



REPORT TO COUNCIL

City of Sacramento

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Consent
September 7, 2010

Honorable Mayor and
Members of the City Council

**Title: Sacramento Municipal Utility District (SMUD) System Enhancement
Program Priority List; North 7th Street Utility Underground Project**

Location/Council District: Council District 1

Recommendation: Adopt a **Resolution** 1) establish the North 7th Street Utility Underground Project; 2) approve the amendment to the ranked System Enhancement Program project list to add the North 7th Street Utility underground Project; 3) direct staff to submit an application to SMUD under the System Enhancement Program for the North 7th Street Utility Underground Project for an allocation of SD-14 funds in an amount not to exceed \$750,000; 4) authorize the City Manager or his designee to execute an agreement with SMUD to accept the SD-14 funds and to grant to SMUD easements for their utility boxes on the City's incinerator property; 5) authorize the City Manager or his designee to execute an agreement with AT&T for reimbursement of the cost to underground its facilities in an amount not to exceed \$160,000; 6) authorize the City Manager or his designee to execute an amendment to the DNA Line Project Agreement with the Sacramento Regional Transit District (RT) to allocate the SD-14 and AT&T funds to RT to construct the North 7th Street Utility Underground Project; 6) authorize the City Manager or his designee to direct AT&T to relocate its overhead facilities on North 7th Street to the new underground utility facility; and 7) direct staff to work with the affected property owners to secure approvals for SMUD facilities and connections to the new underground facility.

Contact: Diana Sasser, Project Manager, (916) 808-5519; Jim Rinehart, Economic Development Director, (916) 808-5054

Presenters: N/A

Department: Economic Development Department

Division: Citywide

Organization No:

Description/Analysis

Issue: The relocation of primary voltage overhead power lines into an underground utility trench can help improve the reliability of utility services, aesthetics, facilitate development and economic vitality, as well as improve safety and disabled access along 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, will fund 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 is funded and completed; completed plans and specifications; constructed the underground improvements to allow for 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 incurs its own costs to relocate its facilities in the trench constructed by others.

On March 9, 2010, the City Council approved criteria to score and rank proposed undergrounding projects and approved the list of three projects eligible for the System Enhancement Program. In July 2010, the City was approached by SMUD and Regional Transit (RT) about including the undergrounding of the utility lines on North 7th Street, between North B Street and Richards Boulevard, as a project to include in the System Enhancement Program. This work would avoid the need for RT to place overhead power lines along the east side of North 7th Street to serve the new DNA light rail line extension, and would 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; however, RT does not have the additional funding required to underground the new utility lines. This project was analyzed through the approved SMUD and City criteria and is ranked as the second most eligible project. Staff recommends that the City Council approve the revised priority list to include the North 7th Street utility undergrounding project and authorize staff to work with SMUD and RT to implement this project. The remaining projects on the list remain eligible for funding once those projects have been designed and subject to the SMUD budget allocation process.

To implement the North 7th Street Utility Underground Project, AT&T will need to relocate its facilities to the new trench and reimburse the costs for their conduits.

Policy Considerations: The action recommended in this report is consistent with

previously approved policies to assist commercial projects and promote infill development.

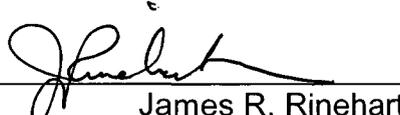
Environmental Considerations: The proposed action to add the North 7th Street utility underground project to the approved list of projects for future relocation or undergrounding of existing utility poles is exempt from environmental review under the California Environmental Quality Act (CEQA) Guidelines Section 15302 (c), replacement or reconstruction of existing utility facilities.

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

Rationale for Recommendation: The SMUD System Enhancement Program scored and ranked prioritized list is a result of applying the adopted criteria. This list provides guidance to the City Council in making funding application decisions.

Financial Considerations: Adding the North 7th Street Utility Underground Project to the priority list will result in a total of eight projects, with this project being second ranked. Three of the other projects are development driven and are planned to be funded through respective development interests, so the timing is uncertain. Funding for the Florin Road project, between Tamoshanter Way and Franklin Boulevard, has not been identified in part because the project has not yet been designed. Staff will continue to work with the development interests, SMUD and the other utilities for all of the projects on the list to facilitate implementation.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: 
James R. Rinehart
Economic Development Director

Recommendation Approved:


Gus Vina
Interim City Manager

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Attachment 1

Background Information:

SMUD has approximately \$5 million currently available through their System Enhancement Program for the costs of undergrounding its facilities. SMUD will fund the costs to relocate or underground its facilities if the City or others fund the development and non-participating costs, which include design, right of way, relocation of telecommunication equipment, and constructing the underground trenches.

On March 9, 2010, the City Council approved criteria to score and rank proposed undergrounding projects and approved the list that EDD presented at the time. In July 2010, the City was approached by SMUD and Regional Transit (RT) about including the undergrounding of the utility lines on North 7th Street between North B Street and Richards Boulevard. This project has already been designed and is ready for construction; however, RT does not have the funding required to underground the new utilities required for its DNA Green Line extension. Only cities and counties can apply to SMUD for these funds. This project was analyzed through the approved criteria and was ranked the second most eligible project. If SMUD approves the funding, the City would pass-thru the funds to RT which would undertake the utility trench construction work.

Three of the top four ranked projects, the Richards Boulevard from North 5th to North 7th Street (Council District 1), North 7th Street between North B and Richard Boulevard (Council District 1) and 16th Street between N and O Street (Council Districts 3 and 4), are development driven and have secured funding for the non-participating costs. Staff is working with the appropriate development interests to prepare applications for the submission of the three projects to SMUD's System Enhancement Program, subject to Council approval to add the North 7th Street project.

The fourth ranked project is Florin Road between Tamoshanter and Franklin Boulevard (Council District 8). Staff is currently working with SMUD to keep this project moving forward; however, to date, there has been no funding identified to pay for any project development costs and the non-participating costs which will likely be substantial. In addition, this project has not yet been designed.

Staff recommends that the City Council approve amending the priority list to add the North 7th Street project. Staff will continue to work with SMUD and the development interests and affected utilities on the priority list projects.

RESOLUTION NO.

Adopted by the Sacramento City Council

AMEND THE PRIORITY LIST FOR THE SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) SYSTEM ENHANCEMENT PROGRAM TO ADD THE NORTH 7TH STREET UTILITY UNDERGROUND PROJECT AND APPROVE AGREEMENTS FOR PROJECT IMPLEMENTATION

BACKGROUND

- A. The relocation or undergrounding of primary voltage overhead power lines is very desirable to the City as it can help to improve 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. There is an existing SMUD utility pole on the west side of North 7th Street which could be removed as part of a relocation project.
- 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 would be 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.

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

- Section 1. The North 7th Street Utility Underground Project is hereby established and the SMUD System Enhancement Program project list is hereby amended to add this project as the second-ranked project on the list. Staff is directed to submit an application to SMUD an allocation of SD-14 funding for this project in an amount not to exceed \$750,000.
- Section 2. The City Manager or his designee is authorized to enter into an agreement with SMUD to accept the SD-14 funds for the North 7th Street Utility Underground Project and to grant to SMUD easements for the utility boxes required for this project on the City's incinerator property located on North 7th Street.
- Section 3. The City Manager or his designee is authorized to enter into an amendment of the DNA Green Line Project Agreement with RT for RT to design and undertake construction of the North 7th Street Utility Underground Project and for City to pass-thru the SMUD SD-14 funds and the AT&T funds to reimburse RT for the actual construction costs incurred. .
- Section 4. The City Manager or his designee is authorized to direct AT&T to relocate its overhead facilities on the existing SMUD utility pole on North 7th Street to the new underground utility facility in accordance with the California Public Utilities Commission regulations and orders, and to enter into a reimbursement agreement with AT&T for it to pay the City for the costs of the AT&T conduits to be installed by RT, which work is estimated at \$160,000.
- Section 5. Staff is directed to work with the affected private property owners to secure the approvals and rights of way needed to place the ancillary SMUD facilities above-ground and to connect the existing buildings along North 7th Street to the new underground facility.