



CITY OF OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Ryan Russo
Director, DOT

SUBJECT: Piedmont Pines Area Utility
Undergrounding Phase II-
Supplemental Report

DATE: March 6, 2018

City Administrator Approval

Date:

3/8/18

RECOMMENDATION

Staff Recommends That The City Council Adopt:

- 1) Resolution Of Intention To 1) Order Improvements And To Form The City Of Oakland Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II); 2) Accept Indications Of Interest In The Proposed Assessment District By Owners Owning Land Constituting More Than One-Half Of The Area Of The Assessable Lands Within The Proposed Assessment District; 3) Find That The Improvements Are Of More Than Local Or Ordinary Public Benefit, And The Cost And Expenses, Including Incurred City Cost Of District Creation Thereof, Are Made Chargeable Upon The Assessment District; 4) Provide That The Council Intends To Levy A Special Assessment Upon The Land Within The Assessment District; 5) Provide That Bonds Shall Be Issued To Finance A Portion Of The Costs Of Improvements; 6) Appoint Harris & Associates As The Engineer Of Work For The Assessment District; And 7) Direct The Engineer Of Work To Make And File The Engineer's Report With The City Clerk.
- 2) Resolution 1) Preliminarily Accepting And Approving The Engineer's Report; 2) Calling For A Public Hearing On The Proposed Assessment District To Be Held By The Council On Tuesday, May 15, 2018 At 6:30 P.M. And An Election For The City Of Oakland Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II); And 3) Designating The Engineer Of Work To Assist The City Clerk In Connection With The Mailing And Tabulation Of The Ballots, And To Answer Inquiries Regarding The Protest Proceedings Applicable To The Assessment District.
- 3) Resolution 1) Directing City Staff to Assist With a Request to the California Public Utilities Commission for Exception to Certain Rules Related to the Funding of the Undergrounding of Utilities for the Proposed City Of Oakland Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase II; and 2) Making Findings Related Thereto

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REASON FOR SUPPLEMENTAL REPORT

This supplemental report describes City Council's intention to support PG&E's application to the Public Utilities Commission (PUC) to seek a deviation to allow the use of the City's allocation under Rule 20A to fund the undergrounding of the overhead utilities within Phase II of the Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II) in the Piedmont Pines area of the City.

BACKGROUND / LEGISLATIVE HISTORY

The Piedmont Pines Underground Utility District) was established by the City Council by Resolution No. 75652, on May 2, 2000. Since the area is large and affects multiple streets, the implementation is proposed to delivered in phases. Phase I of the program has been completed, and Phase II, the subject of this report and resolutions, is in its early stages of approvals, planning and implementation. A future Phase III is expected to move forward in the future, after Phase II is completed. Phase III streets meet current Rule 20A criteria and would not need PUC approval for a deviation.

Funding for the undergrounding of the existing overhead utilities within Phase II of Underground Utility District No. 2007-232 (Piedmont Pines Area) is dependent in part upon the use of the approximately \$16,495,000 of Rule 20A by PG&E to fund its portion of the undergrounding project (about 56% of the overall project). The California Public Utilities Commission (PUC) has established requirements for the use of Rule 20A credits allocated to jurisdictions which are outlined in a related PUC tariff. For the reasons discussed below, PG&E will be required to request a deviation from the PUC tariff to fund their portion of the project costs using Rule 20A credits which have been allocated to the City of Oakland.

To qualify for full ratepayer funding, pursuant to Rule 20A, a project must meet certain public interest criteria as detailed in Electric Rule 20. Under the current PUC tariff, a proposed underground project area must include only streets with an unusual concentration of overhead lines (i.e., through circuits or over-built circuits), arterial or major collector streets as identified in the community's general plan, or streets that pass through or adjoin parks or other areas of unique scenic or public interest. As currently estimated by PG&E, approximately 80% of the streets to be included in the proposed Assessment District would require a waiver.

The requirement to limit the use of Rule 20A credits for streets with heavy volumes of traffic, including only arterial and collector streets, was the result of a modification to the applicable PUC tariff that became effective July 1, 2002, which was after the date the City established the Piedmont Pines Utility Underground District.

PG&E has advised the City that they will submit an application to the PUC to request a deviation from the current Rule 20A tariff requirements to allow the undergrounding of the overhead utilities on all of the streets proposed to be included within Phase II of the Piedmont Pines Underground District. PG&E believes that their application to the PUC may be approved by the PUC based upon:

- the level of community support shown by the property owners within the Assessment District to proceed with creating an assessment district which would pay a portion of the cost of the undergrounding project within the proposed Assessment District,
- that the undergrounding of the utilities on those short street segments that do not meet the current requirements would improve safety, to ensure escape routes, as well as sight lines at intersections due to the elimination of the need for riser poles to transition back to overhead service, and
- that the undergrounding of all utilities within the District would eliminate “islands” where there are isolated short segments of overhead utilities that would likely never be undergrounded in the future.

The length of time that it will take to obtain the PUC waiver is not known, but it is estimated that it may take 4-6 months for the PUC to review and rule on PG&E’s application for a deviation to the current tariff rules related to the use of Rule 20A allocations for this project.

If PUC does not approve PG&E’s request for a deviation, the utility undergrounding project would have to be reevaluated, or the City could elect to move forward with Phase III of the project since it meets the tariff requirements for the use of the Rule 20A allocations.

ANALYSIS AND POLICY ALTERNATIVES

Based upon the need for PG&E to seek approval of the PUC for a deviation under its Electric Rule 20 tariff to fund portions of the utility undergrounding project within Phase II of the Piedmont Pines Utility Underground District, staff has identified two (2) options. The City council could elect to:

1. Proceed with the actions presented in the staff report dated January 10, 2018 and the information provided in this supplemental report and proceed to Conduct the Ballot Procedures for the formation of Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II) as presented in the staff report, or
2. Submit a letter of support for PG&E’s application for a deviation to the PUC, and delay the formation of the Utility Underground Assessment District and conducting the Ballot Procedure pending a favorable decision by the PUC to allow a deviation of the current tariff requirements that would allow the use of Rule 20A credits for the undergrounding of the overhead utilities on all streets within Phase II of Underground Assessment District No. 2007-232 (Piedmont Pines Phase II).

Given the significant initial show of support from affected property owners and PG&E, staff recommends moving ahead with option 1. If option 1 is selected, it is expected that the City will not take any further action towards the issuance of assessment bonds to finance the project, except to open up a preliminary cash collection period for the Assessment District, until the PUC has finalized the decision to grant a waiver so that the subject streets may be included in the proposed Assessment District. If the PUC approves the requested waiver, the City will proceed with the formation of the Assessment District, to include the subject streets, and will proceed with the bond issuance process. In the event the PUC does not grant a waiver to allow the subject streets to be included in the Assessment District; the City will refund any funds received

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from property owners who may have paid their assessment and re-evaluate the viability of the Assessment District.

COORDINATION

The Office of the City Attorney, Treasury Bureau and the Controller's Bureau have reviewed this report and the accompanying three resolutions.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt:

- 1) Resolution of intention to 1) order improvements and to form the City of Oakland Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II); 2) accept indications of interest in the proposed assessment district by owners owning land constituting more than one-half of the area of the assessable lands within the proposed assessment district; 3) find that the improvements are of more than local or ordinary public benefit, and the cost and expenses, including incurred City cost of district creation thereof, are made chargeable upon the assessment district; 4) provide that the Council intends to levy a special assessment upon the land within the assessment district; 5) provide that bonds shall be issued to finance a portion of the costs of improvements; 6) appoint Harris & Associates as the engineer of work for the assessment district; and 7) direct the engineer of work to make and file the engineer's report with the City Clerk.
- 2) Resolution 1) preliminarily accepting and approving the engineer's report; 2) calling for a public hearing on the proposed assessment district to be held by the council on Tuesday, May 15, 2018 at 6:30 p.m. and an election for the City of Oakland Utility Underground Assessment District No. 2007-232 (Piedmont Pines Phase II); and 3) designating the engineer of work to assist the City Clerk in connection with the mailing and tabulation of the ballots and to answer inquiries regarding the protest proceedings applicable to the assessment district.
- 3) Resolution 1) Directing City Staff to Assist With a Request to the California Public Utilities Commission for Exception to Certain Rules Related to the Funding of the Undergrounding of Utilities for the Proposed City Of Oakland Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase II; and 2) Making Findings Related Thereto

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For questions regarding this report, please contact Allen Law, Electrical Services Manager at Department of Transportation, Street Lights and Traffic Signal Maintenance at (510) 615-5428.

Respectfully submitted,



RYAN RUSSO
Director, Department of Transportation

Reviewed by:
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Street Light and Traffic Signal Maintenance,
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Attachments (0):