

Agenda Report

TO: CITY COUNCIL

DATE: March 21, 2005

FROM: CITY MANAGER

SUBJECT: REVIEW OF CITY COST-SHARING POLICY REGARDING THE UNDERGROUNDING OF OVERHEAD UTILITIES ON RESIDENTIAL STREETS

RECOMMENDATION

This report is for informational purposes only.

BACKGROUND

At the March 29, 2004 Council meeting, City Council requested that City staff meet with the Utility Advisory Commission (UAC) to review the City's Cost Sharing policy and ordinance as it pertains to the establishment of Benefit Assessment Districts for the purpose of undergrounding utilities.

Council further requested that the UAC hold a series of community meetings to educate the Pasadena residents on the cost-sharing policy and procedures required to establish a Benefit Assessment District.

On August 10, 2004, a community meeting was held at the Pasadena Central Library with approximately 60 residents in attendance. The meeting opened with comments from the Utility Advisory Commission outlining the statement of purpose and introduction of public utilities in attendance, which included Southern Bell Company (SBC) and Pasadena Water & Power (PWP).

City staff explained the process to establish a Benefit Assessment District, the criteria used to determine the underground priority, and the City's option to financially participate in the underground construction cost through the cost-sharing policy. Upon completion of the presentation, the meeting was opened for questions.

Many of the questions focused on: 1) Availability of surtax funding for undergrounding utilities on residential streets; 2) Selection process for underground priorities; 3) Projected construction costs to property owners; and 4) Initiation process to establish a Benefit Assessment District.

Staff, in response to the major issues, explained that:

- Since inception of the underground program in 1968, the initial priority for the use of utility surtax funding was Arterial and Collector streets, (Category I). One hundred percent of the current surtax has been allocated to complete the current underground priority, which was adopted in fiscal year FY 2005 as part of the City's Capital Improvement Program.
- Staff is currently evaluating the remaining Category I streets to determine the next underground priority. Upon completion, a list of streets in priority order will be submitted to the City Council for approval in FY 2006. The underground priority is based on the following criteria, which was adopted by the City Council in FY 2003.
 1. Streets where overhead lines and poles are deteriorated and need replacement.
 2. Streets where power lines are in conflict with tree and structural clearance.
 3. Streets where there is a higher risk of fire hazards.
 4. Streets where major street construction is planned.
 5. Streets where new or expanded power facilities are needed.
- Telephone companies are regulated by a state franchise under the California Public Utilities Commission (CPUC). Tariff Rule 32 regulates that telephone utilities are exempted from having to pay for undergrounding their services on residential (Category II) streets. In accordance to Chapter 4.95 of the Municipal Code entitled Public Works Benefit Assessment Districts, the property owner is responsible for 100% of administrative and underground construction cost for power and telephone utilities. The cost-sharing policy provides the City with an option to participate financially with the property owner and would share 50% of the cost.
- Upon submission of written request, staff will schedule a preliminary utility study of the proposed area to determine the feasibility of establishing a Benefit Assessment District, the proposed district boundary, projected construction cost and other administrative expenses.

Staff conducted a survey of the property owners who would be interested in increasing the utility surtax. More than 80% of the attendees were receptive to a proposed increase in the utility surtax, providing the additional surtax would be used for undergrounding of utilities on residential streets. Any increase to the current surtax rate would be subject to Proposition 218 and would require voter approval.

Overall, property owners expressed interest in the establishment of Benefit Assessment Districts in conjunction with a joint financial participation from the City. Staff is currently reviewing the cost-sharing policy and will return to City Council with a recommendation to adopt a revised policy that provides the City with an option to financially participate in the undergrounding of overhead utilities on residential streets with funding available from the utility surtax.

The Utility Advisory Commission concurs with staff that a revised cost-sharing policy would be beneficial for the acceleration of undergrounding overhead utilities on residential (Category II) streets.

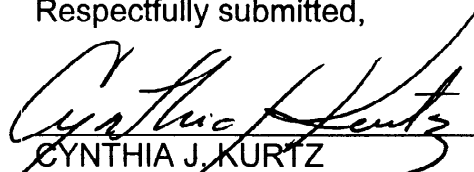
As a result of the community meeting, the City received requests from three neighborhood associations requesting utility studies to determine the feasibility of establishing a Benefit Assessment District. Upon completion of the utility studies, staff will meet with the perspective homeowners to present and discuss the cost analysis of the project.

At the close of the meeting, staff agreed to mail handouts to all attendees including copies of the City's Cost-Sharing Policy, Chapter 4.95 of the Municipal Code entitled Public Works Benefit Assessment Districts, Sample Utility Underground Petition, and status map of all Category I streets identifying all completed, active, and future underground projects.

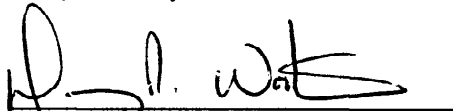
FISCAL IMPACT

There is no fiscal impact to the City. This report is for informational purposes.

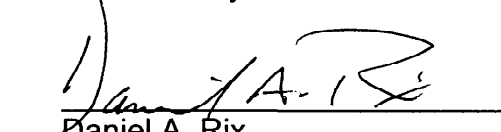
Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

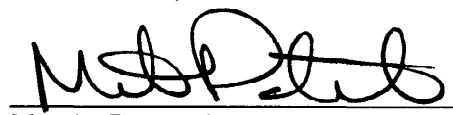
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