

RD:JLP
1/9/08

ORDINANCE NO. 28231

AN ORDINANCE OF THE CITY OF SAN JOSE ESTABLISHING A COMBINATION RULE 20A/IN-LIEU FEE AND 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

WHEREAS, by Resolution No. 74133, the City Council of San Jose set a Public Hearing on January 15, 2008 at 1:30 P.M., in the Council Chambers of the City of San Jose, City Hall, 200 E. Santa Clara Street, at the corner of Fourth and Santa Clara Streets, San Jose, to ascertain whether an Underground Utility District should be established in the area designated as "DELMAS/PARK UNDERGROUND UTILITY DISTRICT" (hereinafter called "District") and more fully described and shown on EXHIBITS A-1 and A-2 hereto; and

WHEREAS, written notice of the Public Hearing has been given pursuant to Section 15.24.050 of the San Jose Municipal Code, such hearing has been duly and regularly held, and all persons interested have been given a reasonable opportunity to be heard; and

WHEREAS, the criteria to form a district as set forth in San Jose Municipal Code Section 15.24.060 include:

- A. Removal of overhead wires and placement underground will eliminate an unusually heavy concentration of poles and overhead wires within the Proposed District;

and

B. Public streets or rights-of-way within the Proposed District are extensively used by the general public and carry a heavy volume of pedestrian or vehicular traffic; and;

C. Public streets or rights-of-way within the Proposed District adjoin or pass through a civic area or public recreation area or an area of unusual scenic interest to the general public.

WHEREAS, pursuant to Section 15.24.060 of the San Jose Municipal Code, the City Council hereby finds and determines, based on evidence presented at the Public Hearing including the memorandum from the Director of Public Works dated December 17, 2007, and attached hereto as Exhibit A-3, that the above conditions exist within the proposed district, and public necessity, health, safety, and welfare require and it is in the general public interest that existing poles and overhead wires within the District be removed therefrom and thereafter prohibited and that wires and associated facilities within the District for transmitting, conducting, conveying, distributing, or supplying electricity for the purpose of providing light, heat, power, telephone, telegraph, communication, television, or other similar or associated service be installed underground; and

WHEREAS, on October 10, 2007, this Ordinance was found to be categorically exempt from environmental review per the provisions of Section 15302 of the California Environmental Quality Act of 1970, as amended, under File No. PP07-218.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of San Jose:

SECTION 1. The City Council hereby declares that a certain area of the City of San Jose described and shown on EXHIBITS A-1 and A-2, attached hereto, made a part hereof, and incorporated herein by reference is established as an underground utility district to be designated "DELMAS/PARK UNDERGROUND UTILITY DISTRICT" and

orders and requires that existing poles and overhead wires within said District be removed therefrom by the operators of the utilities and thereafter prohibited and that wires and associated facilities within said District for transmitting, conducting, conveying, distributing, or supplying electricity for the purpose of providing light, heat, power, telephone, telegraph, communication, television, or other similar or associated service be installed underground subject to all of the provisions and exceptions contained in Part 3, Chapter 15.24, of the San Jose Municipal Code.

SECTION 2. Existing poles and overhead wires and associated facilities within the District for transmitting, conducting, conveying, distributing or supplying electricity for the purpose of providing heat, power, telephone, telegraph, communication, television or other similar or associated service shall be removed by the operators of the utilities no later than December 31, 2010.

Wires and associated facilities within the District for transmitting, conducting, conveying, distributing or supplying electricity for the purpose of providing heat, power, telephone, telegraph, communication, television or other similar or associated service shall be installed underground no later than December 31, 2010.

Persons owning any property as shown on the last equalized assessment roll served by overhead service drops which are extended from poles or spans located within the District must be ready to receive light, heat, power, telephone, telegraph, communications, television, or other similar or associated service by means of underground wires and facilities no later than December 31, 2010.

SECTION 3. The City Council does hereby request that the Pacific Gas & Electric Company and SBC is this provide payment, computed pursuant to Rule 20 and Rule 32 respectively for the installation of no more than one hundred (100) feet (measured from the property line) of trenching, excavation, conduit installation, backfill, and surface restoration of each customer's individual service lateral to each qualifying premise affected by the District.

SECTION 4. The City Council does hereby request that the Pacific Gas & Electric Company pay, from the existing Rule 20A allocation, for the conversion of electric service panels to accept underground service, up to \$1,500 per service entrance, excluding permit fees.

SECTION 5. Within twenty (20) days of the effective date of this ordinance, the Director of Public Works shall give written notice to all affected Utilities owning, possessing, or controlling any poles or overhead wires in the district and all owners and occupants of property affected by said District as required by Sections 15.24.150 and 15.24.160 of the San Jose Municipal Code.

SECTION 6. In lieu of a notice to the Utility Companies for disconnection of service pursuant to Section 15.24.140 of the San Jose Municipal Code, the Director of Public Works may give an additional notice to any noncompliant property owners or occupants in said District pursuant to Section 15.24.170 of the San Jose Municipal Code.

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SECTION 7. The Director of Public Works is hereby empowered to extend the time for any act required under this ordinance for the period of time and for the reasons set forth in Section 15.24.180 of the San Jose Municipal Code.

PASSED FOR PUBLICATION of title this 15th day of January, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,
NGUYEN, OLIVERIO, PYLE, WILLIAMS; REED

NOES: NONE

ABSENT: CONSTANT

DISQUALIFIED: NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk

EXHIBIT A-1

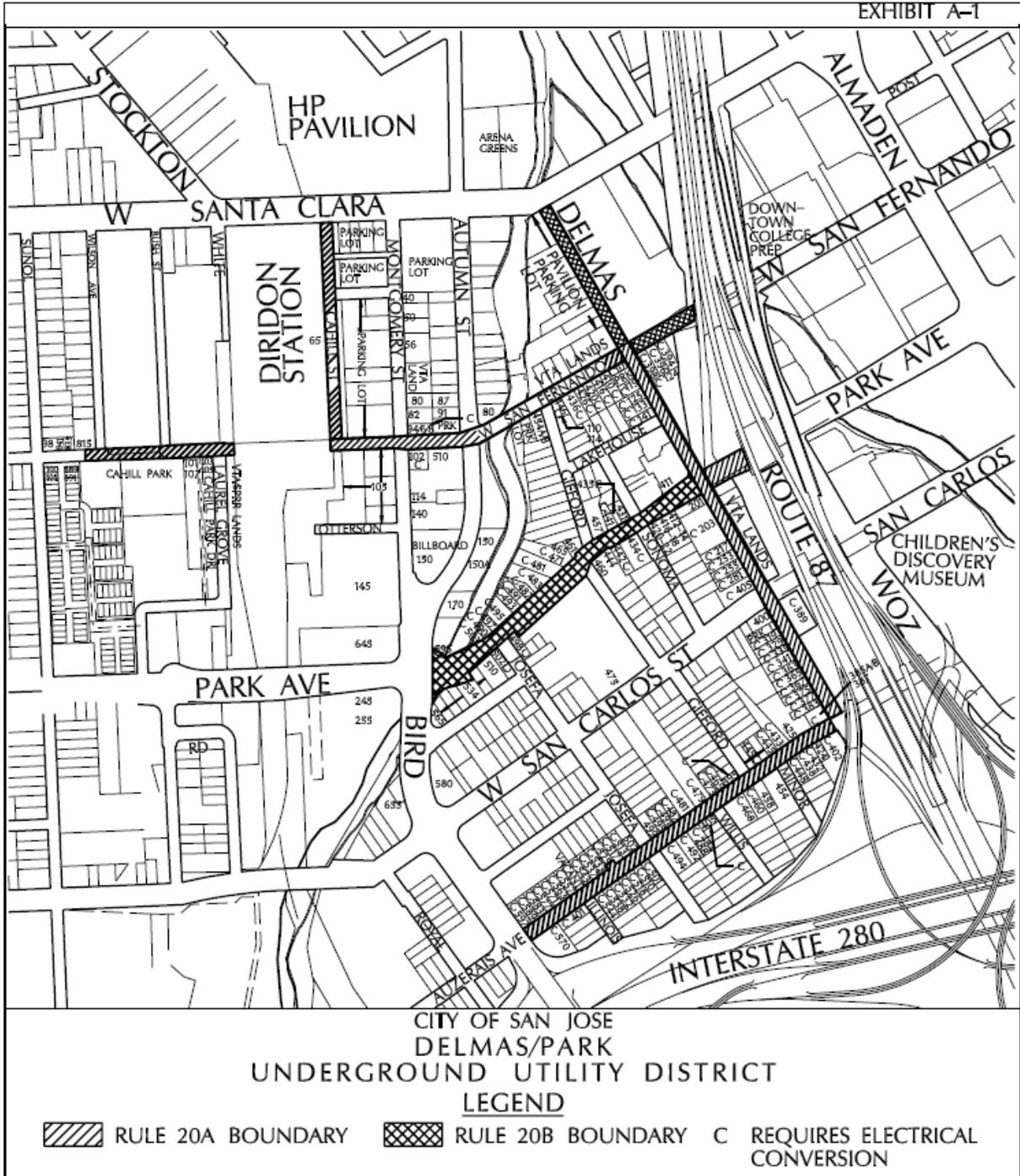


EXHIBIT A-2

DESCRIPTION OF PROPOSED BOUNDARY OF AN 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

All that certain real property situated in the City of San Jose, County of Santa Clara, State of California, described as follows:

BEGINNING at a true point at the intersection of the easterly right-of-way line of Delmas Avenue and the southerly right of way line of West Santa Clara Street;

THENCE proceeding in a southeasterly direction 680+' along the easterly right-of-way line of Delmas Avenue to a point of intersection with the northerly right-of-way line of West San Fernando Street;

THENCE proceeding in a northeasterly direction 320+' along the northerly right-of-way line of West San Fernando Street to a point of intersection with the westerly right-of-way extension line of Route 87;

THENCE proceeding in a southeasterly direction 60+' perpendicular to the centerline of West San Fernando Street to a point of intersection with the southerly right-of-way line of West San Fernando Street;

THENCE proceeding in a southwesterly direction 320+' along the southerly right-of-way line of West San Fernando Street to a point of intersection with the easterly right-of-way line of Delmas Avenue;

THENCE proceeding in a southeasterly direction 570+' along the easterly right-of-way line of Delmas Avenue to a point of intersection with the northerly right-of-way line of Park Avenue;

THENCE proceeding in a northeasterly direction 200+' along the northerly right-of-way line of Park Avenue to a point of intersection with the westerly right-of-way extension line of Route 87;

THENCE proceeding in a southeasterly direction 100+' perpendicular to the centerline of Park Avenue to a point of intersection with the southerly right-of-way line of Park Avenue;

THENCE proceeding in a southwesterly direction 200+' along the southerly right-of-way line of Park Avenue to a point of intersection with the easterly right-of-way line of

Delmas Avenue;

THENCE proceeding in a southeasterly direction 1180+' along the easterly right-of-way line of Delmas Avenue to a point of intersection with the southerly right-of-way line of Auzerais Avenue;

THENCE proceeding in a southwesterly direction 1650+' along the southerly right-of-way line of Auzerais Avenue to a point of intersection with the easterly right-of-way line of Bird Avenue;

THENCE proceeding in a northwesterly direction 60+' perpendicular to the centerline of Auzerais Avenue to a point of intersection with the northerly right-of-way line of Auzerais Avenue;

THENCE proceeding in a northeasterly direction 1600+' along the northerly right-of-way line of Auzerais Avenue to a point of intersection with the westerly right-of-way line of Delmas Avenue;

THENCE proceeding in a northwesterly direction 1120+' along the westerly right-of-way line of Delmas Avenue to a point of intersection with the southerly right-of-way line of Park Avenue;

THENCE proceeding in a southwesterly direction 1560+' along the southerly right-of-way line of Park Avenue to a point of intersection with the easterly right-of-way line of Bird Avenue;

THENCE proceeding in a northeasterly direction 240+' parallel to the centerline of Bird Avenue to a point of intersection with the northerly right-of-way line of Park Avenue;

THENCE proceeding in a northeasterly direction 1390+' along the northerly right-of-way line of Park Avenue to a point of intersection with the westerly right-of-way line of Delmas Avenue;

THENCE proceeding in a northwesterly direction 560+' along the westerly right-of-way line of Delmas Avenue to a point of intersection with the southerly right-of-way line of West San Fernando Street;

THENCE proceeding in a southwesterly direction 1690+' along the southerly right-of-way line of West San Fernando Street to a point of intersection with the westerly right-of-way line of Cahill Street;

THENCE proceeding in a northwesterly direction 800+' along the westerly right-of-way line of Cahill Street to a point of intersection with the southerly right-of-way line of Santa Clara Street ;

THENCE proceeding in a northeasterly direction 50+' along the southerly right-of-way line of Santa Clara Street to a point of intersection with the easterly right-of-way line of Cahill Street;

THENCE proceeding in a southeasterly direction 800+' along the easterly right-of-way line of Cahill Street to a point of intersection with the northerly right-of-way line of West San Fernando Street;

THENCE proceeding in a northeasterly direction 1210+' along the northerly right-of-way line of West San Fernando Street to a point of intersection with the westerly right-of-way line of Delmas Avenue;

THENCE proceeding in a northwesterly direction 680+' along the westerly right-of-way line of Delmas Avenue to the southerly right-of-way line of West Santa Clara Street;

THENCE proceeding in a northeasterly direction 50+' along the southerly right-of-way line of West Santa Clara Street to the true point of beginning.

CAHILL PARK

BEGINNING at a true point at the intersection of the easterly right-of-way line of Bush Street and the northerly right of way line of Laurel Grove Lane;

THENCE proceeding in a northeasterly direction 270+' along the northerly right-of-way line of Laurel Grove Lane to a point of intersection with the easterly right-of-way line of Laurel Grove Lane;

THENCE proceeding in a southeasterly direction 50+' along the easterly right-of-way line of Laurel Grove Lane to a point of intersection with the southerly right-of-way line of Laurel Grove Lane;

THENCE proceeding in a southwesterly direction 550+' along a line of extension of the southerly right-of-way line of Laurel Grove Lane to a point of intersection with the easterly right-of-way line of Wilson Avenue;

THENCE proceeding in a southwesterly direction 85+' along the southerly right of way line of West San Fernando Street to a point of intersection with a line perpendicular to the centerline of West San Fernando Street;

THENCE proceeding in a northwesterly direction 50+' along a line perpendicular to the centerline of West San Fernando Street to a point of intersection with the northerly right-of-way line of West San Fernando Street;

THENCE proceeding in a northeasterly direction 85+' along the northerly right-of-way line of West San Fernando Street to a point of intersection with the easterly right-of-way line of Wilson Avenue;

THENCE proceeding in a northeasterly direction 280+' along a line of extension of the northerly right-of-way line of West San Fernando Street to a point of intersection to the true point of beginning.

EXHIBIT A-3

COUNCIL AGENDA: 01-15-08
ITEM:



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

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

DATE: 12-17-07

Approved

Date

Council District: 3

RECOMMENDATION

Conduct a Public Hearing and adopt an ordinance to establish a combination Rule 20A and 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 feet west of Wilson Street, Park Avenue from Highway 87 to Montgomery Street, and Auzerais Avenue from Bird Avenue to Highway 87.

OUTCOME

Approval of this ordinance will establish the Delmas/Park Underground Utility District in accordance with the San José Municipal Code. In addition, it will enable City staff to direct utility companies to begin design of the project. Establishment of this district will improve the appearance, pedestrian mobility and ease of 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

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

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

On December 5, 2007, notices of a public hearing were mailed to all utility companies, owners of property and owners adjacent to the proposed District.

A schedule for establishment and implementation of the proposed Underground Utility District is presented in Attachment B.

EVALUATION AND FOLLOW-UP

Upon City Council's approval of the ordinance at the public hearing, utility companies will begin design of the project. Once the design is near completion, Public Works will mail

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

electrical service conversion packets to all property owners that need their electrical service panel converted to receive service from an underground system. Public Works and utility companies will closely coordinate design and electrical conversion work with the property owners. In addition, continuous coordination will occur during the design and construction phases of the project with the adjacent property owners and other stakeholders such as San Jose Redevelopment Agency.

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 approval of the ordinance at the public hearing, Public Works will mail a notice of adoption of ordinance to all utility companies, and property owners of property adjoining the proposed District.

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Prior to the start of construction activities, PG&E will place “Door Hanger” construction notices on properties adjoining the proposed District and those affected by construction.

On January 3, 2008, staff will transmit a supplemental memo should any comments or protest be received for consideration at the public hearing.

COORDINATION

The establishment of the proposed District and project schedule has been coordinated with the Department of Transportation, PG&E, AT&T, Comcast, Caltrans and the San José Redevelopment Agency. The City Attorney’s Office has reviewed the required ordinance to establish the District.

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
TOTAL PROJECT COSTS (ESTIMATED):	\$5,925,000

2. COST ELEMENTS OF AGREEMENTS/CONTRACTS: 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.

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	\$418,000	N/A	Capital V-1156	10/16/07 Ord. No. 28143
Total Current Funding Available			\$1,708,000			

CEQA

CEQA: Exempt, PP07-218.

KATY ALLEN
Director, Public Works Department

MO:SK:og
(Delmas/Park UndergroundUtility DistrictOrd.doc/util)
Attachments

ATTACHMENT B

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

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|------------------|--|
| 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

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|---------------|---|
| 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. |

HONORABLE MAYOR AND CITY COUNCIL

12-17-07

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

ATTACHMENT A