

TOWN OF LOS ALTOS HILLS  
Staff Report to the City Council

June 20, 2019

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SUBJECT: RESOLUTION FOR THE FORMATION OF AN UNDERGROUND  
UTILITY DISTRICT IN THE AREA AROUND THE EL MONTE FIRE  
STATION

FROM: Nichol Bowersox, Public Works Director / City Engineer KK FOR NDB

APPROVED: Carl Cahill, City Manager C.C.

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RECOMMENDATION: That the City Council:

Adopt the attached resolution forming an underground utility district in the area around the El Monte Fire Station.

BACKGROUND:

Town staff received notification from PG&E in a correspondence dated May 2, 2019 that approximately 0.34% of the Town's Work Credits under PG&E's Rule 20A program will be transferred to the City of Live Oak on July 24, 2019 unless the Town takes action to prevent the credit transfer (Attachment 2).

Utility companies such as Pacific Gas & Electric Company (PG&E) allocate Rule 20A Work Credits to communities to convert overhead electric infrastructure to underground infrastructure. Once a community has identified a project that is in the public interest and passed a municipal resolution forming an underground district, the community can initiate the project with the utility. To fund the project, the community may utilize its accrued annual Rule 20A Work Credits plus borrow forward future Work Credits for a maximum of five years from the utility.

On April 25, 2019, the California Public Utilities Commission (CPUC) passed Resolution E-4971 denying PG&E's request to allow the City of Live Oak to borrow beyond the 5-year limit for their Rule 20A Project. Resolution E-4971 orders PG&E to reallocate \$554,000 of unused Work Credits from communities that have not participated in the Rule 20A program over the past eight years to the City of Live Oak. The Town of Los Altos Hills was identified as one community whose Work Credits are subject to partial reallocation.

Resolution E-4971 allows communities to become active (and avoid transferring their Rule 20A Work Credits) by forming an undergrounding district within 90 days of the resolution's effective date (i.e., by July 25, 2019).

The CPUC considers any community to be active and not subject to reallocation if it satisfies any of the following criteria:

- Formally adopts an undergrounding district ordinance which expires at completion of work within the district boundaries; or
- Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or
- Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation.

Inactive communities shall be defined as communities that fail to meet any of the above criteria.

As of March 31, 2019, the Town of Los Altos Hills has \$249,951 of Rule 20A Work Credits of which \$861 Work Credits or approximately 0.34% is expected to be reallocated. These numbers are subject to change depending upon the final number of communities that are considered inactive on July 24, 2019.

#### DISCUSSION:

Town staff met with PG&E and the Los Altos Hills County Fire District (Fire District) on May 21, 2019 wherein staff inquired about the potential options of forming a utility underground district to allow for PG&E to utilize the Town's Rule 20A fund allocation towards the design and construction of a future joint trench. During the meeting, staff and the Fire District expressed interest in future undergrounding of the existing overhead lines around the El Monte Fire Station (Attachment 3). Undergrounding the existing overhead utilities and removal of the utility poles would allow the Town to maintain an unobstructed emergency route that would otherwise be blocked if the roadways were blocked by fallen utility poles.

PG&E requires that the Town provide PG&E with a duly-adopted resolution creating an underground utility district in the area in which both the existing and new facilities are and will be located, requiring, among other things:

- a) That all existing overhead communication and electric distribution facilities in such district shall be removed;
- b) That each property served from such electric overhead facilities shall have installed in accordance with PG&E's rules for underground service, all electrical facility changes on the premises necessary to receive service from the underground facilities of PG&E as soon as it is available; and
- c) Authorizing PG&E to discontinue its overhead electric service upon completion of the underground distribution system.

On May 31, 2019, PG&E provided the Town with a preliminary boundary map with the total main linear footage of approximately 4,500 feet. PG&E also provided a Magnitude of Cost Statement in the amount of \$5,000,000 (Attachment 4).

The Town currently has \$249,951 in Rule 20A Work Credits and is allowed to borrow up to 5 years of future credits for an additional \$138,460 Work Credits. PG&E indicated that their most recent undergrounding projects have varied significantly and have ranged between \$1,000 and \$2,000 per linear foot. The Town would be responsible for certain costs in implementing the district including staff time, project coordination and inspection. The various communication companies would be responsible for the costs associated with relocating their facilities underground and affected private properties would be responsible for converting their properties to accept underground utility service.

Staff is recommending the following:

- Conduct a public hearing regarding the formation of the proposed underground utility district pursuant to Section 7-3.02 of the Los Altos Hills Municipal Code;
- Adopt the draft resolution forming an underground utility district in the area around El Monte Fire Station pursuant to Section 7-3.03 of the Los Altos Hills Municipal Code;
- Direct staff to conduct additional public outreach effort to residents regarding formation of an underground utility district; and
- Direct staff to continue reaching out to various utility companies regarding the proposed underground utility district.

#### FISCAL IMPACT:

Adoption of the resolution does not have a fiscal impact.

#### ATTACHMENTS

1. Draft Resolution
2. Rule 20A Work Credit Reallocation Notice from PG&E dated May 2, 2019
3. Proposed El Monte Road Underground Utility District Location Map
4. Proposed El Monte Road Underground Utility District Magnitude of Cost Statement

**RESOLUTION NO \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF LOS ALTOS HILLS FOR THE FORMATION OF AN UNDERGROUND UTILITY DISTRICT IN THE AREA AROUND THE EL MONTE FIRE STATION**

**WHEREAS**, the California Public Utilities Commission (CPUC) has authorized electric and telecommunication utilities to convert overhead utility lines and facilities to underground pursuant to Electric Rule 20 and Telecommunication Rule 32; and

**WHEREAS**, pursuant to certain criteria, CPUC rules allow participating cities and counties to establish legislation authorizing the creation of underground utility districts within which existing overhead electric distribution and telecommunication distribution and service facilities will be converted to underground; and

**WHEREAS**, the Town of Los Altos Hills, has adopted an ordinance, codified as Chapter 3 UNDERGROUND UTILITY DISTRICTS under Title 7 Public Works in the Town of Los Altos Hills Municipal Code, authorizing the City Council to designate areas within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

**WHEREAS**, the Town in consultation with the Los Altos Hills County Fire District (Fire District) has determined that the public necessity, health, safety, or welfare requires undergrounding the existing overhead utilities and removal of the utility poles in the area around the El Monte Fire Station would allow the Town to maintain an unobstructed emergency route that would otherwise be blocked if the roadways were blocked by fallen utility poles; and

**WHEREAS**, the Director of Public Works for the Town of Los Altos Hills has consulted with the affected public utilities and such utilities have agreed that the proposed underground conversion district, designated an Underground Utility District in the area around the El Monte Fire Station and more particularly described in Exhibit A attached hereto and incorporated herein by reference, meets the criteria established by the rules of the CPUC, to wit,

That 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, and

That 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, and

**WHEREAS**, each year the Town of Los Altos Hills is notified by PG&E regarding the allocation of work credits for conversion of overhead electric distribution lines and facilities to underground, known as Rule 20A allocations; and

**WHEREAS**, the Director of Public Works for Town of Los Altos Hills has consulted with PG&E and determined that the City has accumulated Rule 20A work credits and PG&E has agreed that the City may borrow against future credits as part of the funding required for the proposed overhead to underground conversion project; and

**WHEREAS**, the Town of Los Altos Hills and the affected utilities have agreed that each utility shall complete the engineering of their respective portion of the Overhead to Underground Utility Conversion Project in the area around the El Monte Fire Station; and

**WHEREAS**, the Town of Los Altos Hills and the affected utilities have agreed that PG&E shall be responsible for preparation of the trench profile and composite drawings and that PG&E shall be designated as "trench lead" to manage trenching, installation of substructures, and pavement restoration and such other work; and

**WHEREAS**, the City Council of the Town of Los Altos Hills has now received the report from the Director of Public Works recommending that the area identified in Exhibit A should be designated as an underground utility district within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

**WHEREAS**, upon the recommendation of the Director of Public Works, the City Council of the Town of Los Altos Hills has determined that the proposed Underground Utility District in the area around the El Monte Fire Station is categorically exempt from environmental review pursuant to the California Environmental Quality Act; and

**WHEREAS**, the Town of Los Altos Hills has notified all affected property owners within the proposed Underground Utility District in the area around the El

Monte Fire Station and inviting same to attend a public hearing to discuss formation of the proposed district; and

**WHEREAS**, the City Council of the Town of Los Altos Hills held public hearings at which time the Council did receive and consider the recommendation of the Director of Public Works and did hear any and all objections or protests that were raised by the owners of property within the above described district pertaining to designating this area an underground utility district;

**NOW, THEREFORE**, the City Council of the Town of Los Altos Hills does **RESOLVE** as follows:

SECTION 1. The public interest requires the removal of all existing utility poles, excepting those poles supporting streetlights or traffic signals, if applicable, overhead wires and associated overhead structures and installation of underground wires and facilities for supplying electric power, communication, or similar associated services within the areas as shown in Exhibit A, attached hereto, with such area being designated as the Underground Utility District in the area around the El Monte Fire Station; and

SECTION 2. That the utility companies, cable television services and other affected services shall commence work on installation of underground facility installation in Underground Utility District in the area around the El Monte Fire Station and that as each phase of the project is complete and ready for conversion from overhead to underground utility facilities, all fronting property owners shall be notified, of the schedule for conversion of utility service lines; and

SECTION 3. The electric utility shall use the underground conversion allowance computed pursuant to decisions of the California Public Utilities Commission for the purpose of providing to each premises requiring it in an Underground Utility District in the area around the El Monte Fire Station a maximum of one hundred feet of individual electric service trenching and conductor (as well as backfill, paving and conduit, if required) and each other serving utility shall provide service trenching and conductor in accordance with its rules and tariffs on file with the California Public Utilities Commission or as required by its Franchise Agreement with the Town of Los Altos Hills, and

SECTION 4. The electric utility shall use said underground conversion allowance allocation, up to a maximum amount of \$1500 per service entrance excluding permit fees, for the conversion of electric service panels to accept underground service in the Underground Utility District in the area around the El Monte Fire Station, and each property owner shall be financially responsible for any and all costs not covered by the electric utility for the installation and maintenance of

the conduit and termination box located on, under or within any structure on the premises served pursuant to Section 7-3.09 of the Los Altos Hills Municipal Code; and

SECTION 5. That upon notification as specified in Section 2, all property owners in an Underground Utility District in the area around the El Monte Fire Station shall have underground electrical entrance facilities installed and inspected pursuant to the Town of Los Altos Hills Electrical Code and Chapter 3 UNDERGROUND UTILITY DISTRICTS under Title 7 Public Works in the Town of Los Altos Hills Municipal Code; and

SECTION 6. That upon completion of the underground distribution system, the electrical utility is authorized to discontinue overhead electric service in the Underground Utility District; and

SECTION 7. That once all services have been converted from overhead to underground, the utility companies, cable television services and other affected services shall remove all poles (except as specified above) and associated overhead facilities in an Underground Utility District in the area around the El Monte Fire Station, by approximately December 31, 2027.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2019

By: \_\_\_\_\_  
Mayor  
Roger Spreen

ATTEST:

\_\_\_\_\_  
City Clerk  
Deborah Padovan

**Nichol Bowersox**

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**From:** Norimoto, Tamon < >  
**Sent:** Thursday, May 02, 2019 3:07 PM  
**To:** Nichol Bowersox  
**Subject:** Rule 20A Work Credit Reallocation Notice



May 2, 2019

Nichol Bowersox  
Public Works Director  
Town of Los Altos Hills  
26379 Fremont Rd  
Los Altos Hills, CA 94022

**Subject: Rule 20A Work Credit Reallocation Notice**

Dear Nichol,

The purpose of this letter is to notify you that, pursuant to California Public Utilities Commission Resolution E-4971, approximately 0.34% of your Work Credits under PG&E's Rule 20A program will be transferred to the City of Live Oak on July 24, 2019, unless you take the actions described below. You can view the resolution at [this link](#).

What are Rule 20A Work Credits?

Utilities such as PG&E allocate Rule 20A Work Credits to communities to convert overhead electric infrastructure to underground infrastructure. Once a community has identified a project that is in the public interest and passed a municipal resolution forming an underground district, the community can initiate the project with the utility. To fund the project, the community may utilize its accrued annual Rule 20A Work Credits plus borrow forward future Work Credits for a maximum of five years from the utility.

Why are my Work Credits being reallocated?

On April 25, 2019, the CPUC passed Resolution E-4971 denying PG&E request to allow the City of Live Oak to borrow beyond the 5-year limit for their Rule 20A Project. Resolution E-4971 orders PG&E to reallocate \$554,000 of unused Work Credits from communities that have not participated in the Rule 20A program over the past eight years to the City of Live Oak. Your community has been identified as one whose Work Credits are subject to partial reallocation.

What can I do to prevent my Work Credits from being transferred?

Resolution E-4971 allows communities to become active (and avoid transferring their Rule 20A Work Credits) by forming an undergrounding district within 90 days of the resolution's effective date (i.e., by July 25, 2019).

The CPUC considers any community to be active and not subject to reallocation if it satisfies any of the following criteria:

1. Formally adopts an undergrounding district ordinance which expires at completion of work within the district boundaries; or
2. Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or
3. Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation.

Inactive communities shall be defined as communities that fail to meet any of the above criteria.

As of March 31, 2019, your community has 249,951 of Rule 20A Work Credits of which 861 Work Credits or approximately 0.34% is expected to be reallocated. These numbers are subject to change depending upon the final number of communities that are considered inactive on July 24, 2019.

If you believe that you have been identified in error as an inactive community or interested in forming an underground district, please contact your liaison, Donna Pontrello, at [donna.pontrello@pge.com](mailto:donna.pontrello@pge.com).

Sincerely,



Tamon Norimoto  
Rule 20A Program Manager





Pacific Gas and Electric Company

**Magnitude of Cost Statement  
El Monte Rd Los Altos Hills Rule 20A**

Municipality: Town of Los Altos Hills

Date: 5/31/2019

Project Name: El Monte Rd R20A

R20A Program Liaison: Donna Pontrello

The Town of Los Altos Hills is considering a project to convert to underground the overhead electric (primary and secondary), telephone and CATV lines as described below. The conversion of overhead electric lines to underground requires coordination with other utilities and weeks or months of engineering and a reliable cost estimate will not be available until the design and engineering is complete. Nevertheless, the Town has asked for a preliminary estimate of the electric underground project costs in advance of any design and engineering work.

This is a preliminary "pre-design" ballpark cost figure based on unanalyzed statistical information and does not reflect an actual project cost. A more accurate project cost figure will not be available until the design phase engineering is completed.

The pre-design ballpark figure, within the community's available Rule 20A work credit allocations amount, will allow the project to be placed conditionally in the Rule 20A queue. At the completion of the design phase, the project cost will be re-evaluated to determine that the project cost, including the recommended contingency budget, is still within the community's available Rule 20A work credits.

The proposed undergrounding district located at El Monte Rd includes approximately 4,500 linear street footage.

The ballpark figure for this project is \$5M. The Town currently has \$249,951 Rule 20A Work Credits, plus an allowed borrow of 5 years future credits, an additional 138,460 Work Credits.