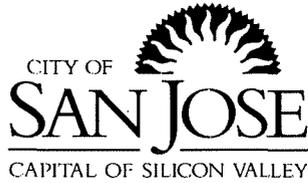


SUPPLEMENTAL

COUNCIL AGENDA: 01-09-07
ITEM: 3.6



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: GUADALUPE GARDENS
UNDERGROUND UTILITY DISTRICT

DATE: 01-04-07

Approved

Katy Allen

Date

1/4/07

COUNCIL DISTRICT: 3

REASON FOR SUPPLEMENTAL MEMO

The reasons for this supplemental memo are as follows:

- (1) To report to Council any public comments received on the public hearing to consider use of public lands for Pacific Gas and Electric Company (PG&E).
- (2) To respond to Councilmember Chavez's request at the December 12, 2006 Council meeting for information on Pacific Gas & Electric Company's Rule 20A Utility Undergrounding program performance in other cities.

Use of Public Lands by PG&E

Council Policy 6-16 establishes procedures for the use of public lands by the general public. Among them is a requirement for the notification of owners of properties within 300 feet of the proposed use of public lands for purposes other than for general public use. At the December 12, 2006 Council meeting, Council approved the scheduling of a public hearing on January 9, 2007, for the purpose of allowing public input on the use, by PG&E, of publicly-owned lands in the Guadalupe Gardens Utility Undergrounding District (UUD). In accordance with Council Policy 6-16, staff notified by mail on December 13, 2006, owners of properties within 300 feet of sites where PG&E intends to construct or prepare for the construction of improvements for the undergrounding of utilities in the Guadalupe Gardens UUD. To date, no comments have been received.

Experience of Other Cities with the Rule 20A Undergrounding Program

In May 2005, staff submitted a report to Council regarding PG&E's performance on the Rule 20A utility undergrounding program. The report summarized the experiences of nine cities between Santa Cruz and West Sacramento. In early December 2006, staff contacted the same

cities to discuss PG&E's performance since the previous survey. A report on these findings is provided in the attachment.

All agencies indicate there have been no notable changes in PG&E's delivery of Rule 20A projects since May 2005. The majority still indicate that PG&E has been slow in delivering projects due to PG&E's claims of resource and funding issues. The responses of all cities are consistent with the experiences of the City of San José. In the case of the City of Stockton, some projects may get delayed because of ongoing PG&E resources issues and priority emergency work during the wet season. Also, in the case of the City of Concord, a recently-completed Rule 20A utility undergrounding project was delayed several times during construction because of PG&E resource issues. In addition, PG&E recently notified Concord that there is no funding in 2007 for two projects that have been in the workplan for several years.

San Francisco is the only city among all those interviewed that has experienced significant cooperation from PG&E and meaningful progress in the delivery of Rule 20A utility undergrounding projects. This, however, may be due to a legal settlement between the parties, in which PG&E agreed to underground approximately 42 miles of utility lines in San Francisco. Currently, San Francisco has approximately 25 miles of ongoing utility undergrounding. These projects were originally scheduled to be completed in 2002, but were delayed five years due to the lack of PG&E staff resources, lack of coordination among utility companies, customer conversion issues and lack of PG&E funding. These projects are scheduled to be completed by 2007.

There were differences among cities in the placement of cabinets aboveground or underground. In one case, aboveground cabinets were accepted by the city so as to avoid delays that might ensue from pursuing underground cabinets. In other cases, cities accepted aboveground cabinets when they would blend into the physical setting. With regard to underground cabinets, space limitations such as zero-lot setbacks do not allow for aboveground cabinets, so cabinets in those areas are undergrounded at no cost to the city. Some cities received underground cabinets at no cost even when space constraints were not an issue. However, such was not the case in other municipalities.

Current Efforts to Improve Rule 20A Project Delivery

We are continuing to work with PG&E on improving the production of Rule 20A Undergrounding Projects and the following procedures are underway:

- As part of the project development procedures, having a project walkthrough at an early stage to consider and make decisions on above ground versus below ground cabinet requirements.
- Work with PG&E to approach the California Public Utility Commission (CPUC) with a request to consider using Rule 20A allocations to be eligible to pay for the undergrounding of cabinets.

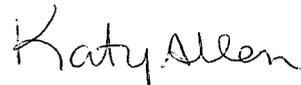
HONORABLE MAYOR AND CITY COUNCIL

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- To bridge the time gap for CPUC rule changes relative to the above, staff will be proposing a budget investment for 2007-08 and 2008-09 to advance City funding for the undergrounding of cabinets associated with Rule 20A undergrounding projects.



KATY ALLEN

Director, Public Works Department

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, at 408-535-8300.

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Attachment

OTHER AGENCY INQUIRIES – RULE 20A PROJECTS

CITY	COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED 2005)	UPDATE: COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED DECEMBER 2006)
City of San Francisco	Under the terms of a recent legal settlement, PG&E agreed to underground approximately 42 miles of its aboveground facilities. Currently, there are 30 ongoing projects. There have been some delays due to PG&E's resource issues and its bankruptcy in 2001. Regarding the aboveground cabinet issue, the majority of facilities have been placed in underground vaults due to limited areas and setbacks (zero lot lines). In some situations, the City of San Francisco has worked with PG&E in placing aboveground cabinets in certain locations that blend in with the surrounding area.	According to the City of San Francisco, there are approximately 25 miles of underground projects that are near complete. These projects were originally scheduled to be completed in 2002, but were delayed for 5 years because of lack of PG&E resources to the projects, lack of coordination between utility companies, customer conversion issues and lack of PG&E funding. Concerning the aboveground cabinets, City of San Francisco puts the burden of need upon the utility agency and requires they demonstrate that the cabinet cannot be placed anywhere but the public rights-of-way. Since 2005, City of San Francisco has allowed less than 24 cabinets citywide.
City of San Mateo	According to the City of San Mateo, PG&E is difficult to deal with and very slow in delivering projects. Consequently, the City of San Mateo has stopped doing Rule 20A projects. PG&E claims it has been unable to deliver projects due to lack of staff.	The City of San Mateo indicated PG&E is difficult to deal with and slow in delivering Rule 20A projects. Currently, the City of San Mateo does not have an undergrounding utility project, but may have one in near future.
City of Santa Cruz	The City of San Cruz has allowed aboveground structures in recent projects. That has been done in order to maintain project schedules. Also, city staff indicated that PG&E has been slow in delivering projects.	City of Santa Cruz indicated no improvement with PG&E related to the Rule 20A underground utility program.

OTHER AGENCY INQUIRIES – RULE 20A PROJECTS

CITY	COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED 2005)	UPDATE: COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED DECEMBER 2006)
City of Oakland	<p>The City of Oakland is the prime trenching agent for the Macarthur Blvd. Rule 20A utility undergrounding project, which is scheduled for construction this fall. The project has been delayed approximately three years, partly due to PG&E's engineering resource issues, a disagreement with PG&E on tariff agreements and the city's difficulty in allocating seed money for the design of the project. (Per the CPUC's tariff rules and regulations, PG&E cannot provide up-front funding for Rule 20A projects). On this project, all structures except for two aboveground cabinets will be placed in underground vaults and will be funded with Rule 20A funds.</p>	<p>The City of Oakland has one 20A project (Macarthur Blvd.) presently under construction after having been delayed for nearly three years due to PG&E resource and funding issues. The City of Oakland reports there has been no improvement in PG&E related to the delivery of Rule 20A projects.</p> <p>On this project, all structures except for two aboveground cabinets will be placed in underground vaults and will be funded with Rule 20A funds.</p>
City of Stockton	<p>Many of the City of Stockton's 20A projects have been on schedule. However, some had been delayed during construction because PG&E resources were pulled to assist in restoring power lines during the wet season. Overall, the City of Stockton has been doing one project per year. Regarding the aboveground cabinet issue, PG&E has placed a majority of its facilities in underground vaults at no cost to the city. On the other hand, in collaboration with PG&E, the City of Stockton has allowed aboveground cabinets in areas where they are aesthetically pleasing.</p>	<p>The City of Stockton has three projects in design, but doubts the projects will start construction on schedule because of ongoing PG&E resource issues and priority emergency work during the wet season.</p> <p>Regarding the aboveground cabinet issue, the City of Stockton works closely with PG&E to determine location of cabinets on projects where space is available. Some facilities have been placed in vaults at no cost to city where no space is available for aboveground cabinets.</p>
City of West Sacramento	<p>The City of West Sacramento recently completed an undergrounding project after a two-year delay. The project was delayed because of SBC and PG&E resource and funding issues. PG&E expended all funds in the middle of the project. The City of West Sacramento has allowed</p>	<p>The City of West Sacramento has a Rule 20A utility undergrounding project in the planning stage and indicated it would allow aboveground cabinets in areas where they blend into the physical setting.</p>

OTHER AGENCY INQUIRIES – RULE 20A PROJECTS

CITY	COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED 2005)	UPDATE: COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED DECEMBER 2006)
	aboveground cabinets in areas where they blend into physical setting.	
City of Walnut Creek	According to the City of Walnut Creek, PG&E is difficult to deal with on undergrounding projects. On the most-recent utility undergrounding project, the city encountered several challenges, including utility company resources and funding issues, and scheduling conflicts with its (PG&E's) capital improvement projects. The project took four years to complete. Regarding the aboveground cabinet issue, PG&E has been placing facilities in underground vaults at no cost to the city.	The City of Walnut Creek currently has no new projects and stated it hopes for greater success with PG&E in dealing with Rule 20A issue on the next project.
City of Concord	According to the City of Concord, PG&E takes too long to construct undergrounding projects, usually citing funding and resource issues. In the last two completed projects, PG&E facilities were placed in underground vaults at no cost to the city.	<p>The City of Concord recently completed a Rule 20A utility undergrounding project on E. Street. According to the City Concord, the project was delayed several times during construction because of resource issues. The City of Concord has two proposed projects that has been in the workplan for many years, but was informed by PG&E that it will be delayed because of no funding in 2007.</p> <p>With regards to aboveground cabinets, PG&E has informed City of Concord that Special Facilities cost will be born by the City if the City chooses facilities to be placed in vaults.</p>

OTHER AGENCY INQUIRIES – RULE 20A PROJECTS

CITY	COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED 2005)	UPDATE: COMMENTS AND ISSUES W/ RULE 20A PROGRAM (SURVEY CONDUCTED DECEMBER 2006)
City of Cupertino	According to the City of Cupertino, PG&E usually takes too long to deliver projects, usually citing funding and resource issues. Also, frequent staff changes have impacted the timely delivery of 20A projects. The City of Cupertino would like to do more projects, but is limited by PG&E's capability to deliver. Regarding the aboveground cabinet issue, the City of Cupertino is allowing some aboveground cabinets on its utility undergrounding projects.	The City of Cupertino has one project that has been delayed for more than two years because of easement and aboveground cabinet issues.