



City of Sacramento City Council

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 12/14/2010

Report Type: Consent

Title: Agreement: North 7th Street Utility Underground Project (B18219400)

Report ID: 2010-00045

Location: River District (District 1)

Recommendation: Adopt 1) a City Resolution a) authorizing the City Manager to enter into an Individual Project Agreement (IPA) with the Redevelopment Agency for the North 7th Street Underground Project with \$50,000 in River District Tax Increment funds; and b) amending the North 7th Street Utility Underground Project (B18219400) revenue and expenditure budgets by transferring \$50,000 in River District Tax Increment Funds (Fund 3701); and 2) a Redevelopment Agency Resolution a) authorizing the Executive Director or her designee to enter into an Individual Project Agreement with the City for the North 7th Street Undergrounding Project with \$50,000 in River District Tax Increment; and b) making related findings.

Adopt a Redevelopment Agency Resolution 1) authorizing the Executive Director or her designee to enter into an Individual Project Agreement with the City for the North 7th Street Undergrounding Project with \$50,000 in River District Tax Increment; and 2) making related findings.

Contact: Rachel Hazlewood, Senior Project Manager, (916) 808-8645, Economic Development Department

Presenter: None

Department: Economic Development Division

Division: Downtown Development

Dept ID: 18001021

<p>Attachments:</p> <ul style="list-style-type: none"> 1-Description/Analysis 2-City Resolution 3-Redevelopment Agency Resolution 	<p>City Attorney Review Approved as to Form</p> <p>Sheryl N. Patterson 12/9/2010 1:11:37 PM</p> <p>City Treasurer Review Prior Council Financial Policy Approval or Outside City Treasurer Scope</p> <p>Russell Fehr 12/2/2010 3:21:23 PM</p>
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Approvals/Acknowledgements

Department Director: Jim Rinehart-12/7/2010 1:45:00 PM

Assistant City Manager: John Dangberg - 12/8/2010 3:47:12 PM



Issue: The relocation of primary voltage overhead power lines into an underground utility trench improves the reliability of utility services, improves aesthetics, facilitates redevelopment and economic vitality and improves safety and access by the disabled along commercial corridors within the City of Sacramento. SMUD recognized these attributes of undergrounding its power lines and established the System Enhancement Program in order to make selected distribution system enhancements by relocating or undergrounding power lines below 69 kV. SMUD, where feasible, funds the cost to relocate or underground its facilities provided that the City has identified a project; determined that the project is in the public interest; ensured that the relocation of all telecommunication companies with leases and rights to the affected joint pole facilities are funded and included in the project; has completed plans and specifications; has constructed the underground improvements to allow SMUD to install its facilities to SMUD's satisfaction; and has procured all required building permits and executed easement and service relocation agreements with all affected property owners.

SMUD has approximately \$5 million available through their System Enhancement Program through December 31, 2010. This program is funded on a year by year basis and projects are approved only if there are sufficient funds in the budget. Projects must be approved by the SMUD Board to encumber the funds and the underground utility trench must be constructed before the funding is released. SMUD covers its own costs to relocate its facilities in the trench constructed by others.

On September 7, 2010, the City Council approved the North 7th Utility Underground Project for the undergrounding of the utility lines on North 7th Street, between North B Street and Richards Boulevard, as a project under the System Enhancement Program. This work will avoid the need for Regional Transit (RT) to place overhead power lines along the east side of North 7th Street to serve the new Green Line light rail extension, and will allow for removal of the existing power lines on the west side of North 7th Street. This undergrounding project has already been designed by RT and is ready for construction. This project was analyzed through the approved SMUD and City criteria and is ranked as the second most eligible project and will benefit multiple redevelopment project areas, specifically the River District and the Railyards.

To implement the North 7th Street Utility Underground Project, AT&T will also reimburse the costs for their portion of the construction of the trench and relocate its facilities at its own cost. However, AT&T has informed the City that it will not cover costs related to hazardous substances found in the construction of the trench or unforeseen site conditions. The City has also negotiated with the property owners for the required easements for this project at a cost of approximately \$8,000. Staff recommends that the City Council and Redevelopment Agency Board approve the allocation of \$50,000 in tax increment funds to purchase the required easements and pay for the AT&T contingency related to hazardous substances and unforeseen site conditions.

Policy Considerations: The recommendations in this report are consistent with: 1) the City's Strategic Plan goals of improving sustainability and livability; 2) City Code Section 3.64.040(A) requiring City Council approval for supplemental agreements in excess of \$25,000 for

agreements originally executed for a price of less than \$250,000; and 3) the River District Redevelopment Plan and its Implementation Plan goal to eliminate blight addressing infrastructure deficiencies such as substandard streets and circulation systems and to allow for additional redevelopment opportunities.

Environmental Considerations: The North 7th Street Utility Underground Project is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15302 (d), which exempts conversion of overhead utility lines to underground facilities. There is no federal funding or any other federal action associated with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: This report does not address any sustainability issues.

Rationale for Recommendation: Transferring \$50,000 from River District Tax Increment to the City through an IPA will provide the funding necessary to complete the North 7th Street Utility Underground Project.

Financial Considerations: The \$50,000 in project funds will come from the River District Tax Increment funds for the purposes of purchasing the required easements and paying for the AT&T contingency related to hazardous substances and unforeseen site conditions.

Emerging Small Business Development (ESBD): Not applicable.



RESOLUTION NO. 2010- _____

Adopted by the Sacramento City Council

December 14, 2010

APPROVING AN INDIVIDUAL PROJECT AGREEMENT WITH THE REDEVELOPMENT AGENCY FOR THE NORTH 7TH STREET UTILITY UNDERGROUND PROJECT (B18219400)

BACKGROUND

- A. The relocation or undergrounding of primary voltage overhead power lines is desirable to the City as it improves aesthetics, economic vitality, safety and disabled access along corridors.
- B. The Sacramento Municipal Utility District (SMUD) recognized these benefits and established the System Enhancement Program in order to fund selected distribution system enhancements by relocating or undergrounding existing power lines below 69 kV.
- C. SMUD will fund the cost to relocate or underground its facilities and will fund the costs to construct the utility trench provided that: (i) the City has established the project and determined that it is in the public interest, (ii) the relocation of all telecommunication company facilities with leases and rights to the existing joint pole facilities has been funded and approved by those companies, (iii) the plans and specifications for the relocation of SMUD's facilities has been completed by others, (iv) the underground improvements have been constructed to SMUD's satisfaction, (v) all required building permits have been approved, (vi) all private property right of way requirements and easements and service relocation agreements with all affected property owners have been executed, and (viii) any easements that may be required by SMUD for its above-ground utility boxes have been granted.
- D. On March 9, 2010 the City Council approved the SMUD System Enhancement Program priority selection criteria and approved a list of priority ranked projects for the SMUD System Enhancement Program.
- E. In July 2010, the City was approached by SMUD and the Sacramento Regional Transit District (RT) about including the undergrounding of the utility lines along North 7th Street, between North B Street and Richards Boulevard, (the "North 7th Street Utility Underground Project") on the priority list so that the work could be funded by SMUD and undertaken as part of RT's construction of the Downtown-Natomas-Airport (DNA) Minimal Operable Segment 1 ("Green Line") project.

- F. The North 7th Street Utility Underground Project is consistent with the approved SMUD System Enhancement Program priority selection criteria and is the second-ranked project. SMUD has funding available in its current budget to fund this project and the plans have been completed and the project is ready for construction.
- G. In order for the above-ground utilities along North 7th Street to be relocated underground, the City will need to direct AT&T to relocate its existing facilities on the SMUD pole to the new trench and to reimburse the costs incurred for placement of conduits for its facilities.
- H. Resolution 2010-532, adopted on September 7, 2010, authorized the City Manager, or his designee, to undertake various actions relating to the North 7th Street Underground Project.
- I. On November 30, 2010, authorized the City Manager, or his designee, to establish the North 7th Street Utility Underground Project (B18219400) and the revenue and expenditure budgets.
- J. The North 7th Street Utility Underground Project is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15302 (d), which exempts conversion of overhead utility lines to underground facilities.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. After due consideration of the facts presented, the findings, including the foregoing recitals and the environmental findings regarding this action, as stated in this Resolution are approved and adopted.
- Section 2. In accordance with the California Community Redevelopment Law Section 33445, the City of Sacramento finds and determines that:
 - (a) The proposed action, allocating \$50,000 of River District Tax Increment in an Individual Project Agreement (IPA) with the City of Sacramento to purchase necessary easements and pay for hazardous substance cleanup and unforeseen site conditions to enhance the current utilities, is of benefit to the River District Redevelopment Project Area.
 - (b) There are no other reasonable financial resources available to the community to finance this portion of the utility enhancement.
 - (c) The proposed action furthers the goals of the River District Redevelopment Area and its Five-Year Implementation Plan, as adopted,

by eliminating the blighting influences of inadequate, under capacity, and dilapidated infrastructure inside the Project Area.

Section 3. The City Manager or the City Manager's designee is authorized to execute the IPA with the Redevelopment Agency for the North 7th Street Utility Underground Project with \$50,000 in River District Tax Increment funding.

Section 4. Staff is authorized to increase the revenue and expense budgets for the North 7th Street Utility Underground Project (B18219400) by the amount of \$50,000 in River District Tax Increment funding.



Attachment 2

RESOLUTION NO. 2010-_____

Adopted by the Redevelopment Agency of the City of Sacramento

December 14, 2010

APPROVAL OF FINANCING FOR THE NORTH 7TH STREET UTILITY UNDERGROUND PROJECT, AUTHORIZATION TO ENTER INTO AN INDIVIDUAL PROJECT AGREEMENT WITH THE CITY AND RELATED BUDGET AMENDMENT FOR \$50,000 IN RIVER DISTRICT TAX INCREMENT FUNDS

BACKGROUND

- A. The relocation or undergrounding of primary voltage overhead power lines is very desirable to the City as it improves aesthetics, economic vitality, safety and disabled access along corridors.
- B. The Sacramento Municipal Utility District (SMUD) recognized these benefits and established the System Enhancement Program in order to fund selected distribution system enhancements by relocating or undergrounding existing power lines below 69 kV.
- C. SMUD will fund the cost to relocate or underground its facilities and will fund the costs to construct the utility trench provided that: (i) the City has established the project and determined that it is in the public interest, (ii) the relocation of all telecommunication company facilities with leases and rights to the existing joint pole facilities has been funded and approved by those companies, (iii) the plans and specifications for the relocation of SMUD's facilities has been completed by others, (iv) the underground improvements have been constructed to SMUD's satisfaction, (v) all required building permits have been approved, (vi) all private property right of way requirements and easements and service relocation agreements with all affected property owners have been executed, and (viii) any easements that may be required by SMUD for its above-ground utility boxes have been granted.
- D. On March 9, 2010 the City Council approved the SMUD System Enhancement Program priority selection criteria and approved a list of priority ranked projects for the SMUD System Enhancement Program.
- E. In July 2010, the City was approached by SMUD and the Sacramento Regional Transit District (RT) about including the undergrounding of the utility lines along North 7th Street, between North B Street and Richards Boulevard, (the "North 7th Street Utility Underground Project") on the priority list so that the work could be funded by SMUD and undertaken as part of RT's construction of the Downtown-Natomas-Airport (DNA) Minimal Operable Segment 1 ("Green Line") project.

- F. The North 7th Street Utility Underground Project is consistent with the approved SMUD System Enhancement Program priority selection criteria and is the second-ranked project. SMUD has funding available in its current budget to fund this project and the plans have been completed and the project is ready for construction.
- G. In order for the above-ground utilities along North 7th Street to be relocated underground, the City will need to direct AT&T to relocate its existing facilities on the SMUD pole to the new trench and to reimburse the costs incurred for placement of conduits for its facilities.
- H. Resolution 2010-532, adopted on September 7, 2010, authorized the City Manager, or his designee, to undertake various actions relating to the North 7th Street Underground Project.
- I. On November 30, 2010, authorized the City Manager, or his designee, to establish the North 7th Street Utility Underground Project (B18219400) and the revenue and expenditure budgets.
- J. The North 7th Street Utility Underground Project is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15302 (d), which exempts conversion of overhead utility lines to underground facilities.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. After due consideration of the facts presented, the findings, including the foregoing recitals and the environmental findings regarding this action, as stated in this Resolution are approved and adopted.
- Section 2. Executive Director is authorized to amend the Agency budget for the North 7th Street Utility Undergrounding Project by appropriating \$50,000 in River District Tax Increment funding.
- Section 3. In accordance with the California Community Redevelopment Law Section 33445, the Redevelopment Agency of the City of Sacramento finds and determines that:
 - (a) The proposed action, allocating \$50,000 of River District Tax Increment funding in an Individual Project Agreement (IPA) with the City of Sacramento to purchase necessary easements and pay for hazardous substance cleanup and unforeseen site conditions to enhance the current utilities is great benefit to the River District Redevelopment Project Area.
 - (b) There are no other reasonable financial resources available to the community to finance this portion of the utility enhancement.

- (c) The proposed action furthers the goals of the River District Redevelopment Area and its Five-Year Implementation Plan, as adopted, by assisting elimination of the blighting influences of inadequate, under capacity, and dilapidated infrastructure inside the Project Area.

Section 4. The Executive Director, or her designee, is authorized to execute an IPA with the City of Sacramento in the amount of \$50,000 for the North 7th Street Utility Underground Project.