

# Agenda Report

**DATE:** August 9, 2010

**TO:** Honorable Mayor and City Council

**THROUGH:** Municipal Services Committee (July 27, 2010)

**FROM:** Department of Public Works

**SUBJECT:** AN ORDINANCE AMENDING SECTION 13.14.110 OF THE PASADENA MUNICIPAL CODE, UNDERGROUND UTILITY DISTRICTS

## **RECOMMENDATION:**

1. It is recommended that the City Council direct the City Attorney to prepare an ordinance amending Section 13.14.110 of the Pasadena Municipal Code to increase the City's Underground Reimbursement Fee from \$2,000 to \$3,000 for electrical contract work on private property in conjunction with underground utility districts.

## **BACKGROUND:**

Since inception of the Underground Utility Program in 1968, individual property owners who reside within an established underground utility district have been required to convert from overhead to underground utilities on private property, which involves the installation of conduit for power, telephone and/or cable television services from their property line to their existing meter or designated service point.

In accordance with PMC, Section 13.14.110, upon completion of the work the City will reimburse each property owner a designated partial reimbursement to offset their construction cost for the installation of power facilities. In addition, property owners who reside outside of an underground district that convert from overhead to underground may also take advantage of the underground reimbursement to off-set their construction cost for the installation of power facilities.

On June 11, 1991, the City Council approved Ordinance No. 6433 to increase the utility reimbursement to property owners within an established underground utility district from \$800 to \$1,000. On October 27, 2003, the City Council approved Ordinance No. 6956 to increase the utility reimbursement from \$1,000 to \$2,000. This rebate increase was recommended and approved based on the average cost of \$2,500 to \$3,000 to convert power facilities to underground.

## Underground Utility Reimbursement

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As it currently stands, the City continues to provide a partial rebate to each affected property owner in the amount of \$2,000 or the lesser actual cost to underground power facilities.

Recently, staff conducted a cost analysis based on the current cost of materials, labor and permit expenses to convert to underground on private property. As a result, the current average cost to underground utilities on private property is estimated at \$3,700 to \$6,000 per property. As it relates to underground power conversion only, the current average cost is estimated at \$3,200 to \$3,500 per property.

Since 2003, construction costs for private property power conversion has resulted in a 22% increase, therefore, staff recommends an increase to the City's utility rebate from \$2,000 to \$3,000. This proposed increase will benefit the property owner with an additional \$1,000 to offset the underground power costs. In addition, property owners may submit a request to their current telephone and cable television service providers for information regarding any available reimbursements.

If approved, the increase would offer an extra incentive to property owners to cooperate with staff in expediting their underground conversion without timely delays. In order to remove all over wires and poles, 100% of all property owners must be converted to underground and connected to underground system.

The rebate increase would commence with the current underground priority Utility District 04-1 Los Robles Avenue and all other scheduled and proposed underground districts hereafter. All affected property owners within the boundary of an underground utility district, as well as property owners outside an underground district that converts from overhead to underground would be eligible for the reimbursement. It is estimated that approximately 150 property owners will take advantage of the reimbursement during FY 2011 with a projected cost of \$450,000.

### **COUNCIL POLICY CONSIDERATION:**

The project is consistent with the City Council's Goal to Improve, Maintain and Enhance Public Facilities and Infrastructure. In addition, this project is consistent with the Mobility Element/Power Facilities to enhance the aesthetic quality of the streetscape by removing unsightly utility poles and overhead wires. The work included to convert existing overhead facilities to underground was adopted in the FY 2011-2015 Capital Improvement Program, Street Lighting and Electric System Undergrounding section.

### **ENVIRONMENTAL ANALYSIS:**

The City's Environmental Administrator has determined this project to be categorically exempt under the California Environmental Quality Act in accordance with Article 19, Section 15302(a) of the CEQA Guidelines (conversion of overhead electric utility systems to underground).

**FISCAL IMPACT:**

Sufficient funds in the form of Underground Surtax are available in the CIP project *Miscellaneous – Electric System Undergrounding, Various Locations* (budget account number 74569) for required reimbursements.)

Respectfully submitted,

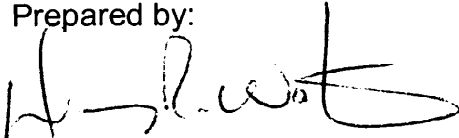


MARTIN PASTUCHA

Director

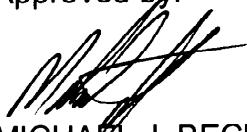
Department of Public Works

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