TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: UTILITIES

DATE: JULY 11, 2005 CMR:304:05

SUBJECT: PUBLIC HEARING AND ADOPTION OF ORDINANCE ESTABLISHING UNDERGROUND UTILITY DISTRICT NO. 41 COLORADO AVENUE/MIDDLEFIELD ROAD/OREGON EXPRESSWAY/COWPER STREET

RECOMMENDATION
Staff recommends that Council adopt the attached Ordinance to create Underground Utility District No. 41 and thereby amend section 12.16.020 of Chapter 12.16 of Title 12 of the Palo Alto Municipal Code.

BACKGROUND
At its meeting on April 25, 2005, Council passed Resolution of Intent No. 8515 to establish Underground Utility District No. 41. The Council meeting of July 11, 2005 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 June 9, 2005.

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. 41 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 80 poles and provide underground service to 175 commercial and residential properties. Completion of this project will eliminate overhead distribution lines in an area bordered by existing underground districts and will enhance reliability of the electric distribution system while improving 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 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 $3,100,000. The majority of the cost will be for the substructure installation for underground facilities ($2,170,000). The remaining money will be utilized for engineering ($120,000), electric equipment & cables ($810,000), and removal of overhead facilities ($250,000). SBC and Comcast will reimburse approximately $1,240,000 to the City for the installation of telephone and CATV conduits and boxes in accordance with an agreement with the three parties. Funds for the construction and installation of this project have been budgeted in the 2005-2007 Electric Fund Capital Improvement Program.

The cost of the required service conversions on private property is to be 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 $787,500. 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

Upon Council approval and completion of the public hearing the following will occur as proposed:
ENVIRONMENTAL REVIEW
This project is categorically exempt from the California Environmental Quality Act under Section 15302.

ATTACHMENTS
A: Ordinance
B: Underground Utility District No. 41 Boundary Map
C: Underground Conversion Projects

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