of Garden Grove, and City of Santa Ana. CEM's bid was found to be the lowest responsible and responsive bidder with a bid in the amount of \$2,307,500.

To minimize public disruption, the project would be scheduled to begin after the summer season. City staff are actively coordinating with property owners within the District. Construction is tentatively scheduled to begin in the Fall of 2025 with an estimated completion date of Fall 2026. Residents and business owners directly impacted by the project would be notified of construction dates, expected type of work, possible vehicular

and pedestrian traffic impacts, and contact information of key personnel involved with the construction of the project. Updates of the project would be posted on the City's website on a regular basis.

It should be noted that CEM's scope of work includes the first phase of undergrounding the utilities which is the construction of the joint conduit trench and appurtenant service laterals according to the Plans and Special Provisions. It does not include installing the new utility lines in the new underground infrastructure which will be performed by the utilities, converting the existing service to the new underground system which will be performed by the property owners, nor the removal of the existing above-grade power pole infrastructure which will be performed by Frontier. Property owners will be given notice that they have 180 days to complete their service conversions once the utilities finish installing their new lines in the new underground infrastructure.

Staff recommends City Council adopt a resolution awarding the construction contract of CIP 114 to CEM pursuant to Government Code Section 830.6 and establishing a project payment account (**Attachment 1**). The construction contract is attached (**Attachment 2**). If awarded, the City will implement a comprehensive construction management and oversight program to ensure satisfactory completion of work. Staff plans to utilize construction management and inspection services from the City's on-call construction management consultant NV5. The City's existing on-call agreement with NV5 would have to be amended by City Council to increase the contract amount and extend its expiration date.

**Approve Third Amendment to NV5 Agreement:**

To facilitate completion of this project, staff also requests City Council approval to amend the existing agreement with NV5 to provide construction management and inspection support services. NV5 has in-depth knowledge of the project and would be critical to assisting staff in ensuring the project is completed correctly and would be able to advise staff if new issues are identified during construction.

The City's existing agreement with NV5 was approved by City Council at its January 21, 2021 meeting. Total compensation under the existing agreement was not to exceed \$500,000 and had an initial term of agreement of three years.

Since then, staff have processed the first and second amendments to the contract whereby each amendment extended the term of the agreement by one year.

Staff recommends that City Council issue a third amendment (**Attachment 3**) to the City's existing agreement with NV5 which would increase the not-to-exceed limit total compensation of the contract by \$100,000 to \$600,000 and extend the term of agreement from five years to six years and one-half years, ending July 12, 2027.

### **Cash Payment Option:**

Following the formation of the District in 2020, the Assessment Engineer mailed assessment notices to each property owner in the District notifying them of their option to prepay their assessments in cash. In preparation for the bond issuance, the Assessment Engineer mailed second assessment notices establishing July 30, 2025, as the final deadline for property owners to prepay their assessments. Any prepaid assessments will be deposited in the improvement fund for the District and used to pay the costs of the project. Property owners who do not choose to prepay their Assessments will pay them over the 20-year life of the bonds in installments of principal and interest on the bonds, plus administrative expenses associated with the District, which will be collected on the annual County property tax bills.

### **Bond Issuance:**

With the receipt of bids for the project, the City may now proceed with the issuance of limited obligation improvement bonds (“Bonds”) in order to raise the necessary funds to construct the project. The Bonds will be payable solely from the Assessments levied within the District on parcels for which the Assessments remain unpaid; the Bonds will not be an obligation of the general fund.

The City’s financing team has recommended that the Bonds be sold on a negotiated basis in a private placement to a bank or other financial institution selected through a competitive bidding process that is being carried out by the City with the assistance of its Placement Agent, Hilltop Securities. This manner of sale will reduce financing costs and allow for a more expedient bond issuance timeline.

The attached Bond Resolution (**Attachment 4**) authorizes the Bonds to be issued in a maximum principal amount of \$4,031,600 and with a true interest cost not to exceed 6.00%. The actual principal amount of the Bonds will be reduced by the total amount of Assessment prepayments received by the July 30, 2025 cash payment deadline. The Bonds will have a term of 20 years.

The Bond Resolution also approves the form of Paying Agent Agreement (**Attachment 5**), which governs the terms and conditions for the issuance, security and payment of the Bonds. This agreement appoints the City’s Finance Manager as paying agent for the Bonds; in this capacity, the Finance Manager will administer the Bonds and the payment of semi-annual debt service payments to the lender, hold the improvement fund for the construction of the project, and hold a debt service reserve as security against delinquencies.

Lastly, the Bond Resolution approves the appointment of Hilltop Securities, Inc. as placement agent in connection with the offering and sale of the Bonds and approves of the form Placement Agent Agreement (**Attachment 6**).

### **Levy Resolution:**

The attached Levy Resolution (**Attachment 7**) serves as the formal request to the Los Angeles County Auditor-Controller to place the unpaid and financed Assessments on the annual secured property tax roll for collection.

### **General Plan Consistency**

PLAN Hermosa, the City's General Plan, was adopted by the City Council in August 2017. The project supports several PLAN Hermosa goals and policies that are listed below.

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

#### *Governance Element:*

### **Goal 2. The community is active and engaged in decision-making processes.**

#### *Policies*

**2.6 Responsive to community needs.** Continue to be responsive to community inquiries, providing public information and recording feedback from community interactions.

**2.7 Major planning efforts.** Require major planning efforts, policies, or projects to include a public engagement effort.

### **Goal 5. Small beach town character is reflected throughout Hermosa Beach.**

#### *Policies*

**5.8 Public private partnerships.** Pursue the use of public-private partnerships to implement projects and efforts that maintain character and benefit the community.

#### *Parks + Open Space Element:*

### **Goal 5. Scenic vistas, viewpoints, and resources are maintained or enhanced.**

#### *Policies:*

**5.6 Signage and infrastructure.** Encourage signage, infrastructure, and utilities that do not block or detract from views of scenic vistas.

#### *Infrastructure Element:*

### **Goal 6. Utilities services are reliable, affordable, and renewable.**

#### *Policies:*

**6.2 Below ground utilities.** Encourage the phase out and replace overhead electric lines with subsurface lines to reduce visual obstructions and the need for utility poles which can impede sidewalk accessibility.



**Fiscal Impact:**

The property owners in the Greenwich Village North Underground Utilities Assessment District are responsible for all costs associated with the project. The project is in the FY 2025-26 Adopted Budget as CIP 114. Upon issuance of the bonds, the City is expected to be reimbursed \$100,000 for City Administration costs from the bond proceeds. The City Administration costs include staff time and legal costs incurred in the delivery and the finance administration of the project that were voted upon and approved by the members of the District.

**Attachments:**

1. Draft Resolution Awarding a Construction Contract to CEM Construction Corporation
2. Draft Construction Agreement
3. Draft Third Amendment to Agreement with NV5, Inc.
4. Draft Resolution Authorizing the Issuance of Limited Obligation Improvement Bonds
5. Paying Agent Agreement
6. Placement Agent Agreement with Hilltop Securities, Inc.
7. Draft Resolution Directing Levy
8. Project Plans
9. Project Special Provisions
10. Construction Bid Opening Log
11. CEM Construction Corporation's Bid

**Respectfully Submitted by:** Brandon Araujo, Senior Engineer

**Concur:** Saad Malim, City Engineer

**Concur:** Joe SanClemente, Public Works Director

**Legal Review:** Joanna Gin, Deputy City Attorney

**Noted for Fiscal Impact:** Henry Chao, Finance Manager

**Concur:** Brandon Walker, Administrative Services Director

**Reviewed:** Joe SanClemente, Public Works Director

**Approved:** Steve Napolitano, Interim City Manager