TO:  HONORABLE CITY COUNCIL
FROM:  CITY MANAGER        DEPARTMENT: UTILITIES
DATE:  JULY 7, 2008                                      CMR: 272:08
SUBJECT:  APPROVAL OF MASTER AGREEMENT FOR INSTALLATION OF UNDERGROUND FACILITIES WITH PACIFIC BELL TELEPHONE COMPANY dba AT&T CALIFORNIA AND COMCAST OF CALIFORNIA IX, INC.

RECOMMENDATION
Staff recommends that Council approve the attached master agreement for installation of underground facilities in the City of Palo Alto by and among the City of Palo Alto, Pacific Bell Telephone Company dba AT&T of California and Comcast of California IX, Inc.

BACKGROUND
On September 24, 1990, the City of Palo Alto, Pacific Bell and Cable Coop entered into an agreement for joint installation of underground facilities used to supply services to new prospective customers. The purpose of the agreement was to lower the cost for trenching and to minimize the inconvenience caused by multiple contractors trenching to a single customer. The agreement was based on work to be done by either the City or the telephone company’s own forces, and that each party would supply the material necessary to install its own system. When any one party retained a contractor to install a system, it was necessary to execute a separate agreement. This agreement also limited the cost of installing any single system to $25,000 for labor, whether the system was installed by the City or the telephone company.

Staff has been in negotiation with AT&T and Comcast to update the master agreement. Comcast during the cable TV transfer in 2000 acquired the rights from AT&T Broadband dba Pacific Bell Telephone Company, which received the rights of Cable Coop by assignment. The new master agreement is now between the City, AT&T and Comcast. It also increases the threshold limit for any single system from $25,000 to $85,000. With the adoption of Ordinance No. 4827 (June 7, 2004), Chapter 2.30 of the Palo Alto Municipal Code has been amended to increase the original $25,000 threshold for contract construction limit to $85,000. Also attached to the master agreement is an addendum template that would be applicable to future Underground Utility Districts (UUDs). This addendum will be executed between the City, AT&T and Comcast and approved by City Council prior to beginning any construction work in future UUDs.
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) of the Comprehensive Plan.

ENVIRONMENTAL REVIEW
This project is categorically exempt from the California Environmental Quality Act under California Public Resources Code Section 15302(d) (conversion of overhead electric utility distribution system facilities to underground).

ATTACHMENT
A: Master Agreement

PREPARED BY:    ______________________________
                  PATRICK VALATH
                  Sr. Electric Project Engineer

REVIEWED BY:    ______________________________
                  TOMM MARSHALL
                  Assistant Director of Utilities Engineering

DEPARTMENT HEAD:    ______________________________
                      VALERIE FONG
                      Director of Utilities

CITY MANAGER APPROVAL:    ______________________________
                          STEVE EMSLIE/KELLY MORARIU
                          Deputy City Managers