

CITY OF OAKLAND

AGENDA REPORT

2011 FEB 10 AM 9:45

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Public Works Agency
DATE: February 22, 2011

RE: A Report From The Public Works Agency Electrical Services Division
Presenting A Utility Undergrounding Project Prioritization Action Plan For The
City Of Oakland

SUMMARY

Following a presentation by PWA Electrical Services Division at the Public Works Committee on the Prioritization of Underground Utility Projects on May 25, 2010, the Committee requested that Electrical Services return to provide an action plan for the Prioritization of Underground Utility Projects in Oakland. This report presents three potential action plans for consideration by Council.

1. Continue the "first come, first served" undergrounding process using Rule 20A funds with no further additions to the existing priority list.
2. Discontinue the use of Rule 20A funding for all non-commercial corridor projects and establish a Rule 20B / 20C process for residential undergrounding.
3. Create a task force to establish, evaluate and report on the political, social and economic impacts for prioritization of undergrounding projects that use Rule 20A funds.

FISCAL IMPACT

There is no fiscal impact to the City as a result of this informational report.

BACKGROUND

The City has been implementing underground utility projects for over four (4) decades using prioritization based on a "First Come First Served" policy. Electrical Services maintains the list of requested utility undergrounding projects which currently consists of one approved project, Underground Utility District No. 232 - Piedmont Pines Areas, and twenty-one (21) proposed underground utility projects, starting with Lakeshore Phase 5 and ending with Shattuck Avenue. It is estimated that it will take the City approximately 39 years to complete all the projects on the list. *Attachment A.*

Item: _____
Public Works Committee
February 22, 2011

Research by staff has indicated that San Francisco and Santa Barbara are using PUC Rule 20B and 20C guidelines for non-commercial or non-CIP related undergrounding projects. This requires self assessment by parcel owners to fully fund the costs incurred by the utilities and the City, but also uses the “first come, first served” method of prioritizing those locations desiring to participate in the program. The process is outlined in *Attachment B*; a program description developed by PO&E.

At the PWA committee meeting of May 25, 2010, members proposed the development of a task force to examine and report on key issues of the undergrounding program. The undergrounding task force would assist City staff and Council in the review of current policies and the formulation of revisions to those policies. After researching the City of San Francisco utility undergrounding task force and previous City of Oakland task force assignments, staff recommends that members of the task force be appointed for a single, one year term and meet on a monthly basis, or as needed, to address political, social and economic impacts of policy changes to the program. Staff proposes the task force membership as follows:

- Two appointments by the Mayor and two appointments for each Council member. It is recommended that one member could assist with impacts to the current project list and one member could assist with policy revision. (Voting Members)
- One representative from the Chamber of Commerce.
- One representative from the Public Utilities Commission (PUC).
- One representative from PG&E, AT&T and Comcast.
- Resource representatives from the City Attorney’s Office, PWA and CEDA.
- Other staff as required.

KEY ISSUES AND IMPACTS

Financing Undergrounding

The current City undergrounding program is a self financed operation, which assigns project precedence to those parcel owners willing to incur an assessment on their property to cover the associated City expense. The utility costs are borne by the individual companies under the provisions of PUC Rule 20A. The average cost to each parcel owner is around \$12,000.00 and the combined utilities spend approximately \$4,000,000.00 per mile.

The conversion of the City’s undergrounding process to one governed by PUC Rule 20B or 20C would increase the cost per location by approximately 80% to \$60,000.00 per parcel. The owner would be responsible for paying the utility company costs in addition to City expenses. The other aspects of the current process would remain unchanged.

Currently the City of Oakland does not collect any special fees or taxes associated with undergrounding other than those assessed upon formation of the underground district with the parcel owner's approval.

Undergrounding Task Force Goals

It will be the goal of the undergrounding task force to provide Council with input and recommendations on the following points:

- Improved procedures for legislating underground utility districts
- Best Practices for allocation of available resources
- Alternate funding resources
- Options to reduce utility undergrounding costs
- Coordination of utility undergrounding with other excavation projects
- Alternative tax options (surcharges, fees, formation of special benefit districts)
- Development of a long range plan for utility undergrounding

SUSTAINABLE OPPORTUNITIES

Economic: An underground utility project provides the opportunity to use local contractors and employs Oakland residents, thus strengthening the local economy. It is generally perceived that underground utility projects can revitalize commercial business districts and increase property values.

Environmental: Implementation of underground utility projects eliminates unsightly overhead utility lines in the public-right-of-way. It improves the livability, aesthetics, and safety of the neighborhood and reduces the potential for fire, electric danger, or utility outage resulting from tree limbs touching overhead wires. The undergrounding of overhead cables and equipment and removal of wood poles enhances emergency evacuation in the event of a catastrophe.

Social Equity: The infusion of a sizable utility upgrade project in an area in Oakland results in new equipment systems and cable plant which benefit the immediate users as well as the community at large.

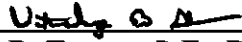
DISABILITY AND SENIOR CITIZEN ACCESS

The replacement of overhead lines and wood poles with a new underground system and underground street lighting will allow the disabled and senior citizens to move safely along unobstructed walkways.

RECOMMENDATIONS AND RATIONALE

Staff recommends that no further underground projects be added to the current list and in recognition of the many years that the priority list inhabitants have waited, the current list be honored until exhausted. This would be a policy decision for council to consider.

Respectfully submitted,

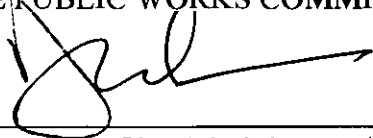


Vitaly B. Troyan, P.E., Director
Public Works Agency

Reviewed by:
Bruce Saunders, Assistant Director
Daniel Clanton, Manager, Electrical Service Division

Prepared by:
Paul Chan, Project Manager, Electrical Service Division

APPROVED AND FORWARDED TO
THE PUBLIC WORKS COMMITTEE:



Office of the City Administrator

Attachment "A"

PWA DIO Electrical
 7101 Edgewater Dr., Bldg. 2
 Oakland, CA 94621
 P. Chan 5106156427

CITY OF OAKLAND UNDERGROUND UTILITY PROJECTS

PROJECT	YEAR PETITIONED	RESOLUTION NO. S YEAR	START OF CONSTRUCTION	CONSTRUCTION STATUS	APPROXIMATE LENGTH OF PROJECT IN MILES
APPROVED:					
MACARTHUR BLVD. FROM 73RD TO SAN LEANDRO LINE	1993	76731 9/25/01	1ST QUARTER 2005	2008	2.5
PIEMONTE PINES AREA - RULE 20A	1987	75652 5/02/00	Not yet determined	N/A	6.5
PROPOSED:					
LAKESHORE PHASE V	1987	N/A	TBD	N/A	3.5
OAKMORE AREA	1987	N/A	TBD	N/A	3.5
MOUNTAIN BLVD./ THORNHILL OR.	1989	N/A	TBD	N/A	1.3
SEQUOYAH RD.	1991	N/A	TBD	N/A	1.2
HIGH VOLTAGE TRANSMISSION LINES PLUG	1994	N/A	TBD	N/A	2.0
SHEFFIELD AVE.	1995	N/A	TBD	N/A	N/A
FRUITVALE AVENUE	1996	N/A	TBD	N/A	N/A
PANORAMIC HILL AREA	1996	N/A	TBD	N/A	N/A
CASOT DRIVE	1996	N/A	TBD	N/A	N/A
CHABOT RD. & PRESLEY WAY	1996	N/A	TBD	N/A	N/A
ASHMOUNT AVENUE	1996	N/A	TBD	N/A	N/A
FAIRVIEW PARK AREA (HILLEGASS)	1998	N/A	TBD	N/A	N/A
WAWONA AVENUE	1998	N/A	TBD	N/A	N/A
JACOBUS AVENUE	1998	N/A	TBD	N/A	N/A
CLARENDON CRESCENT	1998	N/A	TBD	N/A	N/A
CRANE WAY	1998	N/A	TBD	N/A	N/A
ROCKRIDGE BLVD. NORTH, ROCKRIDGE BLVD. SOUTH, ROCKRIDGE PLACE	2000	N/A	TBD	N/A	NA
COLTON BLVD.	2000	N/A	TBD	N/A	N/A
ROCKRIDGE VISTA NEIGHBORHOOD	2001	N/A	TBD	N/A	N/A
BRUNS COURT.	2001	N/A	TBD	N/A	N/A
SHATTUCK AVENUE	2007	N/A	TBD	N/A	Alcatraz to Berkeley line
TBD = TO BE DETERMINED WHEN STREET IS EVALUATED TO DETERMINE ELIGIBILITY FOR FUNDING UNDER CPUC RULE 20A					

Electric Undergrounding Program

PG&E places underground each year approximately 30 miles of overhead electric facilities, within its service area. This work is done under provisions of the company's Rule 20A, an electric tariff filed with the California Public Utilities Commission.

Projects performed under Rule 20A are nominated by a city, county or municipal agency and discussed with Pacific Gas and Electric Company, as well as other utilities. The costs for undergrounding under Rule 20A are recovered through electric rates after the project is completed.

Rule 20 also includes sections B and C. Sections A, B and C are determined by the type of area to be undergrounded and by who pays for the work.

Rule 20A

Rule 20A projects are typically in areas of a community that are used most by the general public. These projects are also paid for by customers through future electric rates. To view current projects in queue, see [Rule 20A Project Status \(Rev Q3 2010\)](#).

To qualify, the governing body of a city or county must, among other things, determine, after consultation with Pacific Gas and Electric Company, and after holding public hearings on the subject, that undergrounding is in the general public interest for one or more of the following reasons:

- Undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities.
- The street or road or right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic.
- The street, road or right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public.
- The street or road or right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines.

Rule 20B

Rule 20B projects are usually done with larger developments. The majority of the costs are paid for by the developer or applicant.

Undergrounding under Rule 20B is available for circumstances where the area to be undergrounded does not fit the Rule 20A criteria, but still involves both sides of the street for at least 600 feet. Under Rule 20B, the applicant is responsible for the installation of the conduit, substructures and boxes. The applicant then pays for the cost to complete installation of the underground electric system, less a credit for an equivalent overhead system, plus the ITCC (tax), if applicable.

Rule 20C

Rule 20C projects are usually smaller projects involving a few property owners and the costs are almost entirely borne by the applicants.

Undergrounding under the provisions of Rule 20C is available where neither Rule 20A nor Rule 20B applies. Under Rule 20C, the applicant pays for the entire cost of the electric undergrounding, less a credit for salvage.

Rule 20 Process Flow

A cross-functional team that includes representatives from Pacific Gas and Electric Company, the phone and cable companies, local governments and the community at-large oversees Rule 20A projects. Projects are accomplished by:

- Identifying and reviewing potential projects
- Developing preliminary costs for the projects
- Refining associated boundaries and costs
- Coordinating the schedules of other public works projects
- Developing final project plans
- Passing a municipal underground resolution
- Developing an underground design
- Converting service panels for underground use
- Starting construction
- Installing underground services
- Completing all street work
- Removing existing poles from the project area

Contact Us

Pacific Gas and Electric Company
Electric Undergrounding
77 Beale Street, Mail Code H16B
P.O. Box 770000
San Francisco, CA 94177-0001