



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 11-20-06

Approved

Katy Allen

Date

11/25/06

COUNCIL DISTRICT: 1

**SUBJECT: PACIFIC GAS AND ELECTRIC AGREEMENT FOR THE
SARATOGA/KIELY IN-LIEU FEE UNDERGROUND UTILITY DISTRICT**

RECOMMENDATION

Approval of two agreements with Pacific Gas and Electrical Company for conversion of overhead facilities to underground facilities and special facilities fees within the In-Lieu Fee (Rule 20B) Underground Utility District at Saratoga Avenue and Kiely Boulevard in an amount not to exceed \$249,422.53.

OUTCOME

Approval of the two agreements will allow PG&E to inspect the City's contract work, install equipment and wires, and complete the conversion of the overhead electric lines to the new underground substructure.

BACKGROUND

In June 1989, Council adopted an ordinance establishing an In-Lieu Utility Undergrounding Fee (Rule 20B) Program. The fee is required of developers in lieu of completing the aerial-to-underground conversion along their development's street frontage. The Department of Public Works then coordinates the establishment and construction of utility conversion projects in accordance with the City of San José's 5-year work plan, which was submitted to Council on April 2, 2006.

Expenditures from the Underground Utility Fund (In-Lieu Fees) are used solely for the conversion of overhead utility lines to underground facilities on designated streets within the City and are used as follows:

- ◆ Payment to utility companies for the cost of replacement of their existing overhead facilities with underground facilities within the public right-of-way.
- ◆ Payment of City expenses for staff, equipment, supplies and overhead associated with the establishment and administration of undergrounding projects eligible for funding.
- ◆ Payment of City expenses for the design, construction and installation of conduits and associated appurtenances for City-designed and construction-managed projects.

The Saratoga/Kiely Underground Utility District was established by Council on June 16, 1998. This proposed Rule 20B (In-Lieu) project includes the conversion of approximately 1,200 linear feet of aerial facilities to underground facilities on Saratoga Avenue from Interstate 280 to approximately 200 feet north of Kiely Boulevard and on Kiely Boulevard from Saratoga Avenue to Norwalk Drive. Two properties require conversion of phone service and one of those properties also has an electrical conversion. A map of the District is attached.

The Saratoga: I-280 to Kiely Boulevard Underground Utility District project is a City-designed and construction-managed project. This project opened bids on October 26, 2006. The project was awarded by the Director of Public Works on November 16, 2006, and is scheduled to begin construction in January 2007.

ANALYSIS

Under California Public Utilities Commission Rule 20B, PG&E is reimbursed for engineering, administrative costs, installed conduits, vaults and other underground supporting structure prior to their installation of wires and equipment and subsequent removal of overhead poles and wires. Approval of the Electric Overhead to Underground Conversion (20B) agreement with PG&E will provide funds for their costs (\$206,764) associated with the undergrounding project. Approval of the Special Facilities Payment agreement will provide funds for the difference in cost of installing subsurface transformers as opposed to aboveground equipment and the equivalent one-time payment of ongoing maintenance and operation costs (\$42,658.53).

POLICY ALTERNATIVES

Not applicable.

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)**

The approval of this agreement does not meet any of the criteria identified by the Sunshine Reforms Work Plan. As required by Ordinance No. 25620, which established the underground district, and San José Municipal Code Section 15.24.160, property owners adjacent to this underground utility district were notified of the establishment of the district. The property owners and occupants adjacent to the project were notified by mail of the construction schedule for aerial utility removal on October 2, 2006. Also, prior to the start of construction, the contractor will be required to distribute door hangers as notification to all residents and businesses. This memorandum will be on the City's website for the December 12, 2006 Council agenda.

COORDINATION

This project and agreement were coordinated with the Planning, Building and Code Enforcement Department, City Manager's Budget Office, PG&E, AT&T, California Department of Transportation and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

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

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery*	\$ 168,000
Construction	893,844
Electrical Service Conversion Reimbursement	1,500
PG&E Agreements	249,423
AT&T Agreement	10,766
Contingency (10%)	<u>89,000</u>
TOTAL PROJECT COSTS	\$ 1,412,533
Prior Year Expenditures	(72,000)
REMAINING PROJECT COSTS	\$ 1,340,533

*A total of \$72,000 was expended through 2004-05 and 2005-06 for Project Delivery costs.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

TOTAL AGREEMENT/CONTRACT AMOUNT	\$249,423
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3. SOURCE OF FUNDING: Fund 416 – Underground Utility Fund
Fund 001 – General Fund

4. FISCAL IMPACT: The General Fund will be charged up to \$1,500 for reimbursement of a private property owner’s electrical service conversion.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC#	Total Appn.	Amt. for Contract	2006-2007 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
416	4654	Underground Utility Program	135855	\$1,651,000	\$249,423	Capital V-19	N/A
001	0572	Non-Personal/Equipment	000614	\$2,652,125	0	Operating VIII-108	N/A
		Total		\$4,303,125	\$249,423		

CEQA

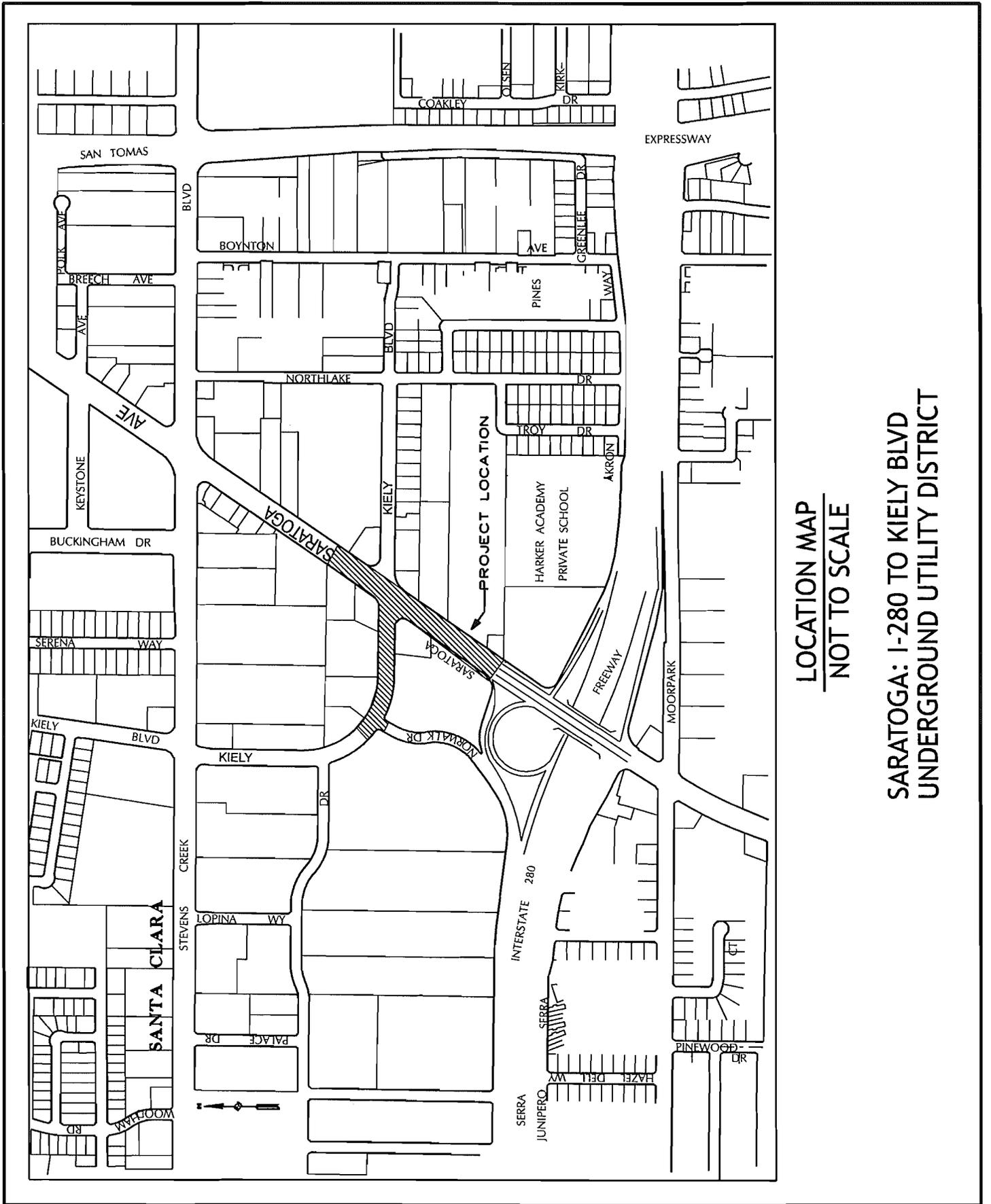
CEQA: Exempt, PP06-105.



KATY ALLEN
Director, Public Works Department

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

MO:CM:SK:LAR:hla
lr110706cmPGE-Saratoga-Kiely
Attachments



LOCATION MAP
NOT TO SCALE

SARATOGA: I-280 TO KIELY BLVD
UNDERGROUND UTILITY DISTRICT