



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

**SUBJECT: COLEMAN AVENUE RULE 20A
UNDERGROUND UTILITY
DISTRICT**

DATE: 03-30-09

Approved

Date

4/2/09

COUNCIL DISTRICT: 3

RECOMMENDATION

Adoption of a resolution to consider the establishment of a Rule 20A Underground Utility District along Coleman Avenue between West Hedding Street and Spring Street, North Market Street between West Julian Street and West St. James Street, and Devine Street between North San Pedro Street and North First Street, and setting a Public Hearing on June 2, 2009, 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 Coleman Avenue Underground Utility District. Establishment of this District will improve the appearance, pedestrian mobility and ease utility equipment maintenance within the area described above.

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. AT&T and Comcast are also required to set aside funds for these projects.

The proposed underground utility district, as 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 along Coleman Avenue between West Hedding Street and Spring Street, North Market Street between West Julian Street and West St. James Street, and Devine Street between North San Pedro Street and North First Street. This proposed project will compliment the proposed Coleman Avenue widening project, Guadalupe River Park & Gardens' improvements, and other

proposed improvements by San Jose Redevelopment Agency in the Downtown Area. The project will be funded by utility company funds, designated by Rules 20A and 32 of the California Public Utilities Commission (CPUC), and the City's franchise agreement with Comcast.

The proposed Coleman Avenue Rule 20A Underground Utility District (District) is included in the revised 2007/2008 – 2012/13 Rule 20A and Rule 20B (In-Lieu Fee) Underground Utility Program Three-Year Workplan, approved by Council in April 2008. It meets criteria approved by the CPUC and the criteria established by the City in 1978 to complete projects that front city facilities such as parks, libraries and fire stations.

ANALYSIS

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, the majority of the facilities will be placed in underground vaults. However, 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 3,000 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 90 properties adjacent to the proposed District. Twenty-one of the 90 properties currently receiving overhead service will require electrical service conversion work in order to receive electrical power from the underground system. This will require either private property owners to perform electrical service panel conversion work on their properties or PG&E to perform the work. 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 funds may be utilized to reimburse private property owners' 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 or are already receiving service from an underground system and will not be affected by this project.

The utility companies will provide monitoring in archaeological sensitive areas as required by the Mitigated Negative Declaration, issued by the Planning, Building and Code Enforcement Department identified as PP08-160.

Construction is scheduled to start in December 2010, and to be completed in January 2012. 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 June 2, 2009 City Council meeting and staff will recommend the adoption of an ordinance establishing the underground utility district. Any comments received by staff from the residents, property owners and other stakeholders will be conveyed to Council at the hearing.

POLICY ALTERNATIVES

Not applicable.

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 March 18, 2009, to inform the public of this undergrounding project. 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 to existing panels and electrical service, if desired by the property owner, would require additional non-reimbursable costs.

Property owners were assured that the utility companies 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.

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 on the City Council's Agenda website.

Should the District be legislated, a Notice of Establishment will be mailed within 20 days of the effective date of the ordinance. Additional correspondence will occur with property owners requiring electrical panel service conversions throughout the proposed project. 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 April 21, 2009 City Council meeting.

COORDINATION

The establishments of the proposed District and project schedule have been coordinated with the Department of Transportation, City Manager's Budget Office, Redevelopment Agency, and Planning, Building and Code Enforcement Department. In addition, the project has been coordinated with PG&E, AT&T, and Comcast. This memo and the proposed resolution to set the public hearing have been reviewed by the City Attorney's Office.

FISCAL/POLICY ALIGMENT

This project is consistent with the Council-approved Budget Strategy to continue with capital investments that spur construction spending in the local economy. Most importantly, this Underground Utility District is part of the approved 2007/08 – 2012/13 Workplan for the Rule 20A and Rule 20B (In-Lieu Fee) Underground Utility Program.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: None

COST TO UTILITIES:

PG&E Rule 20A Allocation	\$2,500,000
AT&T Rule 32A.1	1,000,000
Comcast	600,000
Total Cost to Utility Companies	4,100,000

COST TO CITY:

Project Development, Administration and Construction Inspection (Fund 416)	100,000
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City Facilities Conversion (20A) (Fund 429)	60,000
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Total Cost to City	160,000
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TOTAL PROJECT COSTS (ESTIMATED):	\$4,260,000
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2. COST ELEMENTS OF AGREEMENT/CONTRACT: 0

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

4. OPERATING COST: This project has no significant impact on the General Fund operating budget.

BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract	2008-2009 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
416	4786	Underground Utility Admin. (20A)	\$350,000	N/A	V-26	N/A
429	5063	Underground Utilities-City Conversions	\$987,000	N/A	V-1167	10/21/08 Ord. No. 28422
Total Current Funding Available			\$1,337,000			

CEQA

CEQA: MND PP08-257.

The Mitigated Negative Declaration identifies a number of mitigation measures that need to be implemented in order to address environmental impacts. These measures and their manner of implementation are identified in the Mitigated Negative Declaration, File No. PP08-257. These measures will be incorporated into the project design and the encroachment permit.



KATY ALLEN
Director, Public Works Department

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

Attachments
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ATTACHMENT B

UNDERGROUND UTILITY DISTRICT along Coleman Avenue between West Hedding Street and Spring Street, North Market Street between West Julian Street and West St. James Street, and Devine Street between North San Pedro Street and North First Street.

Establishment Schedule

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|----------------|---|
| April 21, 2009 | City Council adopts a resolution setting a time and place for a Public Hearing. |
| April 22, 2009 | Director of Public Works mails a notice of Public Hearing to all adjacent property owners. |
| May 11, 2009 | Director of Public Works transmits a report of comments and/or protests received for consideration at the Public Hearing. |
| June 2, 2009 | City Council conducts a Public Hearing and at its conclusion approves an Ordinance establishing Coleman Avenue Rule 20A Underground Utility District. |

Project Implementation Schedule

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|----------------|---|
| September 2009 | Utility companies begin design of substructure, conduit, vaults, electric and cable facilities. |
| April 2010 | Utilities obtain environmental clearances. |
| December 2010 | Construction starts. |
| January 2012 | Utility companies complete connections and remove overhead wires and poles. |