TO:        HONORABLE CITY COUNCIL
FROM:      CITY MANAGER            DEPARTMENT: UTILITIES
DATE:      MARCH 22, 2004
SUBJECT:   PUBLIC HEARING AND ADOPTION OF ORDINANCE ESTABLISHING UNDERGROUND UTILITY DISTRICT NO. 40 (1700 TO 1900 BLOCK OF EDGEWOOD DRIVE)

RECOMMENDATION
Staff recommends that Council adopt the attached Ordinance to create Underground Utility District No. 40 and thereby amend section 12.16.020 of Chapter 12.16 of Title 12 of the Palo Alto Municipal Code.

BACKGROUND
At its meeting of January 20, 2004, the Council passed Resolution of Intent No. 8393 to establish Underground Utility District No. 40. The Council meeting of March 22, 2004, has been set as the date of the Public Hearing on the matter. Notices announcing the meeting with a description of the project and a copy of the Resolution were mailed to all property owners in the proposed district on February 18, 2004.

The Electric Utility’s undergrounding project areas are selected and recommended to SBC and Comcast based on the age and maintainability of the existing overhead electric system. SBC and Comcast determine whether the recommended area meets the criteria for undergrounding, based on the guidelines established by the California Public Utility Commission (CPUC). The attached Exhibit “C” shows the existing and planned underground districts. Underground Utility District No. 40 meets the City’s and CPUC’s guidelines for undergrounding overhead utility lines.

Cost-sharing of underground utility district projects has been determined by Agreement between the City, SBC, and Comcast. The cost for joint trench bid items is determined using a space/cost allocation formula, which divides the minimum trench area required for each trench occupant, individually, by the sum of the minimum trench areas for all occupants.
DISCUSSION
This underground project will result in the removal of 9 poles. All of the poles are located along rear lot easements. Completion of this project will result in higher reliability and improved aesthetics.

If an underground district is created, the Utilities Department will prepare plans and specifications and obtain bids for installation of the underground substructure construction. Underground substructure construction consists of the installation of conduits, vaults, pads and boxes. The Utilities Department will then install the electric distribution cables, transformers and switches upon completion of the substructure installation. After the new underground system (cable, transformers, switches, etc.) has been tested and energized, the property owners will be notified that they have 60 days to connect to the new underground system. Upon completion of the new connections, Utility crews will remove the overhead power lines, and telephone crews will complete the project by removing the remaining telephone and CATV facilities and poles.

RESOURCE IMPACT
The total cost of the project is estimated at $320,000. The majority of the cost will be for the substructure installation for underground facilities ($180,000). The remaining money will be utilized for design engineering ($25,000), electric equipment and cables ($100,000), and removal of overhead facilities ($15,000). SBC and Comcast will reimburse approximately $75,000 to the City for the installation of telephone and CATV conduits and boxes in accordance to an agreement with the three parties (discussed above). Funds for the construction and installation of this project have been budgeted in the 2003-2004 Electric Fund Capital Improvement Program.

The cost of the required service conversions on private property is borne by the individual owners in accordance with Utility Rule and Regulation No.17. The total cost for the property owners requiring service conversions from overhead to underground has been estimated at $72,000. The property owners have been offered the option of financing their service conversion costs over a period of ten years in accordance with the procedure given in Section 12.16.090 through 12.16.096 of the Palo Alto Municipal Code.

POLICY IMPLICATIONS
This recommendation is consistent with the Council-approved Utilities Strategic Plan to invest in utility infrastructure to deliver reliable service. The project furthers Program L-80 (the continuation of citywide undergrounding of utility wires) and L-81 (the use of compact and well-designed utility elements) of the Comprehensive Plan.
**TIMELINE**

Once the public hearing is completed and if Council decides to proceed with the project, then the following will occur as proposed:

<table>
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<tr>
<th>Action</th>
<th>Date</th>
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<tr>
<td>1. Introduction and first reading of Ordinance Establishing Project Area as Underground Utility District No. 40</td>
<td>March 22, 2004*</td>
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<td>2. Second reading and adoption of Ordinance.</td>
<td>April 5, 2004*</td>
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<td>3. Award of construction contract and Joint Construction Agreement with SBC/Comcast.</td>
<td>July 2004*</td>
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<td>4. Substructure (conduits, vaults, etc.) installation by Contractor</td>
<td>July 2004 through August 2004</td>
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<td>5. Installation of underground facilities (cable, switches, etc.)</td>
<td>September 2004 through October 2004</td>
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<td>6. Resolution determining properties electing to pay service conversion cost over a period of 10 years</td>
<td>July 2004*</td>
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<td>7. Service conversion work by property owners</td>
<td>November 2004 through December 2004</td>
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<td>8. Pole removal and project completion</td>
<td>January 2005</td>
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* Denotes Council Action

**ENVIRONMENTAL REVIEW**

This project is categorically exempt from the California Environmental Quality Act under Section 15302.

**ATTACHMENTS**

A: Ordinance  
B: Underground Utility District No. 40 Boundary Map  
C: Underground Conversion Projects

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Director of Utilities

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