



Staff Report

RESOLUTION REQUESTING PG&E TO FUND THE ENTIRE OLD COUNTY ROAD AND MASONIC WAY UNDERGROUNDING UTILITY DISTRICT AS ORIGINALLY FORMED IN 2003

Honorable Mayor and Council Members:

Summary

The City Council is requested to approve a resolution demanding PG&E to provide the necessary funding to complete the Old County Road and Masonic Way Undergrounding Utility District as that was originally planned in 2003.

Background

The Old County Road Rule 20A Project includes undergrounding of existing overhead utilities along Old County Road and one block of Masonic Way between Old County Road and Granada Street. Since the formation of the undergrounding utility district in 2003, the estimated construction cost has escalated from \$2,200,000 to \$5,200,000. The original estimated cost for utility relocation was \$380 per linear foot. The current estimate is \$900 per foot.

In May 2008, PG&E began construction of the project because of the City's need to meet a federal funding deadline for the Old County Road Pavement Rehabilitation Project. Based on the allocation report from PG&E, the accumulated Rule 20A fund as of 2008 is \$2,574,794. Even with the allowable five years borrowing of the Rule 20A fund, the total available is approximately \$3,710,000. This amount falls far short from the \$5,200,000 required for the total project. PG&E estimated that the current available funding will only allow the construction up to MarineView Avenue which will leave 1200 linear feet of utilities along Old County Road without undergrounding.

Discussion

Between 2003 and 2008, PG&E has unilaterally reprogrammed Rule 20A funds to other local agencies without concurrence from the City of Belmont. As a consequence, the project has insufficient funding after the five year delay. The project should have been completed five years ago and would have been completed with the Rule 20A fund available at the time. Because of PG&E's delay and reprogramming of the fund to other agencies, the total project cannot be completed with the current funding available.

Staff met with PG&E and discussed City's concern about PG&E's inability to deliver the project on time and with the funding allowed. As stated by the PG&E representative in the Council meeting on October 28, 2008:

*“Good Evening, my name is Roxanne Cruz. I'm the public affairs representative for PG&E and I'm here just to address Councilmember Dickenson's concerns regarding the Rule 20 project on Old County Road. We have a meeting scheduled with Mr. Crist and with Mr. Davis to discuss the project. First I'd like to apologize if the Council felt that we were not clear in the roll out of the project, to clarify and discuss the process and we'll also try to **make the City whole again so that the City is satisfied with PG&E and this project.**”*

As it is understood from these statements, PG&E will complete the entire project and provide funding for the remaining 1200 linear foot of undergrounding that will not be covered by the current fund.

General Plan/Vision Statement

This project is consistent with the General Plan Public Facilities and Services Goals section (Paragraph 2041), which states “To provide public services at a level adequate to ensure public safety, health and welfare at the lowest possible cost; to establish and maintain all essential public services and facilities in a manner that ensures continued operation in time of emergency.”

Fiscal Impact

The undergrounding project will be paid for by the Rule 20A fund. PG&E's estimate for the construction of the project as originally formed in 2003 is \$5,200,000. No additional funding is required from the City.

Public Contact

The Council agenda was posted.

Recommendation

The City Council is requested to approve a resolution demanding PG&E to provide the necessary funding to complete the Old County Road and Masonic Way Undergrounding Utility District as that was originally planned in 2003.

Alternatives

1. Take no action.
2. Refer back to staff for further information.

Attachments

A. Resolution

Respectfully submitted,

Raymond E. Davis III, PE, PTOE
Director of Public Works

Jack R. Crist
City Manager

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
REQUESTING PG&E TO FUND THE ENTIRE OLD COUNTY ROAD AND MASONIC
WAY UNDERGROUNDING UTILITY DISTRICT AS ORIGINALLY FORMED IN 2003**

WHEREAS, the Belmont City Council established the Old County Road and Masonic Way Underground Utility District by Resolution 9389 in April 8, 2003; and,

WHEREAS, the Underground Utility District had a total project length of 5800 feet of which 5300 feet was along Old County Road and 500 feet was along Masonic Way; and,

WHEREAS, the total construction cost for the Underground Utility District was estimated by PG&E staff to be \$2,200,000 for a per lineal foot cost of approximately \$380 per foot; and,

WHEREAS, PG&E staff indicated the design would take nine months and another nine months to construct the improvements; and,

WHEREAS, between 2003 and 2008, PG&E unilaterally reprogrammed Rule 20A funds to other agencies without notifying the City of Belmont while misleading the City of Belmont to believe that the City's project was moving forward; and,

WHEREAS, the City of Belmont was finally able to get PG&E to move forward on the project in 2008 because of the threat of losing federal funds to resurface Old County Road upon completion of the undergrounding project; and,

WHEREAS, the cost of the project has increased from the estimated cost of \$380 per lineal foot to approximately \$900 per lineal foot and the overall project estimate went from \$2,200,000 to \$5,200,000; and,

WHEREAS, the City of Belmont's Rule 20A balance as of June 30, 2008 was \$2,574,794 and even with the ability to borrow five years of Rule 20A the total amount of funds available to the City is approximately \$3,710,000; and,

WHEREAS, the \$3,710,000 of Rule 20A funds are far short of the now required \$5,200,000 to complete the Undergrounding Utility District. The City of Belmont's Rule 20A funds would only allow the City to underground the utilities along Old County Road to Marine View (approximately 4100 lineal feet) leaving 1200 lineal feet of Old County Road with utilities above ground; and,

WHEREAS, the delay by PG&E allowed the construction index to increase by 184%, thus driving the City of Belmont's Rule 20A funds in deficit by approximately \$1.5 million; and,

WHEREAS, the only reason the City of Belmont is in this predicament is that PG&E reprogrammed funds that should have gone to the City of Belmont rather than to other agencies; and,

WHEREAS, the City of Belmont’s entire project should have been completed several years ago and would have been completed within the City’s Rule 20A allocation; and,

WHEREAS, the City of Belmont has expressed our concerns regarding the overall project to PG&E; and,

WHEREAS, Ms. Roxanne Cruz representing PG&E spoke at the October 28, 2008 City Council meeting and stated on record:

*“Good evening, my name is Roxanne Cruz. I’m the public affairs representative for PG&E and I’m here just to address Councilmember Dickenson’s concern regarding the Rule 20 project on Old County Road. We have a meeting scheduled with Mr. Crist and with Mr. Davis to discuss the project. First I’d like to apologize if the Council felt that we were not clear in the roll out of the project, to clarify and discuss the process and we’ll also try to **make the City whole again so that the City is satisfied with PG&E and this project.**”*; and,

WHEREAS, the City understood these comments to mean PG&E will complete the entire undergrounding project and will fund the undergrounding of the remaining 1200 lineal feet that the current Rule 20A will not cover.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont requests PG&E fulfill the promise made in public to make the City whole and to provide the necessary funding to complete the Old County Road and Masonic Way Undergrounding Utility District as planned in 2003.

* * * * * I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on January 13, 2009 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont