



Item No. 18 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT OVADIA, PUBLIC WORKS DIRECTOR

DATE: JUNE 20, 2018

**SUBJECT: CONSIDERATION OF FORMING AN UNDERGROUND UTILITY
DISTRICT WITHIN THE CIVIC CENTER AREA USING RULE
20A FUNDS AND PROVIDE STAFF WITH DIRECTION**

RECOMMENDATION

(1) Confirm the desire to formulate an underground utility district(s) in the Civic Center Area; (2) confirm preliminary boundaries of the proposed district(s); (3) Direct staff to conduct outreach to the property owners in the areas affected regarding their interest in the formulation of the underground utility district(s) in the Civic Center Area.

BACKGROUND

Town staff was informed by PG&E and Caltrain that PG&E received a relocation notice from Caltrain to relocate their electrical lines crossing the Caltrain right-of-way to avoid conflicts with the planned catenary system associated with the Caltrain electrification project. PG&E is required, under the relocation notice to complete their work by the end of October 2018. PG&E initiated their project design, in late May 2018, to elevate the electrical crossings of the Caltrain right-of-way within the Town. There are three (3) crossings of which we were advised: 1) Fair Oaks Lane, 2) Maple Street, and 3) Watkins Avenue.

The Town is considering a significant investment to redevelop the Civic Center area as a focal point of the Town and the existing overhead utilities, and planned relocations, in the area have the potential of detracting from the visual impact of the new Civic Center.

Under PG&E Electric Rule 20A, PG&E could, utilizing Town assigned work credits, replace its existing overhead electric facilities with underground electric facilities along public streets and roads, and on public lands and private property across which rights-of-ways satisfactory to PG&E have been obtained by PG&E, under certain conditions. The Town of Atherton Municipal Code, Title 13.04, outlines the process by which the Council can designate an underground utility district.

ANALYSIS

Town staff met with PG&E and Caltrain on May 16, 2018, where in staff was informed of the required relocation of the overhead utility lines to accommodate the new catenary system and proximate timeline. At that time, PG&E had not yet initiated the engineering design for the relocation. Staff inquired about the potential for the relocation to be underground as opposed to the intended elevation of the overhead crossings. City staff suggested that there may be an opportunity to save PG&E resources if the Town were to form an Underground Utility District, which would allow for PG&E to utilize the Town's Rule 20A fund allocation towards the design and construction of the relocation. Though PG&E was interested in realizing the savings, they indicated that the required relocation timeline would not be met due to resource availability (different resources for overhead vs the underground design and installation), required adoption of the district, and the pre-existing queue of undergrounding projects that have already been approved. PG&E and the Town agreed to continue the dialog regarding the creation of a potential underground utility district to be implemented at a later date. Rule 20A also allows the use of allocated work credits to install up to 100 feet of each customer's underground electrical service and funding up to \$1,500 for service panel conversion.

Town staff met with PG&E on June 5, 2018, to review the potential boundaries of an underground utility district, the process for adoption as well as the timeline for implementation. PG&E requires that districts be a minimum of one (1) block or 600 feet in length. The potential district boundaries that meet these criteria are provided in Attachment 1. Pursuant to Electric Rule 20 (Attachment 2), to form the district, the Town Council is required to determine, pursuant to a public hearing, that the undergrounding is in the general public interest for one or more of the following reasons:

- 1) Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities;
- 2) The street or road or right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic;
- 3) The street or road or right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public; and
- 4) The street or road or right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines.

The Civic Center area falls is covered under item 3) above.

At this meeting, PG&E indicated that they completed their evaluation of the electrical lines crossing the Caltrain right-of-way at Fair Oaks Lane and determined that the existing electrical lines do not need to be elevated. They indicated that the other crossings, at Maple Street and Watkins Avenue, would likely need to be elevated, but could not indicate by how much.

If the Council is interested in the potential establishment of the underground utility district(s), staff recommends conducting a public outreach effort to gauge resident interest in creating the underground utility district(s). Concurrent with this effort, staff would outreach to the various utility companies regarding the proposed district(s). Following the public outreach effort, staff would return to Council and seek direction regarding next steps including the setting of a public

hearing to establish any desired districts. Following the public hearing, the Council would adopt a resolution creating the district and requiring, amongst other things (1) that all existing overhead communication and electric distribution facilities in such district shall be removed, (2) that each property served from such electric overhead facilities shall have installed in accordance with PG&E's rules for underground service, all electrical facility changes on the premises necessary to receive service from the underground facilities of PG&E as soon as it is available, and (3) authorizing PG&E to discontinue its overhead service. If formed, private property owners are required to place their existing overhead utilities underground at their cost.

Undergrounding of the utilities at the rail crossings would be subject to Caltrain approval and will require boring or other trenchless methods under the tracks to minimize impacts to train operations.

The Town receives an allocation of approximately \$25,000 Rule 20A work credits annually and may borrow future allocations, up to 5 years in advance, to implement projects. The Town's current work credit balance, including the 5 year borrow, is approximately \$1.5 million. PG&E indicates that their most recent undergrounding projects have varied significantly and have ranged between \$1,000 and \$2,000 per linear foot. The Town would be responsible for certain costs in implementing the district including staff time, project coordination and inspection, and street light conversions infrastructure if any. The various communication companies would be responsible for the costs associated with relocating their facilities underground, and affected private properties would be responsible for converting their properties to accept underground utility service.

POLICY FOCUS

The Council's policy discussion should focus on the desire to create an undergrounding district in the Civic Center area and its boundaries, or if there are other priority areas that should be considered for formation of an underground utility district . The discussion should also include if the Town would include any allocation towards service panel conversion for private properties.

Rule 20A funds can also be "sold" to interested communities in exchange for General Fund dollars. The Council could discuss this possibility as well. The Town could expect to receive 40-50% on the dollar for the funds.

FISCAL IMPACT

The primary costs associated with the development of underground utility districts fiscal impact associated with this item will depend on the direction of the Council but could include the cost of formation and participation in the district. That cost is unknown at this time.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item X has or ___ has not been before a Town Committee or Commission.

- Audit/Finance Committee (meets every other month)
- Bicycle/Pedestrian Committee (meets as needed)
- Civic Center Advisory Committee (meets as needed)

- Environmental Programs Committee (meets every other month)
- Park and Recreation Committee (meets each month)
- Planning Commission (meets each month)
- Rail Committee (meets every other month)
- Transportation Committee (meets every other month)
- Tree Committee (meets each month)

ATTACHMENTS

ATTACHMENT 1 - Underground Utility District Exhibit

ATTACHMENT 2 – PG&E Electric Rule 20

ATTACHMENT 3 – Sample Underground Utility District Resolution provided by PG&E

LEGEND

- Tentative District Boundary
- Overhead Utility Lines to be Undergrounded
- Overhead Utility Lines to Remain
- Potential Boundary Extension
- Overhead Utility Lines in Extended Area





LEGEND

- Tentative District Boundary
- Overhead Utility Lines to be Undergrounded
- Overhead Utility Lines to Remain
- - Potential Boundary Extension
- - Overhead Utility Lines in Extended Area



ELECTRIC RULE NO. 20 Sheet 1
REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES

A. PG&E will, at its expense, replace its existing overhead electric facilities with underground electric facilities along public streets and roads, and on public lands and private property across which rights-of-ways satisfactory to PG&E have been obtained by PG&E, provided that:

1. The governing body of the city or county in which such electric facilities are and will be located has:

a. Determined, after consultation with PG&E and after holding public hearings on the subject, that such undergrounding is in the general public interest for one or more of the following reasons:

- 1) Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities;
- 2) The street or road or right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic;
- 3) The street or road or right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public; and
- 4) The street or road or right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines.

b. Adopted an ordinance creating an underground district in the area in which both the existing and new facilities are and will be located requiring, among other things, (1) that all existing overhead communication and electric distribution facilities in such district shall be removed, (2) that each property served from such electric overhead facilities shall have installed in accordance with PG&E's rules for underground service, all electrical facility changes on the premises necessary to receive service from the underground facilities of PG&E as soon as it is available, and (3) authorizing PG&E to discontinue its overhead service.

c. Acknowledged that wheelchair access is in the public interest and will be considered as a basis for defining the boundaries of projects that otherwise qualify for Rule 20A under the existing criteria set forth in Section A(1)(a) above.

(N)
|
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(N)

(Continued)



ELECTRIC RULE NO. 20 Sheet 4
REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES

- B. In circumstances other than those covered by A above, PG&E will replace its existing overhead electric facilities with underground electric facilities along public streets and roads or other locations mutually agreed upon when requested by an applicant or applicants when all of the following conditions are met: (L)
 - 1. a. All property owners served from the overhead facilities to be removed first agree in writing to have the wiring changes made on their premises so that service may be furnished from the underground distribution system in accordance with PG&E's rules and that PG&E may discontinue its overhead service upon completion of the underground facilities; or
 - b. Suitable legislation is in effect requiring such necessary wiring changes to be made and authorizing PG&E to discontinue its overhead service.
 - 2. The applicant has:
 - a. Furnished and installed the pads and vaults for transformers and associated equipment, conduits, ducts, boxes, pole bases and performed other work related to structures and substructures including breaking of pavement, trenching, backfilling, and repaving required in connection with the installation of the underground system, all in accordance with PG&E's specifications, or, in lieu thereof, paid PG&E to do so;
 - b. Transferred ownership of such facilities, in good condition, to PG&E; and
 - c. Paid a nonrefundable sum equal to the excess, if any, of the estimated costs, of completing the underground system and building a new equivalent overhead system.
 - 3. The area to be undergrounded includes both sides of a street for at least one block or 600 feet, whichever is the lesser, and all existing overhead communication and electric distribution facilities within the area will be removed. (L)

(Continued)

<i>Advice</i>	5085-E-A	<i>Issued by</i>	<i>Date Filed</i>	<u>October 11, 2017</u>
<i>Decision</i>	11-05-018, 14-08-032 and 17-05-013	Robert S. Kenney <i>Vice President, Regulatory Affairs</i>	<i>Effective</i>	<u>November 13, 2017</u>
			<i>Resolution</i>	



ELECTRIC RULE NO. 20 Sheet 5
REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES

- B. (Cont'd) (L)

 - 4. PG&E may, when requested by the city or county and mutually agreed upon by such government entity and PG&E, initially fund any required engineering/design costs for conversion projects under this section. In the event such a project proceeds, the requesting city or county shall reimburse PG&E for such engineering/design costs before PG&E shall be required to commence further work on the project. In the event the project is not approved to proceed within two and one-half years of PG&E's delivery of such engineering/design study, the requesting city or county shall reimburse PG&E for its costs of such engineering/design study within 90 days of a demand by PG&E. In the event payment is not received PG&E shall expense such costs as an operational cost and shall reduce the city or county's allocations provided under Section A of this Schedule by the amount.
 - 5. The costs of removal of the overhead poles, lines, and facilities are the responsibility of PG&E and will be paid by PG&E. Such payments shall not operate to reduce Rule 20-A allocations.

- C. In circumstances other than those covered by A or B above, when mutually agreed upon by PG&E and an applicant, overhead electric facilities may be replaced with underground electric facilities, provided the applicant requesting the change pays, in advance, a nonrefundable sum equal to the estimated cost of the underground facilities less the estimated net salvage value and depreciation of the replaced overhead facilities. Underground services will be installed and maintained as provided in PG&E's rules applicable thereto.
- D. The term "underground electric system" means an electric system with all wires installed underground, except those wires in surface mounted equipment enclosures. (L)

Resolution No. _____

WHEREAS, the California Public Utilities Commission (CPUC) has authorized electric and telecommunication utilities to convert overhead utility lines and facilities to underground pursuant to Electric Rule 20 and Telecommunication Rule 32, and

WHEREAS, pursuant to certain criteria, CPUC rules allow participating cities and counties to establish legislation authorizing the creation of underground utility districts within which existing overhead electric distribution and telecommunication distribution and service facilities will be converted to underground, and

WHEREAS, the City of NAME, has adopted an ordinance authorizing the City Council to designate areas within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

WHEREAS, the Director of Public Works for the City of NAME has consulted with the affected public utilities and such utilities have agreed that the proposed underground conversion district, designated the NAME Underground Utility District and more particularly described in Exhibit 1 attached hereto and incorporated herein by reference, meets the criteria established by the rules of the CPUC, to wit,

[that such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities, AND/OR]

[that the street or road or right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic, AND/OR]

[that the street or road or right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public, AND/OR]

[that the street or road or right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines,] and

WHEREAS, each year the City of NAME is notified by PG&E regarding the allocation of work credits for conversion of overhead electric distribution lines and facilities to underground, known as Rule 20A allocations, and

WHEREAS, the Director of Public Works for City of NAME has consulted with PG&E and determined that the City has accumulated Rule 20A work credits or PG&E has agreed that the City may borrow against future credits sufficient to complete the proposed overhead to underground conversion project, and

WHEREAS, the City of NAME and the affected utilities have agreed by letter that each utility shall complete the engineering of their respective portion of the NAME Overhead to Underground Utility Conversion Project, and

WHEREAS, the City of NAME and the affected utilities have agreed by letter that PARTY shall be responsible for preparation of the trench profile and composite drawings and that PARTY shall be designated as “trench lead” to manage trenching, installation of substructures, and pavement restoration and such other work, and

WHEREAS the Director of Public Works of the City of NAME and the affected utilities have agreed on a work schedule which meets their respective capabilities and further agreed to waive any administrative fees, costs or special street restoration requirements for purposes of this project, and

WHEREAS, the City Council of the City of NAME has now received the report from the Director of Public Works recommending that the area identified in Exhibit 1 should be designated as an underground utility district within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

WHEREAS, upon the recommendation of the Director of Public Works, the City Council of the City of NAME has determined that the proposed NAME Underground Utility District is categorically exempt from environmental review pursuant to the California Environmental Quality Act, and

WHEREAS, the City of NAME has notified all affected property owners within the proposed NAME Underground Utility District and inviting same to attend a public hearing to discuss formation of the proposed district, and

WHEREAS, the City Council of the City of NAME held public hearings at which time the Council did receive and consider the recommendation of the City Engineer and did hear any and all objections or protests that were raised by the owners of property within the above described district pertaining to designating this area an underground utility district;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the CITYof NAME that:

Section 1. The public interest requires the removal of all existing utility poles [excepting those poles supporting streetlights, traffic signals or trolley lines], overhead wires and associated overhead structures and installation of underground wires and facilities for supplying electric power, communication, or similar associated services within the areas

as shown in Exhibit 1, attached hereto, with such area being designated as the NAME Underground Utility District, and

Section 2, That the utility companies, cable television services and other affected services shall commence work on installation of underground facility installation in NAME Underground Utility District and that as each phase of the project is complete and ready for conversion from overhead to underground utility facilities, all fronting property owners shall be notified by first class letter, postage pre-paid, of the schedule for conversion of all utility service lines, and

Section 3, The electric utility shall [USE/NOT USE] the underground conversion allowance computed pursuant to decisions of the California Public Utilities Commission for the purpose of providing to each premises requiring it in NAME Underground Utility District a maximum of one hundred feet of individual electric service trenching and conductor (as well as backfill, paving and conduit, if required) and each other serving utility shall provide service trenching and conductor in accordance with its rules and tariffs on file with the California Public Utilities Commission or as required by its Franchise Agreement with the City of NAME, and

Section 4. The electric utility shall [USE/NOT USE] said underground conversion allowance allocation, up to a maximum amount of \$1500 per service entrance excluding permit fees, for the conversion of electric service panels to accept underground service in the NAME Underground Utility District, and [EACH PROPERTY OWNER/THE CITY OF NAME] shall be financially responsible for any and all costs not covered by the electric utility for the installation and maintenance of the conduit and termination box located on, under or within any structure on the premises served, and

Section 5. That upon notification as specified in Section 2, all property owners in NAME Underground Utility District shall have underground electrical entrance facilities installed and inspected pursuant to the City of NAME Electrical Code within sixty (60) days and that should any property owner fail to install satisfactory underground electrical entrance facilities by the date specified in the notice, the electric utility shall notify the Director of Public Works who shall, within thirty (30) days direct the electric utility in writing to discontinue electrical service to the property, without recourse, pursuant to Rule 11 until electrical entrance facilities are ready to accept underground electrical conductors and have passed the necessary inspection requirements, and

Section 6. That once all services have been converted from overhead to underground, the utility companies, cable television services and other affected services shall remove all poles (except as specified above) and associated overhead facilities in NAME Underground Utility District, by _(DATE)

The foregoing resolution was adopted by the City Council of the City of NAME on the DATE by the following votes:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: