

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT: DELMAS/PARK  
UNDERGROUND UTILITY  
DISTRICT**

**DATE:** 11-13-07

Approved

Date

11/14/07

**COUNCIL DISTRICT: 3**

## RECOMMENDATION

Adoption of a resolution to consider the establishment of a combination Rule 20A/In Lieu Fee (Rule 20B) Underground Utility District along Delmas Avenue from Santa Clara Street to Auzerais Avenue, Cahill Street from San Fernando Street to Santa Clara Street, San Fernando Street from Highway 87 to Cahill Street, Laurel Grove Lane from Cahill Light Rail Station to Bush Street, Cahill Park from Bush Street to Wilson Avenue, San Fernando Street from Wilson Avenue to 80' west of Wilson Street, Park Avenue from Highway 87 to Montgomery Street, and Auzerais Avenue from Bird Avenue to Highway 87, and setting a public hearing on January 15, 2008, at 1:30 p.m.

## OUTCOME

Approval of this resolution will enable the Council to hold a public hearing resulting in the establishment of the Delmas/Park Underground Utility District. Establishment of this District will improve the appearance, pedestrian mobility and ease utility equipment maintenance within the area described above.

## EXECUTIVE SUMMARY

The proposed underground utility district as specifically described above and depicted in Attachment A will require utility companies to remove utility poles and aerial cables from the public right-of-way and install a new improved underground system. The proposed underground utility district is located on portions of streets generally south of the HP Pavilion, west of Highway 87 and north of Highway 280. The project will be funded by utility company funds designated by Rules 20A and 32 of the California Public Utilities Commission (CPUC) and developer fees under the City's Utility Undergrounding Fee program (also referred to as "In-Lieu Fees") for CPUC Rule 20B projects. Under CPUC Rule 20B, PG&E will convert its overhead facilities to underground facilities if: 1) there is legislation authorizing PG&E to

discontinue its overhead service and 2) the project applicant a) arranges for the installation of all substructures, including trenching, backfilling and repaving, and b) pays PG&E the non-refundable sum equal to the cost difference between the new underground system and an overhead system of equivalent capacity. Fees from the City's Utility Undergrounding Fee program are used to fund these costs and pay for 20B projects.

## **BACKGROUND**

Through Rule 20A, the CPUC requires Pacific Gas and Electric Company (PG&E) to annually set aside funds for financing the undergrounding of overhead distribution facilities located on public streets within the City of San José. The CPUC also requires AT&T, through Rule 32, to set aside funds for undergrounding its facilities where PG&E has been required to underground. Comcast is required by its agreement with the City to budget funds to similarly participate in projects where the PG&E Rule 20A and AT&T Rule 32 funds are programmed for undergrounding.

On June 1989, Council adopted an ordinance establishing the Utility Undergrounding Fee Program. The fee is required from developers in-lieu of completing the aerial-to-underground conversion along their development's street frontage. Fees under this program are used in part to pay the costs associated with PG&E Rule 20B projects. The Department of Public Works then coordinates the establishment and construction of utility conversion projects in accordance with the current work plan approved by Council.

The proposed Delmas/Park Underground Utility District (District) is included in the 2006/2007 – 2011/12 revised Rule 20A and Rule 20B (In-Lieu Fee) Underground Utility Program Five-Year Workplan reported to Council in October 2007. It meets criteria approved by the CPUC and the criteria established by the City in 1978 and 1987 to complete projects in the Downtown Core Area and in Redevelopment or Neighborhood Business District areas.

## **ANALYSIS**

The five-year workplan shows the proposed District to be legislated in year 2007, with funding from Rule 20A and In-Lieu Fee (Rule 20B) funds.

The provisions and procedures to establish underground utility districts are defined in Chapter 15.24 of the San José Municipal Code. The Code requires the Council to conduct a public hearing and adopt an ordinance prior to the establishment of an underground utility district. The proposed District also meets the following California Public Utilities Commission and Municipal Code criteria for establishing underground utility districts:

- Such removal and replacement will eliminate, and such prohibition will avoid, an unusually heavy concentration of poles and overhead wires within said area.
- 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.

- 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.

Within the limits of this project, majority of the facilities will be placed in underground vaults and utility companies may need to install aboveground structures (cabinets) for equipment that cannot be placed in underground vaults. These cabinets may be placed in public right-of-way or on private properties. The size, quantity and actual location of the cabinets will be determined during the design phase of the project. Establishment of the proposed District, as shown on Attachment A, will require the conversion of approximately 7,700 linear feet of aerial facilities to underground facilities.

Overall, the removal of aerial wires and utility poles will provide a significant visual benefit to the public.

There are approximately 264 properties adjacent to the proposed District. One hundred twenty-five of the 264 properties receive overhead service from facilities that the proposed project will underground. This will require private property owners to perform electrical service panel conversion work on their properties. The cost of conversion for a single-family residential dwelling is typically \$800 to \$2,500. The cost can be significantly higher for multi-family and commercial/business buildings. The Public Utilities Commission provides that Rule 20A monies may be utilized to reimburse private property owner's expenses for conversion work up to \$1,500 per service entrance. Additionally, PG&E, Comcast and AT&T will provide up to 100 feet of trenching and conduit installation for properties requiring conversion within the District, from the front property line to the building structure. The remaining properties receive utility service from outside the proposed District boundaries and will not be affected by this project.

The utility companies will obtain all environmental clearances prior to construction of the project.

The project is projected to begin construction in March 2009 and to be completed in June 2010. A more detailed schedule for the establishment and implementation of the proposed District is presented in Attachment B.

### **EVALUATION AND FOLLOW-UP**

Council will conduct a public hearing at the January 15, 2008 City Council meeting. Any comments received by staff from the residents, property owners and other stakeholders will be conveyed to Council.

### **PUBLIC OUTREACH/INTEREST**



**Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

- Criterion 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)**
- Criterion 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)**

The action requested by Council does not meet any of the three criteria listed above, but the following outreach will be conducted as part of Section 15.24 of the Municipal Code for the purposes of establishing underground districts.

A community meeting was held on October 18, 2007, to inform the public of this undergrounding project. The property owners attending were concerned with the cost of conversions, process to upgrade services, and phasing of construction (service interruptions). Staff provided information on options to minimize cost of conversions and explained the PG&E policy and procedure for the \$1,500 service conversion reimbursement. Property owners were informed that Staff would provide contact information and deadlines to ensure upgrades would be appropriately incorporated into the undergrounding design. Upgrades would also require additional costs to the individual property owners based upon the increased level of service.

Property owners were assured that the utilities would minimize impacts of service interruptions and provide approximately one-month notification of service interruptions. It was explained that power interruptions typically last 3 to 4 hours and other utility interruptions are shorter duration. In general, the attendees supported the undergrounding and were satisfied with the responses from staff.

Upon Council's adoption of a resolution setting a public hearing, staff will send notices of the public hearing to all utility companies and owners and occupants of properties adjoining the proposed District. A Notice of Public Hearing will be posted at City Hall and the City Council's Agenda website will also be utilized.

Prior to the start of construction activities, PG&E will place "Door Hanger" construction notices on adjacent properties.

This memorandum will be posted on the City's website for the December 4, 2007 City Council meeting.

**COORDINATION**

The establishment of the proposed District and project schedule has been coordinated with the Department of Transportation, PG&E, AT&T, Comcast, Caltrans, City Manager's Budget Office, Planning, Building and Code Enforcement Department and the San José Redevelopment Agency. The required resolution to set the public hearing has been reviewed by the City Attorney's Office.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: None

COST TO UTILITIES:

PG&E Rule 20A Allocation	\$2,000,000
AT&T Rule 32A.1	1,500,000
Comcast	1,000,000
Total Cost to Utility Companies	4,500,000

COST TO CITY:

Project Development, Administration and Construction	
Inspection (Fund 416)	800,000
PG&E Rule 20B Agreement	350,000
AT&T Rule 32A.2 Agreement	25,000
Construction:	
City Facilities Conversion (20A) (Fund 429)	200,000
City Facilities Conversion (20B) (Fund 416)	50,000
Total Cost to City	1,425,000
<b>TOTAL PROJECT COSTS (ESTIMATED):</b>	<b>\$5,925,000</b>

2. COST ELEMENTS 0

3. SOURCE OF FUNDING: Fund 416 - Underground Utility Fund  
Fund 429 - Building and Structure Construction Tax Fund

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy for Economic Recovery section in that it will spur construction in our local economy and have no significant impact on the General Fund.

HONORABLE MAYOR AND CITY COUNCIL

11-13-07

Subject: Delmas/Park Rule 20A and 20B (In-Lieu Fee) Underground Utility District

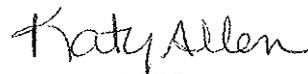
Page 6

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract	2007-2008 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
416	4654	Underground Utility Program	\$910,000	N/A	Capital, V-19	N/A
416	5147	Underground Utility Admin. (20B)	\$130,000	N/A	Capital, V-27	N/A
416	4786	Underground Utility Admin. (20A)	\$250,000	N/A	Capital, V-26	N/A
429	5063	Underground Utilities City Conversions	\$150,000	N/A	Capital V-11569	N/A
<b>Total Current Funding Available</b>			<b>\$1,440,000</b>			

**CEQA**

CEQA: Exempt, PP07-218.



KATY ALLEN

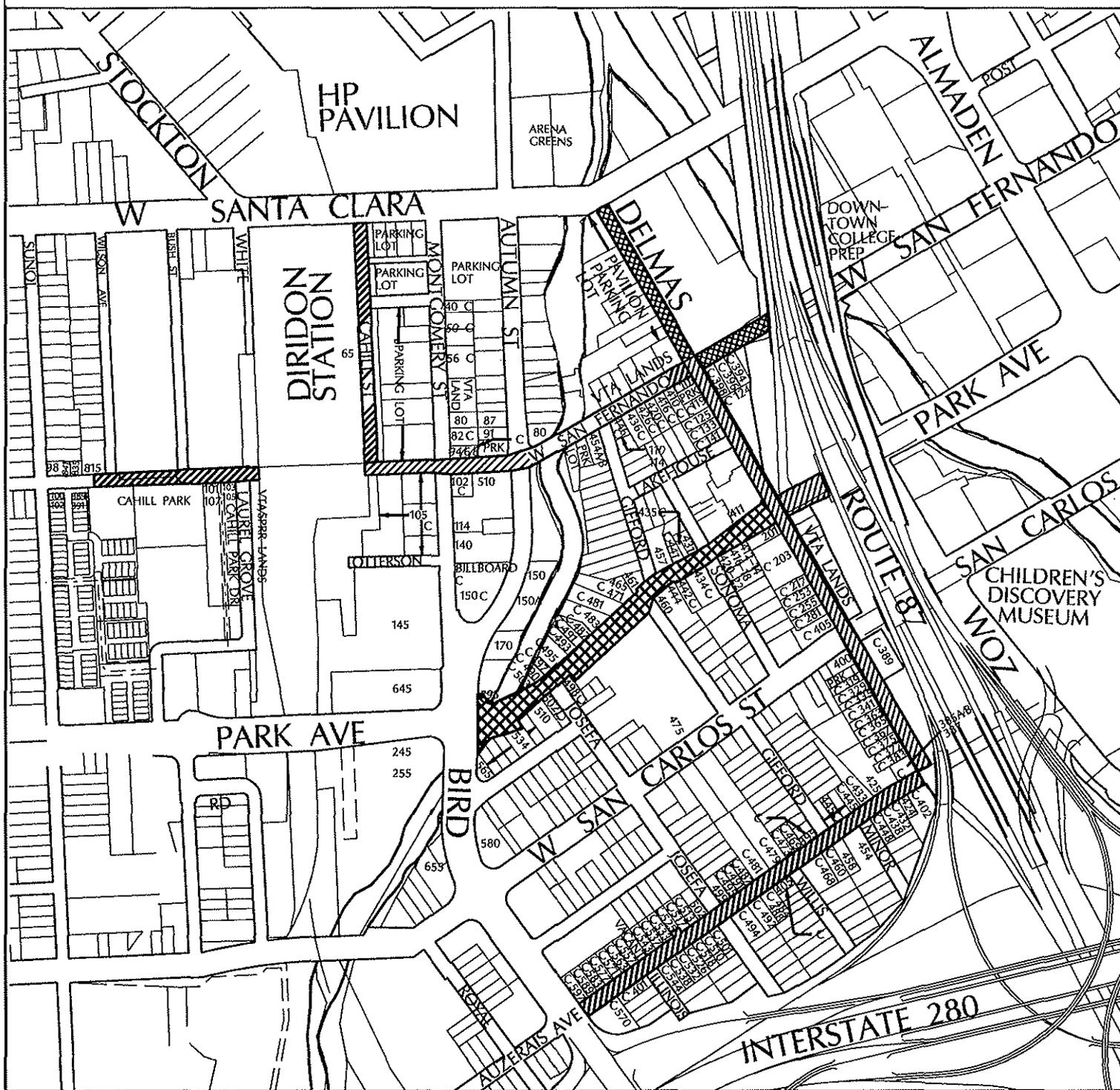
Director, Public Works Department

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

CM:SK:LR:hla

DelmasPark Reso Memo 103107

Attachments



CITY OF SAN JOSE  
 DELMAS/PARK  
 UNDERGROUND UTILITY DISTRICT  
 LEGEND

-  RULE 20A BOUNDARY
-  RULE 20B BOUNDARY
- C** REQUIRES ELECTRICAL CONVERSION

UNDERGROUND UTILITY DISTRICT along Delmas Avenue, from Santa Clara Street to Auzerais Avenue, San Fernando Street, from Highway 87 to Cahill Street, Laurel Grove Street from the Cahill Station to Bush Street, Cahill Park, San Fernando Street from Cahill Park to 50 feet west of Wilson Avenue, Park Avenue, from Highway 87 to Montgomery Street, and Auzerais Avenue, from Bird Avenue to Highway 87, Cahill Street from San Fernando Street to Santa Clara Street.

Establishment Schedule

- |                  |  |
|------------------|--|
| December 4, 2007 | City Council adopts a resolution setting a time and place for a Public Hearing.  |
| December 5, 2007 | Director of Public Works mails a notice of Public Hearing to all adjacent property owners.   |
| January 7, 2008  | Director of Public Works transmits a report of comments and/or protests received for consideration at the Public Hearing.                |
| January 15, 2008 | City Council conducts a Public Hearing and at its conclusion approves an Ordinance establishing Delmas/Park Underground Utility District |

Project Implementation Schedule

- |               |   |
|---------------|---|
| February 2008 | Utility companies begin design of substructure, conduit, vaults, electric and cable facilities. |
| June 2008     | Utilities obtain environmental clearances.  |
| March 2009    | Construction starts   |
| June 2010     | Utility companies complete connections and remove overhead wires and poles.                     |