

DATE ISSUED: March 4, 2004 REPORT NO. 04-049

ATTENTION: Rules, Finance, and Intergovernmental Relations Committee, Agenda of March 10, 2004

SUBJECT: Council Policy 600-25, Private Development Responsibilities for Undergrounding of Overhead Utility Lines

REFERENCE: City Manager Report 03-210

#### SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COUNCIL COMMITTEE.

#### BACKGROUND

The Planning Commission often considers Tentative Map Waiver projects. Many times, these projects contain requests for the waiver of the requirement to underground existing overhead utilities. The Municipal Code requires the underground conversion of overhead utilities for all new subdivisions, including condominium conversions. However, Council Policy 600-25 provides for the consideration of the waiver of undergrounding requirements if certain criteria are satisfied. The Planning Commission requested information on the City's Undergrounding Program to understand the granting of waivers under Council Policy 600-25 in the context of the City's undergrounding efforts citywide. A workshop on this issue was held with the Planning Commission on November 20, 2003.

#### DISCUSSION

On January 28, 2002, the City Council approved ordinances relative to the SDG&E franchise. A provision of these actions provided that SDG&E would implement an electric surcharge and agree to other actions to provide funding and necessary mechanisms to ensure undergrounding of utility lines occur at a yearly rate equal to 4.5% of gross electric revenues.

Council Policy 600-8 requires that not later than January 31 and June 30 of each year, City Staff shall report to City Council the status of all allocated underground conversion projects, as well as the status of expenditures and underground conversion account status. The last status report was provided to the City Council on November 17, 2003.

The Municipal Code requires subdividers to convert existing overhead utilities within and adjacent to the subdivision. These conversions are deemed to be an enhancement of the environment and an enhancement of the quality of life. However, Council Policy 600-25 was established in acknowledgment that the piecemeal undergrounding of utilities is sometimes impractical from a technical and financial standpoint and may have minimal aesthetic impact. Council Policy 600-25 provides findings by which staff and decision makers may consider the waiver of the requirement to underground existing overhead utilities. The undergrounding of utilities at developer expense facilitates the City's ongoing efforts to achieve undergrounding of utilities citywide. However, given the uncertainty in the timing and location of development projects, it is not deemed a major vehicle for the achievement of the City's undergrounding efforts.

During the project review process, Development Services engineering staff appraises applicants that existing overhead utilities on all projects entailing a subdivision will have to be undergrounded, unless a waiver is requested in accordance with the provisions of Council Policy 600-25. Applicants most often request a waiver of undergrounding in accordance with Council Policy 600-25 based on the finding that the required undergrounding would represent an isolated case of undergrounding. Development Services engineering staff coordinates with the City's Undergrounding Program in considering whether a proposed underground conversion will be an isolated instance based on current scheduling. In the case of a required underground conversion that is not contiguous to an area that is already undergrounded nor contiguous to an area that is scheduled for undergrounding soon, Development Services review staff generally recommends a waiver by the appropriate decision maker at the hearing of the project.

Council Policy 600-25 also provides for the consideration of waivers to undergrounding requirements in the case of inordinate cost. A general threshold of 1% is set forth for the prorated cost of the undergrounding to the average sales price of the living units within the development. However, no applicant has requested a waiver based on this criterion. In the event that there is a request for a waiver based on this criterion, Council Policy 600-25 provides that the estimated cost of the undergrounding effort must be supplied or verified by a utility consultant or utility company. The reasonableness of the estimated sales price of the units for sale would be reviewed by City staff prior to a recommendation on the waiver request.

In conclusion, the Municipal Code requires the underground conversion of overhead utilities for all new subdivisions, including condominium conversions. Council Policy 600-25 provides guidelines by which the appropriate decision maker may consider the waiver of this requirement. City staff considers technical feasibility as well as the orderly accomplishment of underground conversion in the review of waiver requests. For this reason, staff has not recommended the underground conversion of short (less than a full block) overhead utility segments that are not

contiguous to areas that have already been undergrounded, unless the adjacent area is scheduled for underground conversion soon. Staff can give greater weight to other the factors upon being provided further policy direction.

Respectfully submitted,

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Tina Christiansen  
Director, Development Services Dept.

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Approved: P. Lamont Ewell  
Assistant City Manager

CHRISTIANSEN/DMW

- Attachment:
1. [Council Policy 600-8, Underground Conversion of Utility Lines by Utility Company.](#)
  2. [Council Policy 600-25, Underground Conversion of Utility Lines at Developer Expense](#)