




AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Ryan Russo
Director, DOT

SUBJECT: Piedmont Pines Utility
Undergrounding Phase II

DATE: March 08, 2021

City Administrator Approval 

Date: Apr 29, 2021

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. 2021-232, Piedmont Pines Phase II; 2) 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; 3) Provide That The Council Intends To Levy A Special Assessment Upon The Land Within The Assessment District; 4) Provide That Bonds Shall Be Issued To Finance A Portion Of The Costs Of Improvements; 5) Appoint Harris & Associates As The Engineer Of Work For The Assessment District; And 6) 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, July 20, 2021 At 1:30 P.M. And An Assessment Ballot Proceeding For The City Of Oakland Utility Underground Assessment District No. 2021-232, 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.**

EXECUTIVE SUMMARY

This report and proposed resolutions describe City Council's intention to implement Phase II of the Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II) in the Piedmont Pines area of the City and seek authorization for the following actions:

1. Identifies the Improvements to be financed and the boundaries of the proposed City of Oakland Utility Underground Assessment District No. 2021-232 Piedmont Pines Phase 2 (the "Assessment District"). **Attachments A and B.**

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2. Acknowledges receipt of written expressions of interest in the proposed Assessment District that have been signed by owners owning land constituting more than one-half of the area to be included in the proposed Assessment District.
3. Finds that the Improvements are of more than local or ordinary public benefit.
4. Makes cost and expenses of the Improvements chargeable upon the Assessment District by levying a special assessment upon parcels within the Assessment District that specifically benefit from the Improvements.
5. Provides notice of intent to incur bonded indebtedness to finance a portion of the cost for Improvements.
6. Appoints Harris & Associates as the Engineer of Work for the Assessment District.
7. Directs the Engineer of Work to make and file an Engineer's Report.
8. Preliminarily accepts and approves the Engineer's Report.
9. Calls for a Public Hearing on the Proposed Assessment District.
10. Designates the Engineer of Work to assist the City Clerk in the balloting process.

BACKGROUND / LEGISLATIVE HISTORY

The Underground Utility District No. 232 (Piedmont Pines Area) was established by the City Council by Resolution No. 75652, on May 2, 2000 (see ***Attachment D***). The area was large and its total length was in excess of 14 miles. As such, the implementation of the undergrounding has been broken into 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.

Generally, the District encompasses the area east of Highway 13, north of Mountaingate Way and Castle Drive, west of Skyline Boulevard, and south of Shephard Canyon Road. City Staff represented the Piedmont Pines community by taking necessary actions to obtain the cooperation of the utilities for the subject streets to qualify for 20A and 20B funds of the utilities to offset project costs, and obtain engineering preferences; appearing before the CPUC for hearings on issues relating to actions requested of the utilities; taking traffic counts on proposed streets; negotiating with utilities on the 100-foot rule regarding laterals to individual properties; providing cost estimates, schedules, maps, supplemental information and generating reports and the two subject Resolutions for consideration by the Council. After lengthy negotiations, the City reached final agreements with PG&E and AT&T on the list of streets to include in the three phases of the Rule 20A project. This is the Piedmont Pines Utility Underground Phase II project which includes Chelton Drive, Darnby Drive and Carisbrook Drive. The project length is approximately 10,100 feet.

On July 12, 2017, a community meeting was conducted at Joaquin Miller Community Center and notification that a form requesting an expression of interest in the project was to be

distributed via postal mail to each of the properties located within the Piedmont Pines Phase II. The 223 forms sent to the property owners were to be received back to the City by August 31, 2017 showing each homeowner's interest (or lack thereof) in participating in the utility undergrounding project. Tabulation of the 189 submitted expressions of interest showed that 158 homeowners were in favor of the proposed assessment district, which accounts for over 70% of the property owners and amounts to 67% of the total assessed acreage of Phase II area.

The referenced engineer's report describes the City's intention to convert the overhead utility facilities to an underground system in the Utility Underground Assessment District No. 232 (Piedmont Pines Phase II) on Chelton Drive, Darnby Drive and Carisbrook Drive and to form an Assessment District to assess the City's portion of the cost of the project to property owners specifically benefiting from the improvements.

ANALYSIS AND POLICY ALTERNATIVES

The undergrounding will accommodate electric, telephone, cable television and street lighting services to the Piedmont Pines Phase II area. Based on past underground projects, the total cost for Piedmont Pines Phase II is projected to be \$34,980,630. The project is to be funded in large measure under The California Public Utilities Commission (the "CPUC") Rule 20A program. The utility companies, Pacific Gas & Electric Company ("PG&E") and American Telephone & Telegraph Company ("AT&T"), will pay the major share of the cost of this project. Comcast will pay its share of the cost for this project per its franchise agreement with the City. Comcast and the utility companies PG&E and AT&T are expected to contribute a combined amount currently estimated to be \$31,604,175.

The creation of the City of Oakland Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II) will result in assessment levies on the 223 properties in the assessment district totaling \$4,465,000. The assessment will be used to fund City underground district creation costs, street light construction, administration and financing expenses. The Preliminary Assessment Engineer's Report for the District shows in detail the assessment for each of the properties that will benefit from the Improvements, based on projected special benefits of underground work received by each property. The typical assessment per property is estimated to be about \$15,517.89, or \$20,268.47 if financed using assessment bonds to be repaid over a number of years (per parcel).

In addition to any assessment, the property owners will have to pay a portion of their panel conversion cost as well as any cost associated with the lateral to their properties that exceeds 100 feet:

1. Panel Conversion over \$1,500: PG&E will pay the first \$1,500 of the panel conversion cost at each property, and each property owner will be responsible for any cost in excess of the \$1,500 for panel conversion.
2. Lateral over 100 feet: The two utility companies, PG&E, AT&T, and Comcast will pay for the first 100 feet of lateral connections from homes to the underground trench for the utilities, and the property owner will be responsible for any cost associated with laterals over 100 feet.

The Department of Transportation (“DOT”) Electrical Division estimates the City’s total cost of the project to be \$4.465 million, which includes a 10% construction contingency. A detailed cost estimate is not available at this time, since the design by the City, PG&E, AT&T and Comcast will begin in August 2021, and the design process is scheduled to go on until design completion in July 2022. See schedule in **Attachment C**.

Undergrounding the utilities on Chelton Drive, Carisbrook Drive, and Darnby improves safety and resiliency for the Piedmont Pines Area in the event of natural and man-made disasters such as urban wildfires, earthquakes, landslides and severe storm events which cause damage to property as well as overhead power and communication lines. The project also beautifies the area which makes Oakland more desirable as a City to live in. The key issues and impacts of the proposed legislation are:

1. Orders the Improvements and forms the Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II). The Improvements include the conversion of the overhead utility facilities to an underground system. This would include the removal of all overhead facilities of PG&E, AT&T, Comcast, and the City and their placement in underground ducts and vaults, the removal of all wood poles, and replacement with underground fed street lighting.
2. Accepts written indications of interest from owners owning land constituting more than one-half of the area of all assessable lands within the proposed assessment district. The property owners in the Piedmont Pines Phase II area have completed statements of interest delivered to the City to form the Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II).
3. Finds that the Improvements are of more than local or ordinary public benefit. The total street length to be undergrounded, per CPUC Rule 20A, in Piedmont Pines Phase II is approximately 10,100 ft., which is nearly 2 miles. This is a significant portion of the streets in that part of Oakland. The elimination of overhead power and communication lines and poles benefit the City as a whole, and in the event of catastrophes, rescue resources can be diverted for other urgent uses. The undergrounding will enhance emergency evacuation routes as designated by the Captain of Police in the Piedmont Pines Area.
4. Makes City cost and expenses chargeable upon the Assessment District by levying a special assessment on real property within the Assessment District. The City’s expenses includes administration, underground district creation, costs of going to CPUC, street light equipment and installation, design, construction, share of the undergrounding and financing costs. Previously incurred costs and all future anticipated City expenses are included in the total \$4,465,000 assessment district cost estimate included in the Engineer’s Report and will be charged to the Assessment District.
5. Provides notice of intent to incur bonded indebtedness to finance a portion of the cost for Improvements. Bonds will be issued to represent unpaid assessments levied within the Assessment District.

6. Appoints Harris & Associates as the Engineer of Work for the Assessment District.
7. Directs the Engineer of Work to make and file the Engineer's Report with the City Clerk.
8. Preliminarily accepts and approves the Engineer's Report. Preliminarily accepts and approves the Engineer's Report for Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II), dated April 2021, **Attachment E**.
9. Calls for a Public Hearing and Ballot Procedure for the Proposed Assessment District. The process to create an assessment district is based on whether there is a lack of a majority protest among the affected property owners. The affected property owners will be provided ballots for the creation of the proposed Assessment District, and the election period is set to end at the close of a public hearing on the proposed Assessment District set for Tuesday, July 20, 2021 at 1:30 p.m. to determine the election outcome.
10. Designates the Engineer of Work to assist the City Clerk in the balloting process. The Engineer of Work will assist the City Clerk in the balloting process and answer inquiries.

The improvements to the District include a joint trench system and the undergrounding of electric, telephone and cable systems, including new underground streetlights on galvanized poles, which will replace the current overhead facilities (the "Improvements"). Council finds that public interest, convenience, and necessity require that Council order the Improvements, and that those Improvements will be made pursuant to the Municipal Improvement Act of 1913, being Division 12 of the California Streets and Highways Code (the "Act"). PG&E is the trenching agent.

It is contemplated that affected property owners will coordinate in the hiring of a single electrical contractor to implement their required panel conversions. PG&E will pay the first \$1,500 of the panel conversion cost at each property, and the two utility companies PG&E and AT&T, and Comcast will be paying for the first 100 feet of lateral work. The property owner will be responsible for any cost in excess of the \$1,500 for panel conversion at each property, and any cost associated with any required lateral work over 100 feet.

If the formation of the Assessment District is successful, per the implementation schedule of the Underground Utility District No. 2021-232 (Piedmont Pines Phase II), the start of construction of the Improvements will occur in mid-2023 and it is anticipated to take 24 months to complete. The exact start date of construction will be subject to completion of design by all four participants to the project: City, PG&E, AT&T and Comcast.

FISCAL IMPACT

The fiscal impact will be cost recovery from the creation of the assessment district and the funds provided for the creation of the district as shown in the below tables.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Cost	Total Amount
Estimated Cost of Construction and Incidental Expenses	\$34,980,630
Estimated Financial Costs	1,034,387
Total Project Cost	\$36,015,017

2. SOURCE OF FUNDING:

Funding Source	Amount
PG&E Rule 20A Funds	\$21,525,547
AT&T 32A Funds	3,470,880
Comcast Contribution	3,904,740
Contingency for Utility Contribution	2,700,608
Portion of Contribution Allocated to Two City-Owned and EBMUD Parcels	(51,758)
Estimated Total of Assessment on District	4,465,000
Total Funding Sources	\$36,015,017

PUBLIC OUTREACH / INTEREST

A notification letter will be sent to each property owner located in the proposed Assessment District prior to the balloting and a public outreach meeting will be scheduled.

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: When the Utility Underground Assessment District No. 2021-232 (Piedmont Pines Phase II) is implemented it will provide the opportunity to use local contractors and employment of Oakland residents thus strengthening the local economy. Also, it is generally believed that undergrounding utilities increases property values, which translates to more property tax revenue for Oakland.

Environmental: Implementation of the project will eliminate nearly 2 miles of unsightly overhead utility lines in or affecting the public-right-of-way and innumerable drops to individual properties. It will improve the livability, aesthetics, and safety for the neighborhood and reduce the potential for fire, electric danger or utility outage resulting from trees falling or touching overhead wires. Furthermore, the undergrounding of overhead cables and equipment, and replacement of wood poles will enhance emergency evacuation in the event of a catastrophe.

Social Equity: The infusion of a sizable utility upgrade project in an area in Oakland will result in new equipment system and cable plant which will benefit the immediate users as well as the community at large. The disappearance of overhead wires and wood poles will distinguish itself in the Piedmont Pines residential community as a showpiece.

CEQA

The California Environmental Quality Act (“CEQA”) and the CEQA Guidelines exempt specific types of projects from environmental review. The following CEQA exemptions apply to this encroachment under CEQA Guidelines sections 15301 (existing facilities), 15183 (projects consistent with a Community Plan, General Plan, or Zoning), 15302(d) (conversion of overhead electric utility distribution system facilities to underground facilities where surface is restored to condition prior to undergrounding), and 15061(b)(3) (no significant effect on the environment).

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. 2021-232, Piedmont Pines Phase II; 2) 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; 3) provide that the council intends to levy a special assessment upon the land within the assessment district; 4) provide that bonds shall be issued to finance a portion of the costs of improvements; 5) appoint Harris & Associates as the engineer of work for the assessment district; and 6) 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, July 20, 2021 at 1:30 p.m. and an assessment ballot proceeding for the City of Oakland Utility Underground Assessment District No. 2021-232, 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.

For questions regarding this report, please contact Allen Law, Electrical Services Manager at Department of Transportation, Street Lighting Administration at (510) 615-5428.

Respectfully submitted,



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Attachments (5):

- A: Project Location Map*
- B: General Description of Improvements to be financed by the Assessment District*
- C. Implementation Schedule of Utility Underground Assessment District No. 2021-232
(Piedmont Pines Phase II)*
- D. Resolution 75652 Establishing Utility Underground District No. 232*
- E. Preliminary Engineer's Report for Utility Underground Assessment District No. 2021-232
(Piedmont Pines Phase II), dated April 2021*