

DATE ISSUED: October 16, 2000

REPORT NO. 00-226

ATTENTION: Land Use and Housing Committee
Agenda of October 18, 2000

SUBJECT: 2001 Underground Utilities Program Projects

REFERENCE: Manager's Report No. 95-221
Manager's Report No. 96-201
Manager's Report No. 97-191
Manager's Report No. 98-210
Manager's Report No. 99-155

SUMMARY

Issue - Should Council approve the Calendar Year 2001 Underground Utilities Program Projects as set forth herein?

Manager's Recommendation - Approve the 2001 proposed Underground Utilities Program Projects as listed in Attachment 1, Tier 1.

Other Recommendations - None.

Fiscal Impact -

- 1) Funding for design and construction of electrical conversions is available through SDG&E, CPUC case 8209 monies. Associated conversions for telephone and cable are not funded through the 8209 funds, and must be converted at the expense of those companies.
- 2) Funding for conversion of city-owned streetlights and administration must be budgeted from City funds in CIP 370280. Funds budgeted in CIP 370280 for FY 2001 is currently \$1.2 million and is proportional to the allocations under the agreement. This allocation may need to be adjusted for next fiscal year in proportion to the size of the allocation adopted by Council.

BACKGROUND

The City of San Diego entered into an agreement with SDG&E on April 11, 1995. This agreement detailed fund allocations and expenditure levels with corresponding schedules for completion of all projects contained in the agreement.

As part of this agreement, SDG&E agreed to use previously allocated funds to complete projects described in Exhibit "A" of the agreement. Exhibit "A" projects were estimated at \$33 million. In addition, the agreement set allocations for future projects as described in Exhibit "B" of the agreement. Exhibit "B" projects would consist of \$55 million in future allocations; \$5 million in 1995 and \$10 million for each year 1996 through 2000 inclusive.

The allocations to be made under the terms of the settlement agreement have been completed. However, the undergrounding of overhead utilities as provided for in California Public Utility Commission case 8209 (tariff rule 20A) still remains as the vehicle for allocating undergrounding projects.

The City and SDG&E are in negotiations relative to the Franchise. One issue under this umbrella is the underground conversions per CPUC 8209. Given the status of these negotiations and the desire to have a program of underground conversion projects for the next calendar year, staff has provided a tiered list of possible allocations (see Attachment 1).

DISCUSSION

As reported in CMR 99-155 (July 23, 1999), the calendar year 2000 allocation by Council was intended to provide SDG&E with more than an adequate number of projects (estimated in excess of the allocation level) in order to aggressively work towards achieving the total amount of expenditures agreed to in the 1995 Agreement. At that time, savings from completed projects plus anticipated savings on projects estimated but not yet completed, were used to over-allocate for calendar year 2000 in order to assure expenditures and project completions by December 31, 2002 in accordance with the agreement. At the same time, it was noted that the total of these allocations could actually prove to be in excess of the agreement commitment and if such proved to be the case, there might be projects listed for the calendar year 2000 allocation that would have to be carried over to another year's allocations.

SDG&E has indicated that they believe the expenditures for the total allocated projects will be exceeded, principally due to some of the higher voltage transmission lines (in a separate action, Council revised the policy regarding inclusion of higher voltage transmission lines, such as 69KV). Since many projects have not been constructed and the allocated amounts are still represented by estimates instead of expenditures, staff recommends waiting for more detailed information before committing any of the calendar year 2000 projects as the next priority for a subsequent year. Given these circumstances, however, staff also believes it would be prudent to adopt only the first tier of project allocations given in Table 1.

ALTERNATIVES

1. Allocate additional Tiers or projects from Attachment 1.
2. Substitute any of the projects on Attachment 1 with any on Attachment 2 (Master Needs list of Qualified Underground Conversion Projects).

Respectfully submitted,

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Hossein Ruhi Approved: Frank Belock
Chief Deputy Director, Design Division..... Deputy City Manager.....
Engineering & Capital Projects Department

BOEKAMP/HR

- Attachments: 1. Calendar Year 2001 Underground Conversion Projects, Tiers 1, 2, and 3
2. Master Needs List of Qualified Underground Conversion Projects

Note: Attachments are not available in electronic format. Copies are available for review in the Office of the City Clerk.