



Memorandum

To: HONORABLE MAYOR
AND CITY COUNCIL

From: Katy Allen

SUBJECT: SEE BELOW

DATE: 04-11-07

Approved

Deanne Sauter

Date

4/16/07

COUNCIL DISTRICT: Citywide

**SUBJECT: REPORT ON THE RULE 20A AND RULE 20B (IN-LIEU FEE)
UNDERGROUND UTILITY PROGRAM AND 2006/07- 2011/12 WORKPLAN**

RECOMMENDATION

That the City Council:

- a) Approve this report, the proposed fiscal year 2006/07 - 2011/12 Workplan for the Rule 20A and Rule 20B (In-Lieu Fee) Underground Utility Program.
- b) Direct staff to seek League of California Cities advocacy for increased accountability and resource allocation for the delivery of Rule 20A projects.

OUTCOME

Approval of this report will guide Public Works staff and utility companies to program funds, assign project priorities, and establish, design and construct the proposed overhead-to-underground utility conversion projects.

Direction to staff to seek League of California Cities advocacy for increased accountability and resource allocation for the delivery of Rule 20A projects.

EXECUTIVE SUMMARY

This report on the Rule 20A and 20B (In-Lieu Fee) Underground Utility Programs provides information on the utility undergrounding program and projects. In addition, the proposed Workplan will guide Public Works staff and utility companies to program funds, assign project priorities, and establish, design and construct overhead-to-underground utility conversion projects. Per discussions at utility undergrounding workshops with PG&E, projects were reprioritized in the Workplan so that utility companies could deliver projects based on actual budget and resource availability. Work will continue now with PG&E to come up with a strategy to more aggressively program projects to draw down the accumulated PG&E Rule 20 A allocation. In addition, staff will seek League of California Cities advocacy for increased accountability and resource allocation for the delivery of Rule 20A projects.

BACKGROUND

Three methods are used to fulfill the General Plan goal of converting overhead utilities to underground systems. They are summarized below and are described in greater detail later in this report.

- Rule 20A Program – The Rule 20A Program is the City’s use of PG&E rate-payer money on underground conversion projects. Although the funds for this program are never actually transferred to the City, City staff programs the money toward conversions on arterial and major collector streets. The 2007 calendar year allocation of PG&E funds for the City of San José is approximately \$4.2 million. These allocations accumulate until they are expended for undergrounding projects.
- Rule 20B (In-Lieu Fee) Program – Undergrounding may be accomplished through the City's establishment of an In-Lieu Fee Program which allows the City to accumulate funds from developers to underground large aggregated projects rather than requiring developers to perform the undergrounding on a piecemeal basis. This results in more efficient use of engineering staff, construction crews, and utility company resources, resulting in lower unit costs for design and construction.
- Rule 20C – In some instances, developers or other agencies may pursue completing underground conversions themselves. These conversions do not meet the criteria for Rule 20A or 20B, are typically less than 600 feet long, and are coordinated directly with the utility companies.

Rule 20B funds are leveraged against 20A allocations, as opportunities arise, to construct one larger project. The majority of proposed Rule 20A projects complement transportation capital improvement projects.

The Rule 20A and 20B Underground Utility Programs are currently administered in accordance with the 2005/06 - 2010/11 Workplan accepted by Council on March 2, 2006.

Accompanying this report are the following attachments related to the Rules 20A and 20B Programs:

- 2005/06 - 2010/11 Workplan Status (Attachment A)
- 2006/07 - 2011/12 Workplan (Attachment B-1)
- 2006/07 - 2011/12 Workplan by Council District (Attachment B-2)
- Summary of Changes since the Last Report (Attachment C)
- Proposed Future Rule 20A Underground Utility Projects (Attachment D)
- Criteria for Evaluating Rule 20A & 20B (In-Lieu Fee) Underground Utility Projects (Attachment E).
- Best Practices (Attachment F)

RULE 20A PROGRAM – In 1968, the California Public Utilities Commission (CPUC) and utility companies established a program to underground utilities across the State. Under Rule 20A, Pacific Gas and Electric Company (“PG&E”) allocates funds, on a calendar year basis, to convert existing overhead electrical facilities to underground electrical facilities within the communities it serves. PG&E considers Rule 20A allocations as a tool to allow cities and counties to evaluate and prioritize undergrounding projects within their respective jurisdictions. These allocations accumulate until they are expended for undergrounding projects. PG&E uses its own funds to design and construct Rule 20A projects, and once the projects are completed, the cost is recovered through incremental utility rate increases.

The 2006 calendar year allocation of PG&E funds for the City of San José is \$4.2 million. Other CPUC rules, tariffs and legislation require AT&T to convert its facilities in a similar manner to the Rule 20A Program. Pursuant to federal law and its franchise agreement with the City, Comcast is required to budget its own funds for the conversion of its facilities within the districts legislated for Rule 20A funding.

RULE 20B (IN-LIEU FEE) PROGRAM – Undergrounding may be accomplished through the City's establishment of an In-Lieu Fee Program which allows the City to accumulate funds from developers to underground large aggregated projects rather than requiring developers to perform the undergrounding on a project-by-project basis. This results in the more efficient use of engineering staff, construction crews, and utility company resources, thus lowering unit costs for design and construction.

In 1989, the City established the In-Lieu Utility Undergrounding Fee Program, also known as the Rule 20B Program, to establish a program that requires the undergrounding of existing overhead utilities in areas where developer In-Lieu fees have been collected.

The San José Municipal Code requires that developers pay a fee, per foot of frontage, in-lieu of performing the overhead-to-underground conversions along the street frontage where their development is occurring. Only those projects that develop adjacent to designated streets as defined in the Municipal Code are subject to the undergrounding in-lieu fee conditions.

The current In-Lieu fee for utility undergrounding is \$224 per linear foot per frontage foot. Fees are collected from developments on both sides of the street regardless of the side which has the actual overhead facility. This was based on an average City cost of \$448 per linear foot to complete larger undergrounding conversion projects. Staff is re-evaluating current, actual costs of undergrounding and may recommend, through the annual Fees and Charges budget process, an increase in this fee.

In-Lieu fees are programmed to be expended in areas per the In-Lieu Fee Undergrounding Master Plan. As long as these fees are committed to projects in the approved Master Plan, they are considered non-refundable. The In-Lieu Fee Master Plan was approved by Council on December 5, 2006.

UNDERGROUND UTILITY PROGRAM ACTIVITY - Since 1968, the City has legislated 126 Underground Utility Districts, of which:

- 120 projects have been completed
- 2 projects are in construction
- 4 projects are in design

The current status of the Rule 20A and Rule 20B programs and the implementation of the current Workplan are presented in Attachment A.

ANALYSIS

2006/07 - 2011/12 WORKPLAN

The future Workplan (Attachment B-1) is presented on a fiscal year basis, indicating program expenditures, preliminary project cost estimates, Rule 20A allocations, and In-Lieu Fee Fund balances. The proposed projects are listed in sequence of the target dates for proposed construction start date and legislation of the underground utility districts. Projects in both programs have been reprioritized and/or rescheduled since the last report in accordance with the approved criteria and available utility company resources. A summary of the changes that have occurred since the last report is presented in Attachment C.

A listing of potential Rule 20A project areas is identified in Attachment D, and a summary of the Criteria for Evaluating Underground Utility Projects is presented in Attachment E. These criteria provide a rational process for the selection of projects presented in the proposed Workplan.

There is a current balance of nearly \$32 million in accumulated Rule 20A allocations for the City. In the past, the City had experienced challenges implementing the approved Workplan, due to a shortfall in utility company staff resources and funding, and disagreements related to no-cost easements and aboveground cabinets. Compounding these difficulties, the California Public Utilities Commission (CPUC) mandates that PG&E's top priority shall be the maintenance of its system reliability without compromising safety. CPUC rulings have essentially established that Rule 20A utility undergrounding services for existing customers are subordinate to storm and heat related repairs, general system maintenance, and electrical hookups for new customers and system upgrades to improve capacity.

In the past two years, staff of Public Works and the City Attorney's Office held several workshops with project and executive staff for PG&E regarding the Rule 20A utility undergrounding program. The primary objectives of the workshops were:

- To convey to PG&E the City's urgency in getting past historic roadblocks, such as resource issues, that have negatively impacted the delivery of Utility Undergrounding Projects.

- To develop guidelines that would implement the program and facilitate decision-making and issue resolution in a more-timely fashion.
- To understand the meaning of PG&E's rules and tariffs as they relate to obtaining no-cost easements from adjacent property owners, underground vaults ("special facilities") cost and aboveground cabinets. PG&E's standard facilities are aboveground structures (cabinets). PG&E defines "special facilities" as subsurface structures (vaults) for which the City or other applicant would bear the cost.

The following are outcomes of these workshops:

- The City and PG&E developed and agreed on guidelines entitled "Best Practices" that provide for the establishment of undergrounding utility districts and the placement of utility facilities (Attachment F).
- The City agreed to contact property owners for no-cost easements to place PG&E's aboveground facilities on their properties.
- PG&E provided a more-realistic five-year project delivery schedule that it can deliver based on its actual budget and staff resource availability.
- PG&E clarified its rules and tariff regulations related to utility undergrounding.

Since then, Public Works staff has met monthly with utility company staff to review project schedules and address any outstanding issues. It appears that utility companies continue to experience resource issues as they have in the past. Recently, PG&E informed the City that it can only commit to projects on a calendar year basis due to funding issues related to uncertainty in out years, as funding and resources could be diverted toward restoring power during storm outages or heat waves.

Aside from the challenges presented above, the proposed Workplan (Attachment B) is designed to draw down the accumulated and future Rule 20A allocations in an effort to maximize the number of undergrounding projects that can be delivered. As in past years, it is unclear whether PG&E and other utility companies will assign the necessary resources so as to implement the Workplan in a complete and timely fashion.

Due to PG&E's insufficient resources, and the aboveground cabinet issues, projects in the proposed Workplan have been reprioritized and/or rescheduled since the last fiscal year. Staff has met with PG&E senior management to express the City's desire for a more-aggressive construction schedule by PG&E for the Rule 20A Program. Staff will continue to monitor utility company resources and schedules and meet regularly with their staff to collectively update this Workplan. In addition, staff is taking a more active role in the design and construction management of the Rule 20B undergrounding projects so as to minimize delays due to utility company resource issues.

Also, staff has followed PG&E's interaction with the CPUC with regards to its efforts to revise the current Underground Planning Guide for Local Governments, and will continue to work with

PG&E on its commitment to pursue a tariff change to allow Rule 20A funding of facilities to be placed in underground utility vaults.

On April 4, 2007, staff presented to the Transportation and Environment Committee (T&E), a report on progress of project delivery with PG&E on the underground utility program. The committee directed staff to seek League of California Cities advocacy for increased accountability and resource allocation for the delivery of Rule 20A projects. Staff has and will continue with high level discussions with PG&E management to examine and resolve issues. Staff will work with the City Manager's Office and the City's legislative aide to coordinate with the League of California Cities and the CPUC to ensure PG&E's diligent progress. Additionally, staff will contact other public agencies to poll interest on taking on legislative.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this action does not meet the \$1 million threshold under Criteria 1, this memorandum will be posted on the City's website for the May 1, 2007 Council agenda.

COORDINATION

This report has been coordinated with the San José Redevelopment Agency, the Departments of Transportation and Planning, Building and Code Enforcement, the City Attorney's Office, and the City Manager's Budget Office. The Workplan has been coordinated with PG&E, AT&T and Comcast.

COST IMPLICATIONS

RULE 20A PROGRAM - The cost of the overhead-to-underground conversion of PG&E facilities in the public right-of-way within underground utility districts is funded through the PG&E Rule 20A allocation to the City. It includes up to \$1,500 per service entrance for private service panel conversions. The total cost for conversion work varies project by project. Other utility companies underground their facilities at their own cost.

The administration of the Rule 20A program has historically been funded through the Operating Budget with General Funds. However, due to budget constraints in recent years, staff has been using In-Lieu fee funds since Fiscal Year 2003-2004 and recommends the continued use of In-Lieu Fee Funds, approximately \$250,000 per year, to support the administration of the Rule 20A program. It is appropriate to use In-Lieu fee funds for administration of the Rule 20A program because in most, if not all instances, projects virtually overlap within the two programs and In-Lieu fees are collected within Rule 20A areas. Also, not all the potential Rule 20B projects in the Master Plan that are within Rule 20A project areas have completely developed, so undeveloped properties will be required to contribute In-Lieu funds when they develop and reimburse the undergrounding costs. Administration includes the legislation of utility underground districts, hosting community meetings, reviewing and coordinating responsibilities during the design and construction phases of the project, and construction inspection. This appears to be because SJMC Chapter 15.26 is broad enough to allow for the payment of administrative costs for undergrounding projects regardless of the type of undergrounding project it is – i.e., it doesn't matter whether it's a CPUC Rule 20A or 20B undergrounding program.

Additionally, the City is responsible for the conversion of its facilities within the Rule 20A underground utility districts, including streetlights, traffic signals, fire stations, libraries, and other City facilities. Funding in the amount of \$150,000 for the conversion of City facilities is budgeted in the Traffic CIP Program.

RULE 20B (IN-LIEU FEE) PROGRAM – The cost for the undergrounding of utilities is funded through the In-Lieu Underground Utility Fund. In addition, staff estimates a yearly funding need of approximately \$15,000 for private service conversions, or \$1,500 per service entrance. This funding has been approved in the FY 2005-2006 Operating Budget.

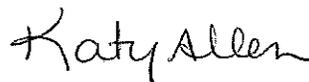
In addition, staff is recommending budgeting approximately \$45,000 per year for PG&E's Rule 20A private service panel conversion reimbursement program as part of the City's annual budget process. Under PG&E's Rule 20A Tariffs and Regulations, PG&E reimburses property owners up to \$1,500 per service entrance for electrical service panel conversion to receive service from the underground system. Payments, however, are made via the City. The recommended allocation will be used to accept funds from PG&E and reimburse property owners for conversion work on their properties.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract	2006-2007 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			N/A			
Current Funding Available						
416	4654	Underground Utility Program	\$1,651,000	N/A	Capital, V-19	N/A
416	5147	Underground Utility Admin. (20B)	\$110,000	N/A	Capital, V-25	
416	4786	Underground Utility Admin. (20A)	\$231,000	N/A	Capital, V-24	N/A
429	5063	Underground Utilities – City Conversions	\$297,000	N/A	Capital V-1080	10/17/06 Ord. No. 27888
Total Current Funding Available			\$2,289,000			

CEQA

CEQA: Not a project.



KATY ALLEN

Director, Public Works Department

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

ATTACHMENTS

RULE 20A & 20B (In-Lieu Fee) PROGRAM

- A** - Status of the 2005/06 - 2010/11 Rule 20A & B (In-Lieu Fee) Workplan
- B-1** - 2006/07 - 2011/12 Rule 20A & 20B (In-Lieu Fee) Workplan
- B-2** - 2006/07 - 2011/12 20A & 20B (In-Lieu Fee) Workplan By Council District
- C** - Summary of Changes since the Last Report
- D** - Areas Identified for Consideration as Future Rule 20A Underground Utility Projects
- E** - Criteria for Evaluating Rule 20A & 20B (In-Lieu Fee) Underground Utility Projects
- F** - Best Practices –Utility Undergrounding

STATUS OF THE 2005/06 - 20010/11 RULE 20A & RULE 20B (IN-LIEU FEE) WORKPLAN

1. RULE 20A UNDERGROUND UTILITY PROGRAM

Guadalupe Gardens Rule 20A Underground Utility District (UUD),

Hedding/Taylor/Coleman: This project complements the Guadalupe Gardens Master Plan, and the Taylor Street Roadway Widening and Coleman/I-880 Interchange Projects. It was legislated in January 2003, but construction was delayed due to ongoing negotiations with PG&E with regard to aboveground cabinets and easement issues. Both issues have been resolved, and the project started construction in January 2007.

The City applied guidelines established in workshops with PG&E to obtain no-cost easements. Issues related to aboveground cabinets and easements on or adjacent to City and Airport-owned land have been resolved, and the easement documents are currently being finalized. Those on private properties have not. The City contacted seven private property owners to request no-cost easements; all owners denied the City's request. Staff provided this information to PG&E, and is awaiting a response.

City and PG&E staff continue to resolve issues related to easements and special facilities on privately-owned properties. So as to avoid further delays in the overall delivery of the Guadalupe Gardens UUD, PG&E decided to construct this project in two phases – the first phase, for the area in which issues had been resolved, and the second phase, for the area in which some issues are pending. Phase I, the area bounded by Hedding Street, Coleman Avenue, Interstate 880 and Guadalupe River, started construction in January 2007. Also, PG&E completed placement of underground facilities on Taylor Street in advance of the Taylor Street Widening Project. It is expected that the construction of Phase II of this UUD will commence in July 2007.

Stevens Creek Rule 20A UUD: This project was legislated in February 2004 as a complement to the City of Cupertino's utility undergrounding project on Stevens Creek Boulevard. This project has been reprioritized to start construction in May 2009 for the following reasons: (1) Some issues regarding aboveground cabinets and easements within the City of Cupertino are pending, and (2) the City of San Jose has included in its schedule a number of higher-priority projects.

Camden Ave Rule 20A UUD: In the current Workplan, this project was scheduled to start construction in October 2007. However, this project has been reprioritized to start construction in March 2009 because PG&E reports that the project must be reengineered to account for Comcast's cable upgrade project in 2004.

Jackson/ Taylor Rule 20A and Rule 20B UUD: This project was legislated in November 2005, and design is currently underway. The project is funded through a combination of Rule 20A and Rule 20B (In-Lieu-Fee) funds and will be constructed as one large project.

ATTACHMENT A

Status of the 2005/06-2010/11 Rule 20A & Rule 20B (In-Lieu Fee) Workplan

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The project is being coordinated with San Jose Redevelopment Agency's plans for the Japantown neighborhood. The project is behind schedule. It is expected that construction will begin in January 2008.

This project was used as a pilot project to apply guidelines established in the workshop. The City was successful in applying the guidelines and provided the information to PG&E in October 2005. Executive staff of Public Works and PG&E met several times on this project and were able to successfully resolve the aboveground cabinet issues. PG&E agreed to use Rule 20A allocations, for this project only, to place the majority of its facilities in subsurface vaults. Two cabinets within the project will be placed aboveground on private properties (no-cost easements) as agreed to by the property owners.

Park/Naglee Rule 20A UUD: This project was legislated in March 2006 to complement the Rose Garden neighborhood and the new Rose Garden Library.

Guidelines established in the series of City/PG&E workshops were applied to request no-cost easements from private property owners in May 2006. All but two denied the request. PG&E was provided this information in June 2006 and revisited the project site in July 2006. Reasoning that properties with smaller front yards cannot be burdened with aboveground cabinets, PG&E agreed to place these facilities subsurface in the public right-of-way at no cost to the City.

As requested by PG&E, City staff contacted the property manager of Hoover Elementary School, located at the southwest corner of Park and Naglee Avenues, to renegotiate the request for an easement on school property. Initial contact was made in May 2006 for 15 aboveground cabinets, but the property manager denied the City's request, citing safety concerns and the designation of the Hoover School building as an historic site. However, the property manager stated he was willing to grant easements for subsurface structures (vaults). This information was provided to PG&E, but PG&E has deemed unacceptable the property manager's denial of the easement request for aboveground cabinets. City and PG&E staff continues to evaluate alternate solutions. PG&E is reevaluating the design to reduce the number of above ground cabinets on the school property. Once PG&E has completed the design, City and PG&E staff will meet again with the property manager of Hoover Elementary School to discuss a new easement request. Based on PG&E's current budget and resource availability, the project has been reprioritized to start construction in September 2008.

Evergreen Park Rule 20A UUD: This project was legislated in June 1998 and has been reprioritized to start construction in December 2008 because of utility company resource issues and higher-priority projects in the workplan. This project was originally delayed because PG&E staff was unable to obtain an easement from the School District on the north side of Yerba Buena Road (east of San Felipe Road) for the placement of facilities. PG&E is redesigning the project to develop an alternate solution to the easement issue.

ATTACHMENT A

Status of the 2005/06-2010/11 Rule 20A & Rule 20B (In-Lieu Fee) Workplan

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Market/Almaden Rule 20A UUD: This project was legislated in June 2006. PG&E will start designing the project in June 2007 and is scheduled to start construction in September 2008. The project is behind schedule because of PG&E funding issues.

Camden Avenue Rule 20A UUD, Bascom to Leigh: This project was legislated in 1993. It has been reprioritized to start construction in March 2009 because of utility company resource issues and higher-priority projects in the workplan.

VASONA LIGHT-RAIL CORRIDOR

Utility companies relocated their facilities in preparation for the Vasona Light Rail Project. Underground Utility District boundaries are being established to maximize the use of Rule 20 funds. The two projects listed below will be legislated as one project and constructed in two phases.

Delmas/San Fernando, Auzerais to Santa Clara, 87 to Autumn – This project will be funded through a combination of Rule 20A and Rule 20B (In-Lieu-Fee) funds. The project is scheduled for legislation in June 2007, and construction is expected to start in July 2009.

Montgomery/San Fernando, The Alameda to San Carlos, Autumn to Sunol - This project will be funded through a combination of Rule 20A and Rule 20B (In-Lieu-Fee) funds. The project is scheduled for legislation in June 2007, and construction is expected to start in December 2009.

2. RULE 20B (IN-LIEU FEE) UNDERGROUND UTILITY PROGRAM

Saratoga Avenue Rule 20B UUD: The City has designed and is managing the construction of this project. Construction began in January 2007. Substructures are scheduled to be installed by April 2007, and poles and wires are scheduled to be removed by November 2007 as soon as utility companies complete pulling cables, install equipment, and make final connections.

Fruitdale Avenue UUD – This UUD was legislated in 1996. Design and construction of this project has been postponed because of uncertainty with an adjacent development project.

Stokes Avenue UUD – This project will be dropped from the Workplan because facilities were undergrounded and/or relocated in conjunction with the Vasona Light rail project.

**(DRAFT) RULE 20A and RULE 20B (IN-LIEU FEE)
UNDERGROUND UTILITY PROGRAM
2006/07 - 2011/2012 WORKPLAN**

PROPOSED PROJECT	TYPE OF PROJECT	COUNCIL DISTRICT	ADOPTED OR PROPOSED LEGISLATION DATE	CONSTRUCTION START	IN-LIEU FEE PROGRAM EXPENDITURES (Estimated)	RULE 20A PROGRAM EXPENDITURES (Estimated)
FY 2006/2007						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$4,397,364	\$32,588,208
RESERVE FOR ENCUMBRANCE					\$1,133	
2006/2007 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,420,000	\$4,258,023
4TH/5TH/6TH STREET (PHASE I), bounded by Santa Clara and San Fernando St (Completed Construction: Phase I in 2003 and Phase II in 2005)	20A	3	1/29/2002 & 5/7/2002	Completed		(\$4,488,517)
GUADALUPE GARDENS (Phase I) - Hedding/Coleman (In Construction)	20A	3	1/14/2003	Jan-07		(\$3,000,000)
SARATOGA AVENUE - Route 280 to Kiely (In Construction)	20B	1	6/9/1999	Jan-07	(\$1,340,000)	
JACKSON/TAYLOR - 4th to 9th (In Design)	20A & B	3	11/18/2005	Jan-08	(\$311,000)	
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$110,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$231,000)	
SUBTOTAL					\$1,992,000	\$7,488,517
ENDING FUND BALANCE					\$3,828,497	\$29,377,714
FY 2007/2008						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$3,828,497	\$29,377,714
2007/2008 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,300,000	\$4,300,000
2007/2008 ANTICIPATED REVENUE - PG&E/PRIVATE SERVICE CONVERSION					\$45,000	
2007/2008 ANTICIPATED EXPENDITURE-PG&E/PRIVATE SERVICE CONVERSION RIEMBURSEMENT					(\$45,000)	
GUADALUPE GARDENS (Phase II) - Hedding/Taylor/Coleman (Design FY 06/07)	20A	3	1/14/2003	Jul-07		(\$3,000,000)
JACKSON/TAYLOR - 4th to 9th (Design FY 06/07)	20A & B	3	11/18/2005	Jan-08	(\$910,000)	(\$2,500,000)
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$130,000)	
PWCAP ALLOCATION					(\$65,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$250,000)	
SUBTOTAL					\$1,355,000	\$5,500,000
ENDING FUND BALANCE					\$5,173,497	\$28,177,714
FY 2008/2009						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$3,773,497	\$28,177,714
2008/2009 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,400,000	\$4,400,000
2008/2009 ANTICIPATED REVENUE - PG&E/PRIVATE SERVICE CONVERSION					\$45,000	
2008/2009 ANTICIPATED EXPENDITURE-PG&E/PRIVATE SERVICE CONVERSION RIEMBURSEMENT					(\$45,000)	
MARKET/ALMADEN AVE. - Reed, Pierce, William, Balbach, Viola (Design FY07/08)	20A	3	8/13/2006	Sep-08		(\$2,500,000)
PARK/NAGLEE - Park, Naglee to Shasta & Naglee, Park to Bascom (Design FY 07/08)	20A	6	5/12/2006	Sep-08		(\$2,000,000)
EVERGREEN PARK - Yerba Buena Rd. & San Felipe Rd. (Design FY 08/09)	20A	8	8/21/1998	Dec-08		(\$1,200,000)
CAMDEN AVENUE, Bascom to Leigh (Design FY 007/08)	20A	9	8/17/1993	Mar-09		(\$2,000,000)
STEVENS CREEK BLVD - Stearns to Calori (Design FY 08/09)	20A	1	2/10/2004	May-09		(\$850,000)
McKEE ROAD - Jackson to Jose Figueres	20B	5	Sep-07	May-09	(\$1,000,000)	
McABEE ROAD - Juli-Lynn to Peralta	20B	10	Nov-07	Jun-09	(\$700,000)	
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$140,000)	
PWCAP ALLOCATION					(\$66,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$280,000)	
SUBTOTAL					\$2,165,000	\$8,350,000
ENDING FUND BALANCE					\$3,008,497	\$24,227,714
FY 2009/2010						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$3,008,497	\$24,227,714
2009/2010 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,500,000	\$4,500,000
2009/2010 ANTICIPATED REVENUE - PG&E/PRIVATE SERVICE CONVERSION					\$45,000	
2009/2010 ANTICIPATED EXPENDITURE-PG&E/PRIVATE SERVICE CONVERSION RIEMBURSEMENT					(\$45,000)	
VASONA LRT: DELMAS/SAN FERNANDO, 87, Cahill, Auzerais, S Clara, MONTGOMERY ST. - Santa Clara to Park. PARK AVE. - Rte. 87 to Bird	20A & B	3	Aug-07	Jul-09	(\$950,000)	(\$3,500,000)
MONTEREY RD. - Willow to Curtner, inc. Cadwalter Plaza	20A	3, 7	6/20/1999	Mar-10		(\$2,000,000)
WHITE ROAD at Alum Rock Avenue (Alum Rock Library)	20A	5	Apr-08	May-10		(\$1,600,000)
ABORN ROAD - Renfield Wy to Thompson Creek (Evergreen Library)	20A	8	May-08	Mar-10		(\$1,500,000)
MERIDIAN AVENUE - Park to Auzerais	20B	8	Jun-08	Jan-10	(\$800,000)	
LOS GATOS/ALMADEN ROAD - Union to Warwick	20B	9	Aug-08	Jun-10	(\$800,000)	
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$150,000)	
PWCAP ALLOCATION					(\$66,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$270,000)	
SUBTOTAL					\$3,035,000	\$8,600,000
ENDING FUND BALANCE					\$1,473,497	\$20,127,714

**(DRAFT) RULE 20A and RULE 20B (IN-LIEU FEE)
UNDERGROUND UTILITY PROGRAM
2006/07 - 2011/2012 WORKPLAN**

PROPOSED PROJECT	TYPE OF PROJECT	COUNCIL DISTRICT	ADOPTED OR PROPOSED LEGISLATION DATE	CONST. RUCTION START	IN-LIEU FEE PROGRAM EXPENDITURES (Estimated)	RULE 20A PROGRAM EXPENDITURES (Estimated)
FY 2010/2011						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$1,471,497	\$20,127,714
2010/2011 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,600,000	\$4,600,000
2010/2011 ANTICIPATED REVENUE - PG&E/PRIVATE SERVICE CONVERSION					\$45,000	
2010/2011 ANTICIPATED EXPENDITURE-PG&E/PRIVATE SERVICE CONVERSION RIEMBURSEMENT					(\$45,000)	
Coleman Avenue - Hedding St to Basset	20A	3	Feb-09	Feb-11		(\$2,500,000)
TULLY ROAD, Kenoga Dr to Senler Rd	20A	7	Jun-09	Mar-11		(\$2,500,000)
McABEE ROAD - Perilla to Camden	20A	10	Aug-09	Apr-11		(\$1,700,000)
LINCOLN AVENUE - San Carlos to Coe	20A	6	Dec-09	Jun-11		(\$1,800,000)
PEARLHILLSDALE - Capitol to Hillsdale to Summer Creek	20B	6	Aug-09	Apr-11	(\$750,000)	
CANOAS GARDEN, Almaden to Masonic	20B	6	Oct-09	Jun-11	(\$750,000)	
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$160,000)	
PWCAP ALLOCATION					(\$65,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$280,000)	
SUBTOTAL					\$2,005,000	\$6,500,000
ENDING FUND BALANCE					\$1,068,497	\$16,227,714
FY 2011/2012						
BEGINNING FUND BALANCE/RULE 20A ALLOCATION					\$1,068,497	\$16,227,714
2011/2012 REVENUE(ANTICIPATED)/RULE 20A ALLOCATION					\$1,700,000	\$4,700,000
2011/2012 ANTICIPATED REVENUE - PG&E/PRIVATE SERVICE CONVERSION					\$45,000	
2011/2012 ANTICIPATED EXPENDITURE-PG&E/PRIVATE SERVICE CONVERSION RIEMBURSEMENT					(\$45,000)	
De ANZA BLVD. - Rainbow to Prospect	20A	1	Jan-10	Jan-12		(\$2,000,000)
KIRK PARK, Foxworthy - Yucca to Brianwood	20A	9	Feb-10	Feb-12		(\$1,800,000)
GROSBECK PARK, Klien Rd. - Hill to Norwood	20A	8	Jun-10	Apr-12		(\$1,800,000)
HAMANN PARK, Westfield - Central to Daniel	20A	6	Jun-10	Jun-12		(\$1,800,000)
LUNDY AVE - Murphy to Old Hostetter	20B	4	Aug-10	Apr-12	(\$700,000)	
JULIAN STREET, The Alameda to Cinnabar	20B	6	Sep-10	May-12	(\$700,000)	
VASONA LRT: FRUITDALE AVENUE - Southwest to Meridian	20B	6	6/21/1994	Jun-12	(\$700,000)	
RESERVE FOR FUTURE SJRA PRIORITY PROJECTS	20A					(\$4,000,000)
RESERVE FOR FUTURE PARKS PROJECTS	20A					(\$4,500,000)
RESERVED FOR FUTURE RULE 20A PROJECTS	20A					(\$4,500,000)
TOT. NON-CONSTRUCTION INCL. PROGRAM ADMINISTRATION (In-Lieu Fee-Rule 20B)					(\$170,000)	
PWCAP ALLOCATION					(\$65,000)	
PROGRAM ADMINISTRATION (Rule 20A)					(\$290,000)	
SUBTOTAL					\$2,625,000	\$20,400,000
ENDING FUND BALANCE					\$141,497	527,714
Future Priority Projects						
PROSPECT ROAD - Saratoga to De Anza	20A	1	2013	2015		(\$2,000,000)
BLOSSOM HILL, SNELL AVE - Judith to Snell, Giuffrida to Cheyenne	20A	2	2013	2015		(\$2,000,000)
MUNICIPAL GOLF COURSE - Lundy/Old Oakland Rd./Murphy	20A	4	2013	2015		(\$1,500,000)
MINNESOTA AVE. - Lincoln to Iris	20A	6	2013	2015		(\$1,500,000)

Note: Construction of Rule 20A Undergrounding projects are funded by utility companies.
Rule 20A Program administration cost is borne by the City.

**RULE 20A AND RULE 20B (IN-LIEU FEE)
UNDERGROUND UTILITY PROGRAM**

ATTACHMENT B-2

2004/05 - 2009/2010 WORKPLAN - BY CITY COUNCIL DISTRICT

PROPOSED PROJECT	TYPE OF PROJECT	COUNCIL DISTRICT	LEGISLATION ADOPTION DATE	CONST. RUCTION START	IN-LIEU FEE PROGRAM EXPENDITURES (Estimated)	RULE 20A PROGRAM EXPENDITURES (Estimated)	
DISTRICT 1							
SARATOGA AVENUE - Route 280 to Kieley (In Construction)	20B	1	6/9/1998	Jan-07	(\$1,340,000)	(\$650,000)	
STEVENS CREEK BLVD - Steamts to Calert (Design FY 08/09)	20A	1	2/10/2004	May-09			
De ANZA BLVD. - Rainbow to Prospect	20A	1	Jan-10	Jan-12			
PROSPECT ROAD - Saratoga to De Anza	20A	1	2013	Jul-09			
DISTRICT 2							
BLOSSOM HILL, SNELL AVE - Judith to Snell, Giuffrida to Cheyenne	20A	2	2013	Jul-09		(\$2,000,000)	
DISTRICT 3							
4TH/5TH/6TH STREET (PHASE I), bounded by Santa Clara and San Fernando St (Completed Construction: Phase I in 2003 and Phase II in 2005)	20A	3	1/29/2002 & 5/7/2002	Completed	(\$311,000)	(\$4,468,517)	
GUADALUPE GARDENS (Phase I) - Hedding/Coleman (In Construction)	20A	3	1/14/2003	Jan-07		(\$3,000,000)	
JACKSON/TAYLOR - 4th to 9th (In Design)	20A & B	3	11/18/2005	Jan-08		(\$3,000,000)	
GUADALUPE GARDENS (Phase II) - Hedding/Taylor/Coleman (Design FY 06/07)	20A	3	1/14/2003	Jul-07		(\$2,500,000)	
JACKSON/TAYLOR - 4th to 9th (Design FY 06/07)	20A & B	3	11/18/2005	Jan-08		(\$2,500,000)	
MARKET/ALMADEN AVE. - Reed, Pierce, William, Balbach, Viola (Design FY07)	20A	3	6/13/2006	Sep-08		(\$2,500,000)	
VASONA LRT: DELMAS/SAN FERNANDO, 87, Cahill, Auzerals, S Clara.	20A & B	3	Aug-07	Jul-09		(\$950,000)	
Coleman Avenue - Hedding St to Basset	20A	3	Feb-09	Feb-11		(\$2,500,000)	
DISTRICT 4							
LUNDY AVE - Murphy to Old Hostetter	20B	4	Aug-10	Apr-12		(\$700,000)	(\$1,500,000)
MUNICIPAL GOLF COURSE - Lundy/Old Oakland Rd./Murphy	20A	4	2013	Jul-09			
DISTRICT 5							
McKEE ROAD - Jackson to Jose Figueres	20B	5	Sep-07	May-09	(\$1,000,000)	(\$1,600,000)	
WHITE ROAD at Alum Rock Avenue (Alum Rock Library)	20A	5	Apr-08	May-10			
DISTRICT 6							
PARK/NAGLEE - Park, Naglee to Shasta & Naglee, Park to Bascom (Design FY	20A	6	5/12/2006	Sep-08	(\$800,000)	(\$2,000,000)	
MERIDIAN AVENUE - Park to Auzerals	20B	6	Jun-08	Jan-10		(\$1,800,000)	
LINCOLN AVENUE - San Carlos to Coe	20A	6	Dec-09	Jun-11		(\$750,000)	
PEARL/HILLSDALE - Capitol to Hillsdale to Summer Creek	20B	6	Aug-09	Apr-11		(\$750,000)	
CANOS GARDEN, Almaden to Masonic	20B	6	Oct-09	Jun-11		(\$1,800,000)	
HAMANN PARK, Westfield - Central to Daniel	20A	6	Jun-10	Jun-12		(\$700,000)	
JULIAN STREET, The Alameda to Cinnabar	20B	6	Sep-10	May-12		(\$700,000)	
VASONA LRT: FRUITDALE AVENUE - Southwest to Meridian	20B	6	6/21/1994	Jun-12		(\$700,000)	
MINNESOTA AVE. - Lincoln to Iris	20A	6	2013	Jul-09		(\$1,500,000)	
DISTRICT 7							
MONTEREY RD. - Willow to Curtner, inc. Cadwallier Plaza	20A	7	6/20/1989	Mar-10		(\$2,000,000)	
TULLY ROAD, Kenoga Dr to Senter Rd	20A	7	Jun-09	Mar-11		(\$2,500,000)	
DISTRICT 8							
EVERGREEN PARK - Yerba Buena Rd. & San Felipe Rd. (Design FY 08/09)	20A	8	6/21/1998	Dec-08		(\$1,200,000)	
ABORN ROAD - Renfield Wy to Thompson Creek (Evergreen Library)	20A	8	May-08	Mar-10		(\$1,500,000)	
GROSBECK PARK, Klien Rd. - Hill to Norwood	20A	8	Jun-10	Apr-12		(\$1,800,000)	
DISTRICT 9							
CAMDEN AVENUE, Bascom to Leigh (Design FY 007/08)	20A	9	8/17/1993	Mar-09	(\$800,000)	(\$2,000,000)	
LOS GATOS/ALMADEN ROAD - Union to Warwick	20B	9	Aug-08	Jun-10		(\$1,800,000)	
KIRK PARK, Foxworthy - Yucca to Briarwood	20A	9	Feb-10	Feb-12			
DISTRICT 10							
McABEE ROAD - Jull-Lynn to Peralla	20B	10	Nov-07	Jun-09	(\$700,000)	(\$1,700,000)	
McABEE ROAD - Peralla to Camden	20A	10	Aug-09	Apr-11			

**RULE 20A AND 20B (IN-LIEU FEE) UNDERGROUND UTILITY PROGRAM
SUMMARY OF CHANGES SINCE LAST REPORT**

ATTACHMENT C

PROJECT	TYPE OF PROJECT	COUNCIL DISTRICT	2005/06-2010/11 WORKPLAN (submitted to the City Council in April 2006)		2006/07 - 2011/12 WORKPLAN (PROPOSED)		REASON FOR CHANGE (SEE NOTES)
			LEGISLATION ADOPTION DATE	CONSTRUCTION START	LEGISLATION ADOPTION DATE	CONSTRUCTION START	
4TH/5TH/6TH/7TH ST (PHASE I & II), bounded by Santa Clara & St. John St.	20A	3	Legislated	Completed	Legislated	Completed	
GUADALUPE GARDENS - Hedding/Taylor/Coleman (In Construction)	20A	3	Legislated	2006	Legislated	In Construction	C, F
SARATOGA AVENUE - Route 280 to Kiely (In Design)	20B	1	Legislated	2006	Legislated	In Construction	
EVERGREEN PARK - Yerba Buena Rd. & San Felipe Rd. (In Design)	20A	8	Legislated	2007	Legislated	2008	A
JACKSON/TAYLOR - 4th to 9th	20A & B	3	Legislated	2007	Legislated	2008	C, E
MARKET/ALMADEN AVE. - Reed, Pierce, William, Balbach, Viola	20A	3	2006	2008	Legislated	2008	C, E
PARK/NAGLEE - Park, Naglee to Shasta & Naglee, Park to Bascom	20A	6	2006	2007	Legislated	2008	C, E
CAMDEN AVENUE, Bascom to Leigh (In Design)	20A	9	Legislated	2007	Legislated	2009	E
McABEE ROAD - Juli-Lynn to Peralta	20B	10	2008	2010	2007	2009	E
McKEE ROAD - Jackson to Jose Figueres	20B	5	2008	2010	2007	2009	E
STEVENS CREEK BLVD - Stearns to Calert (In Design)	20A	1	Legislated	2006	Legislated	2009	E
VASONA LRT: DELMAS/SAN FERNANDO, 87, Cahill, Auzerais, S Clara	20A & B	3	2006	2008	2007	2009	E
VASONA LRT: MONTGOMERY ST. - Santa Clara to Park	20A	3	2006	2008	2007	2009	E
VASONA LRT: PARK AVE. - Rte. 87 to Bird	20A	3	2006	2008	2007	2009	E
ABORN ROAD - Renfield Wy to Thompson Creek (Evergreen Library)	20A	8	2007	2009	2008	2010	E
LOS GATOS/ALMADEN ROAD - Union to Warwick	20B	9	2008	2010	2008	2010	E
MERIDIAN AVENUE - Park to Auzerais	20B	6	2007	2009	2008	2010	E
MONTEREY RD. - Willow to Curtner, Inc. Cadwaller Plaza	20A	3, 7	Legislated	2008	Legislated	2010	E
WHITE ROAD at Alum Rock Avenue	20A	5	2007	2008	2008	2010	E
CANOAS GARDEN, Almaden to Masonic	20B	6	2008	2010	2009	2011	E
COLEMAN AVENUE, Hedding St to Basset	20A	3	2008	2010	2009	2011	E
LINCOLN AVENUE - San Carlos to Coe	20A	6	2008	2010	2009	2011	E
McABEE ROAD - Peralta to Camden	20A	10	2008	2010	2009	2011	E
PEARL/HILLSDALE - Capitol to Hillsdale to Summer Creek	20B	6	2008	2010	2009	2011	E
TULLY ROAD, Kenoga Dr to Senter Rd	20A	7	2008	2010	2009	2011	E
De ANZA BLVD. - Rainbow to Prospect	20A	1	2009	2011	2010	2012	E
GROSBECK PARK, Klien Rd. - Hill to Norwood	20A	8	2010	2012	2010	2012	E
HAMANN PARK, Westfield - Central to Daniel	20A	6	2010	2012	2010	2012	E
JULIAN STREET, The Alameda to Cinnabar	20B	6	2009	2011	2010	2012	E
KIRK PARK, Foxworthy - Yucca to Brianwood	20A	9	2008	2010	2010	2012	E
LUNDY AVE - Murphy to Old Hostetter	20B	4	2009	2011	2010	2012	E
VASONA LRT: FRUITDALE AVENUE - Southwest to Meridian	20B	6	Legislated	2008	Legislated	2012	E
MUNICIPAL GOLF COURSE - Lundy/Old Oakland Rd./Murphy	20A	4	2009	2011	2013	2013	E
BLOSSOM HILL, SNELL AVE - Judith to Snell, Giuffrida to Cheyenne	20A	2	2011	2013	2013	2015	E

**RULE 20A AND 20B (IN-LIEU FEE) UNDERGROUND UTILITY PROGRAM
SUMMARY OF CHANGES SINCE LAST REPORT**

ATTACHMENT C

PROJECT	TYPE OF PROJECT	COUNCIL DISTRICT	2005/06-2010/11 WORKPLAN (submitted to the City Council in April 2006)		2006/07 - 2011/12 WORKPLAN (PROPOSED)		REASON FOR CHANGE (SEE NOTES)
			LEGISLATION ADOPTION DATE	CONSTRUCTION START	LEGISLATION ADOPTION DATE	CONSTRUCTION START	
MINNESOTA AVE. - Lincoln to Iris	20A	6	2011	2013	2013	2015	E
PROSPECT ROAD - Saratoga to De Anza	20A	1	2011	2013	2013	2015	E
VASONA LRT: Stokes @ Southwest Expressway	20B	6	Legislated	2008	Legislated	Dropped	D

BOLD PRINT indicates changes since last report.

NOTE: REASON FOR CHANGES

- A. Difficulty in obtaining easements needed for underground substructures. Project being re-engineered.
- B. Construction of this project is coordinated with City of Cupertino's Rule 20A project
- C. Project in design (high priority project).
- D. Project dropped from the workplan. Poles and wires relocated and/or undergrounded in conjunction with the Vasona LRT Project. dates to accommodate new projects. Also reflects other project schedule changes in early years.
- E. Project reprioritized based on utility companies' ability to deliver projects within the 5-year period. Workplan reflects rescheduled target
- F. Project schedule coordinated with the Guadalupe Gardens Masterplan, Taylor Street Widening and Coleman/1880 Projects. Project initially delayed because of ongoing negotiations with PG&E with regards to above ground cabinets versus special facilities cost and no cost easement

**AREAS IDENTIFIED FOR CONSIDERATION AS
FUTURE RULE 20A UNDERGROUND UTILITY PROJECTS**

PROPOSED PROJECT AREA

1. COUNCIL MEMBER REQUESTS

- White Road, McKee Road to Eastside Drive
- White Road, Park Lane to Ocala/Martin Ave
- Areas north of the Reid/Hillview Airport

2. REDEVELOPEMENT PRIORITY AREAS

- Post, Almaden Blvd. To San Pedro & Almaden Ave., Post to Santa Clara
- Julian/St. John, Autumn to 87
- Julian/St. James, Notre Dame to 1st
- Santa Clara/St. James – Almaden Ave to Almaden Expwy
- Julian/Basset, 87 to San Pedro
- Julian/St. John – 5th –to 8th
- Autumn/Montgomery, Julian to St. John
- Coleman Ave., 87 to Hobson
- San Salvador, 4th to 10th
- Empire/Hensley, 2nd to 4th
- Second Street, St. James to Empire

3. CITIZEN REQUESTS

- Meridian Avenue, Fruitdale to Hamilton

4. SOUTH CAMPUS NEIGHBORHOOD: – Streets requested for consideration by the Planning Department on behalf of the South Campus Neighborhood Revitalization Plan Advisory Group and the residents of the area. Streets requested as follows:

- Reed Street, 2nd St. to 4th St.
- William Street, 2nd St. to William Street Park.
- 7th Street, I-280 to SJSU Campus
- 10th & 11th Streets, I-280 to E. Santa Clara Street.

5. PROJECTS THAT WILL COMPLIMENT CIP PROJECTS - Streets requested by the Department of Transportation that will compliment CIP projects. Streets/area requested as follows:

- **Almaden Expwy/Coleman Area** - need to remove conflicts from Almaden POC project. Almaden Expwy is in Santa Clara County jurisdiction; therefore it will be a County Rule 20A project. City staff has started discussion with the County and is closely monitoring the progress of the project.
- **Taylor Street** - Guadalupe Gardens to Japantown - coordinate with Taylor/First project and close gap between other undergrounding projects on Taylor.
- **Julian/St James Couplet Corridor** - remove conflicts from signal conversions
- **5th Street Corridor** - create attractive ped corridor from SJSU/City Hall to Japantown (relates to HIP grant)
- **3rd/4th Street Couplet Corridor** - enhance Hensley Historic District

**SUMMARY OF CRITERIA FOR EVALUATING
UNDERGROUND UTILITY PROJECTS**

RULE 20A UNDERGROUNDING UTILITY PROJECTS

Approved by CPUC, 1968, revised 2002.

The governing body of the City or County in which such electric facility are and will be located has determined, after consultation with the Utility and after holding public hearings on the subject, that such undergrounding is in the public interest for one or more of the following reasons:

- a. Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electrical facilities.
- b. The street or road right-of-way is intensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic.
- c. The street or road 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.
- d. The street or road or right-of-way is considered an arterial or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines.

ADDITIONAL CRITERIA ESTABLISHED BY THE CITY OF SAN JOSE:

1. Projects that complement City capital improvement projects (1978).
2. Completion of undergrounding adjacent to undergrounding accomplished by other projects (1978).
3. Projects that front city facilities such as parks, libraries, and fire stations (1978).
4. Projects in the Core (Downtown) Area (1978).
5. Projects that minimize costs to single family residences (1978).
6. Projects that are done in conjunction with light rail transit projects (1985).
7. Projects that are on gateway streets to the downtown area (1985).
8. Twenty percent (20%) of Rule 20A funds will be designated for projects adjacent to city parks (1986).
9. Projects in Redevelopment or Neighborhood Business District areas (1987).

RULE 20B (IN-LIEU FEE) UNDERGROUNDING UTILITY PROJECTS

Approved March 16, 1993

The criteria and procedures to create underground utility districts are specified in the San Jose Municipal Code. Proposed districts must be determined be in the general public interest for one or more of the following reasons:

- a. Such removal and replacement underground will eliminate an unusually heavy concentration of poles and overhead wires within said area;
- b. The public streets or rights-of-way within said area are extensively used by the general public and carry a heavy volume of pedestrian or vehicular traffic;

ATTACHMENT E
SUMMARY OF CRITERIA FOR EVALUATING UNDERGROND UTILITY PROJECTS
Page 2 of 2

- c. The public streets or rights-of-way within said area adjoin or pass through a civic area or public recreation area or an area of unusual scenic interest to the general public.

GENERAL CRITERIA

The purpose of the General Criteria is to ensure that all projects included in the Workplan provide opportunities for cost effectiveness due to lower unit costs resulting from large aggregated projects, and are in areas where in-lieu fees have been paid. To date, in-lieu fees have been paid for 509 private development projects throughout the City. The Undergrounding Master Plan, listing 268 proposed projects areas that meet the General Criteria, has been developed by staff and is presented in Attachment E. The listing is presented in sequence of the percentage of proposed project frontage for which in-lieu fees have been paid (highest to lowest). The Undergrounding Master Plan is developed through consideration of the following General Criteria:

1. A minimum 600 feet of overhead facilities to be replaced. Projects that meet this criterion are eligible for certain credits from utility companies resulting in a lower cost per foot to complete the project.
2. Percentage of proposed project frontage for which in-lieu fees have been paid. The percentage of frontage length paid to date, the higher the priority.
3. Development frontages where undergrounding in-lieu fees have been paid and held by the City for five or more years. Fees must be returned if a project area cannot be identified (as shown in the Master Plan) within five years.

SPECIFIC CRITERIA

The purpose of the Specific Criteria is to provide specific guidelines for staff in selecting project areas for the Workplan. The Specific Criteria ensure that actions required of the City by executed agreements are implemented and also provide the flexibility to coordinate with other scheduled projects and programs. The proposed workplan, presented in Attachment B, has been developed through an evaluation of the Specific Criteria applicable to the listing of proposed project areas identified in the Undergrounding Master Plan.

- a. Projects for which agreements with the Utility Companies have been executed or approved for execution.
- b. Projects for which Legislation (City Ordinance) establishing an underground utility district have been adopted.
- c. Projects proposed in the last approved workplan for which review, field investigation and coordination with the utility company representative have begun.
- d. Projects requiring completion by specific dates to avoid return of fees paid per executed agreements. (Improvement District Projects).
- e. Projects that can be constructed in conjunction with other planned improvements by the City (CIP Projects).
- f. Projects that can be implemented in conjunction with private development construction activities.
- g. Projects that were proposed in the last approved workplan for which coordination with utility companies has not begun.
- h. Distribution among Council Districts in as equitable manner as possible.

BEST PRACTICES –Utility Undergrounding

Objective: The following “Best Practices” are to provide a summary of utility undergrounding/conversion process and to achieve accountability.

1. DEVELOPMENT OF THE 5-YEAR UTILITY UNDERGROUNDING WORKPLAN (CITY AND UTILITY COMPANIES)

- a. Seek requests, in October, from the San José Redevelopment Agency, Public Works and other City Departments for utility undergrounding along future project locations.
- b. Provide utility companies with proposed locations and schedules for the workplan in November.
- c. Incorporate comments from utilities and submit workplan to Council in December-January.
- d. In February-March, resubmit the workplan to utilities if any changes were made to the workplan.
- e. Transmit the workplan to Council for approval in April-May.

2. SCHEDULE WALKTHROUGHS AND PRELIMINARY ENGINEERING (CITY AND UTILITY COMPANIES)

- a. Schedule walkthroughs on prioritized project locations with all utility companies and any other stakeholders. (1-2 days)
- b. Identify any changes in scope determined in the field during the walkthrough. (1 week)
- c. Schedule a preliminary engineering walkthrough with PG&E. (2-3 weeks)
- d. Identify aboveground cabinets, their locations, and any easements that may need to be obtained. (1 week)
- e. Create a preliminary estimate for special facilities and City facilities service conversions and notify appropriate stakeholders. (2 weeks)
- f. Identify possible funding sources for special facilities and City facilities. (3-4 weeks)

3. COMMUNITY OUTREACH (CITY)

- a. Identify any community groups within the proposed district that will assist in community outreach. (1 week)
- b. Setup a community meeting.
- c. Notify property owners and residents of the community meeting.
- d. Develop the presentation to the community. (3 weeks)
- e. Hold the community meeting. (1 day)
- f. Respond to inquiries regarding the proposed project.

- 4. LEGISLATION PROCESS TO ADOPT AN UNDERGROUND UTILITY DISTRICT (CITY)**
 - a. Prepare Council memo to Set Public Hearing for proposed project. (4-5 weeks in duration)
 - b. Council meets and Sets Public Hearing, typically to be conducted in 3-4 weeks.
 - c. City staff notifies the City Clerk's Office, utilities, property owners and residents of the scheduled Public Hearing.
 - d. City staff receives comments and responds to inquiries regarding the proposed project.
 - e. City staff composes and submits to Council a supplemental memo if any protest is filed.
 - f. Council conducts Public Hearing
 - g. Hearing and at its conclusion establishes the Underground District.
 - h. City staff notifies property owners and utilities of the establishment of the District.

- 5. DESIGN OF THE UTILITY UNDERGROUND PROJECT (CITY AND UTILITY COMPANIES)**
 - a. City staff meets with utilities and provides input on aboveground structures.
 - b. Utilities begin the design of the undergrounding project. (10-12 months in duration)
 - c. PG&E staff provides typical conversion drawings and specifications for private properties. (3-4 weeks)
 - d. City staff mails PG&E conversion information to private property owners.
 - e. City begins the design of City facilities service conversions. (3-4 months in duration)
 - f. The prime trenching agent incorporates designs (noted above) into one composite plan and submits it to the City for permits. (1-2 months duration)
 - g. City staff reviews plans, provides comments as necessary, approves the plan, and issues permits to all utilities. (1-2 week duration)

- 6. CONSTRUCTION OF THE UTILITY UNDERGROUND PROJECT (CITY AND UTILITY COMPANIES)**
 - a. Utilities obtain approval for construction. (3-4 weeks)
 - b. Utilities either bid out or use their own forces to construct the project.
 - c. Construction begins. Duration of construction varies upon the scope of the project. Historically the construction of substructure has been 3-6 months in duration, conversion of properties 1-12 months and removal of poles approximately 4 months.
 - d. Typically, City facilities conversion is concurrent with or immediately following the installation of utility substructure. Most projects are approximately 2-3 months in duration.