



Legislation Details (With Text)

File #: 12-250 **Version:** 1 **Name:** 5-yr Project List for UG Utility Conversion - MEM
Type: Staff Report **Status:** Filed
In control: City Council
On agenda: 7/2/2012 **Final action:** 7/2/2012
Enactment date: **Enactment #:**
Title: Staff Report for a Resolution Approving the 2012-2013 Five-Year Project List for Underground Utility Conversion Projects
Sponsors: Uchenna Udemezue
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
7/2/2012	1	City Council	Received and Filed	Pass

Staff Report for a Resolution Approving the 2012-2013 Five-Year Project List for Underground Utility Conversion Projects

SUMMARY AND RECOMMENDATIONS

The Underground Utility District Master Plan requires the adoption of a five-year project list each year by the City Council as part of the planning process for the Capital Improvement Program.

Staff recommends approval of the resolution establishing the 2012-2013 Five-Year Project List for Underground Utility District Conversion Projects.

BACKGROUND

The Underground Utility District Master Plan, adopted in 1985, provides a systematic approach to converting overhead utility systems to underground systems along the City's major arterial streets. In April 1992, the Master Plan was amended by the City Council to make it more of a planning tool through an annual review of the project areas included in the Master Plan. Project criteria are clearly defined in the Master Plan to determine the areas that may be considered as potential Underground Utility Conversion Districts.

Analysis

Under the amended Master Plan, conversion projects are evaluated for the Five-Year Project List using the following criteria:

- Anticipated street widening projects
- Anticipated significant street improvements other than street widening
- Potential for major new development

- Anticipated significant utility company work
- As an incentive to encourage development in an area
- Overall community aesthetic benefits of a conversion project
- Cost of a project

The California Public Utilities Commission (PUC) directs Pacific Gas and Electric Company (PG&E) to set aside funds for electrical undergrounding projects. These funds are known as Rule 20A funds and included an escalation factor designed to have the Rule 20A work credit allocations keep pace with inflation and maintain local agencies' Rule 20A buying power. However, in 2011, PG&E obtained PUC's approval to end the escalation of these allocations, which resulted in reduced allocations to cities. Prior to the PUC's approval, the funds were allocated to local jurisdictions to perform electrical undergrounding work (Rule 20A Work only) at an average of \$600,000/year. Based on the said PUC approval, the current reduced City's allocation of PG&E's Rule 20A funds has been estimated to average approximately \$310,000/year. To obtain adequate funds to construct an electrical undergrounding project, the City is allowed to use future allocations up to five (5) years into the future. Without amendments to the current five (5) year borrow ahead clause, the current lower rate of accumulation of funds will certainly impact the City's ability to timely deliver its projects. As each project moves into the implementation phase, it will be analyzed for funds sufficiency. When there are insufficient Rule 20A funds, or when a project is ineligible for Rule 20A funds, other funding sources can be used for PG&E undergrounding work.

City, Comcast, and AT&T facilities are not funded through the Rule 20A process. The cost for placing these facilities underground falls either to the facility owner or, in some cases, to a developer.

Based on the above criteria and the need to develop utility undergrounding priority areas, staff recommends that the following areas be established as the priority areas for the 2012-2013 Five-Year Project List for Underground Utility District Conversion Projects:

1. East 14th Street Phase 2 (150th Avenue to Thornton Street/Maud Avenue)
2. Merced Street (Marina Boulevard to Fairway Drive)
3. Future Eden Road, which consists of the existing Eden Road right-of-way plus the extension of Business Center Drive north of Davis Street to the existing Eden Road
4. Marina Boulevard (Doolittle Drive to Monarch Bay Drive)
5. MacArthur Boulevard (Superior Avenue to Joaquin Avenue)

The following lists the rationale for including each project:

Project	Rationale
East 14 th Street Phase 2	Incentive to encourage development along corridor
Merced Street	Anticipated road widening and major new development (Kaiser Hospital Campus)
Eden Road	Anticipated significant street improvement
Marina Boulevard	Anticipated development of the Marina Area
MacArthur Boulevard	Anticipated significant street improvement

Undergrounding of utilities on East 14th Street from 150th Avenue to Thornton Street and Maud Avenue is already a designated district and project. This project is likely to require all of the existing and advance PG&E Rule 20A funds. Utility undergrounding of Merced Street is currently being undertaken by Kaiser Permanente. The remaining projects will either be paid for by other sources,

such as developers, or will need to wait until there are sufficient Rule 20A funds available.

Approval of the above projects as a priority does not authorize the project to proceed. The project will go through the required public notice, public hearing, and City Council approval process prior to implementation.

Previous Actions

- On November 5, 2001, by Resolution 2001-191, the City Council approved the 2008-09 Five-year Utility Underground District Conversion Project list
- On February 3, 2003, by Resolution 2003-021, the City Council approved the 2002-03 Five-year Utility Underground District Conversion Project list
- On May 19, 2008, by Resolution 2008-050, the City Council approved the 2008-09 Five-year Utility Underground District Conversion Project list
- On September 20, 2010, by Resolution 2010-119, the City Council approved the 2010-11 Five-year Utility Underground District Conversion Project list

Committee Review and Actions

- On September 14, 2010, the City Council Facilities and Transportation Committee reviewed the project list
- On March 13, 2012, the Underground Utility Conversion Project list was presented to the City Council Facilities and Transportation Committee.

Applicable General Plan Policies

General Plan Policy No. 44.05 Street Beautification - City should implement programs to underground utilities along its commercial thoroughfares.

Permits and/or Variances Granted

Required permits and/or variances will be determined at the time of implementation of the utilities undergrounding work at each location.

Environmental Review

Environmental determination will be performed for each location at the time of implementation. Historically, placing existing utilities underground is categorically exempt per Section 15302 (d) of the California Environmental Quality Act (CEQA).

Fiscal Impacts

- Adoption of the Five-Year Project List for Underground Utility District Conversion Projects does not designate or allocate any funds for projects on the list
- The fiscal impact of individual conversion projects will be evaluated as each is brought to the City Council for consideration

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