

# REPORT TO COUNCIL

## City of Sacramento

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Consent  
March 9, 2010

Honorable Mayor and  
Members of the City Council

**Title: Sacramento Municipal Utility District (SMUD) System Enhancement Program**

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** 1) approving the SMUD System Enhancement Program priority selection criteria; 2) approving the scored and ranked project list; 3) directing staff to submit applications to the SMUD System Enhancement Program for the top two ranked projects; 4) directing staff to prepare feasibility studies, cost estimates and identify funding for the third highest ranked project and return to Council to establish Capital Improvement Program Projects for the preliminary engineering phase of the project; and, 5) directing staff to identify funding for the development of the fourth highest ranked project and, if the SMUD funding can be completed by May 2010, return to Council to establish Capital Improvement Program Projects for the preliminary engineering phase of the project (if the project will not be completed by May 2010, the next project will be considered).

**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 or underground-locating of primary voltage power lines can help improve aesthetics, economic vitality, safety and disabled access along corridors within the City of Sacramento. SMUD recognized this and established the System Enhancement Program in order to make selected distribution system enhancements by relocating or undergrounding power lines below 69 kV. As such, 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, has ensured that the relocation of all telecommunication companies

with leases and rights to the affected joint pole facilities is funded and completed, has completed plans and specifications and has constructed the underground improvements for SMUD's 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. The City's Economic Development Department (EDD) has drafted scoring criteria to prioritize potential projects. Based on this criteria, EDD has scored and ranked the projects and recommends that the City Council authorize staff to work with SMUD and the Department of Transportation (DOT) on the top four projects.

**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 approve a 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.

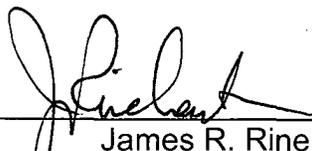
**Rationale for Recommendation:** The SMUD System Enhancement scored and ranked prioritized lists are a result of applying the proposed criteria that is attached for approval as well. This list provides guidance to the City Council in making funding application decisions.

**Financial Considerations:** Two of the top-four ranked projects are development driven and are planned to be funded through respective development interests. Funding for the third and fourth projects, Florin Road between Tamoshanter Way and Franklin Boulevard and R Street between 10<sup>th</sup> and 13<sup>th</sup> Street, has not been identified. For these last two recommended projects, staff recommends that the City Council direct staff to identify funding for preparation of a preliminary feasibility report and cost estimate. Staff will then return to Council for approval to establish a Capital Improvement Program Project for the preliminary engineering phase of these projects.

**Emerging Small Business Development (ESBD):** Not applicable.

March 9, 2010

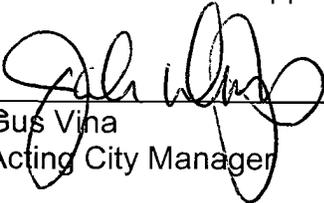
Respectfully Submitted by: \_\_\_\_\_

  
James R. Rinehart  
Economic Development Director

Approved by: \_\_\_\_\_

  
John Dangberg  
Assistant City Manager

Recommendation Approved:

  
Gus Vina  
Acting City Manager

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**Background Information:**

SMUD has approximately \$5 million available through their System Enhancement program for the undergrounding of 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. The City's Economic Development Department (EDD) has drafted scoring criteria to prioritize potential projects. Based on this criteria, EDD has scored and ranked the projects and proposes to work with SMUD, private development interests, and the Department of Transportation, (DOT) on the top three projects.

Two of the top three projects, the Richards Boulevard from North 5<sup>th</sup> to North 7<sup>th</sup> Street (Council District 1), and 16<sup>th</sup> Street between N and O Street (Council District 1, 3 and 4), are private development driven and have secured funding for the non-participating costs. As such, it is recommended that staff work with the appropriate development interests to prepare applications for the submission of the two projects to SMUD's System Enhancement Program.

The third ranked potential project is Florin Road between Tamoshanter and Franklin Boulevard (Council District 8). While there is a high level of interest in moving this project forward, to date, there has been no funding identified to pay for the project development costs and the non participating costs which will likely be substantial

The fourth ranked potential project is R Street between 10<sup>th</sup> Street and 13<sup>th</sup> Street (Council District 4). While there is a high level of interest in moving this project forward, to date, there has been no funding identified to pay for the project development costs and the non participating costs which will likely be substantial.

Additionally, if the preliminary engineering design, approvals and the SMUD funding determination is not secured by May 2010, the fourth project will not be eligible and must be removed from the list.

Staff recommends that the City Council direct staff to identify funding and prepare a preliminary feasibility report and cost estimate and return to Council for approval to establish a Capital Improvement Program Project for the preliminary engineering phase of the third and fourth ranked projects.

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING SELECTION CRITERIA AND ESTABLISHING A PRIORITY LIST FOR  
THE SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) SYSTEM  
ENHANCEMENT PROGRAM**

**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 this and established a System Enhancement Program in order to fund selected distribution system enhancements by relocating or undergrounding power lines below 69 kV.
- C. 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, has ensured that the relocation of all telecommunication companies with leases and rights to the project joint pole facilities is funded and completed, has completed plans and specifications for the relocation of SMUD's facilities and has constructed the underground improvements to SMUD's satisfaction, and has procured all required building permits and executed easement and service relocation agreements with all affected property owners.
- D. Funding for the non-participating work for the two top ranked projects, the Richards Blvd between North 7<sup>th</sup> Street and North 5<sup>th</sup> Street project, and the 16<sup>th</sup> Street between N Street and O Street project, has been identified and will be funded through private development or other interests.
- E. Although funding for the non-participating work for the third and fourth ranked projects, Florin Road between Tamoshanter and Franklin Boulevard and R Street between 10<sup>th</sup> and 13<sup>th</sup> Streets, has not been identified, the City Council desires that staff continue to work on preparing feasibility reports, costs estimates and identifying possible funding.

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

- Section 1. The SMUD System Enhancement program priority selection criteria shown in Exhibit A is approved.

- Section 2. The scored and ranked project list, shown in Exhibit B, based on the priority criteria is approved.
- Section 3. Exhibits A and B are part of this resolution.
- Section 4. Staff is directed to work with the private project sponsors to submit applications to the SMUD System Enhancement Program for the Richard Blvd. between North 7<sup>th</sup> Street to North 5<sup>th</sup> Street, and the 16<sup>th</sup> Street between N Street and O Street projects.
- Section 5. Staff is directed to identify funding and prepare a preliminary feasibility report and cost estimate for both the R Street between 10<sup>th</sup> and 13<sup>th</sup> Street and the Florin Road between Tamoshanter and Franklin Boulevard projects and return to Council for approval to establish a Capital Improvement Program Project for the preliminary engineering phase of the work for these two projects. If the fourth project is unable to meet the internal May 2010 deadline to submit an application based on the preliminary feasibility report, staff is authorized to evaluate the next ranked project.

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Exhibit A: SMUD System Enhancement Program Priority Criteria

Exhibit B: SMUD System Enhancement Program scored and ranked list

**Exhibit A**  
**SMUD Undergrounding Project Ranking Criteria**

**Qualification**

Is the project in the Shovel Ready Program/Priority Area?

**Yes** or **No** (if no – does not qualify)

**Ranking (maximum of 100 points)**

1. Project Readiness (Have planning and feasibility studies been completed) – **20 pts**
2. Shovel Ready Program Tier 1 – **20 pts** or Shovel Ready Program Tier 2 – **10 pts**
3. Is the project within a Redevelopment Area – **10 pts** or Commercial Corridor – **10 pts**
4. Are there outside resources to help pay for the design and negotiation efforts – **15 pts**
5. Does the project leverage other undergrounding efforts (fiber optic, etc.) **10 pts**
6. Is there Community and Property Owner Support for the project – **25 pts**

*There is no match required by SMUD but if there are any non-eligible costs, they must be identified and there must be a plan to pay for these costs.*

**Exhibit B**  
**SMUD System Enhancement Ranked Project List**

1. **Richard Blvd (North 7<sup>th</sup> Street to North 5<sup>th</sup> Street) – District 1 100 points**  
Project has underground application into SMUD already but needs funding to do the actual work. There will already be underground trenching along this street to install fiber optic cables hopefully decreasing the cost related to the project. In addition, funds have already been identified by the developers of Township 9 to pay for any additional costs related to this project, including fees and the undergrounding of non-SMUD lines. The project is currently being designed and will have an estimate in short order.
2. **Across 16<sup>th</sup> Street between N Street and O Street - Districts 1,3 and 4 90 points**  
Project has been designed and currently has an estimate of approximately \$314,000 for the entire undergrounding. Of this \$314,000, the developer will need \$217,000 for just the SMUD portion. CADA has pledged the additional funds needed for the non-SMUD portion
3. **Florin Road (Tamoshanter to Franklin Boulevard) – District 8 75 points**  
The Florin Road Partnership has done extensive research into undergrounding the utility lines in this area. However, there is not currently any outside financing identified to assist the City with the design efforts and negotiations with the other owners of the poles.
4. **R Street (10<sup>th</sup> Street to 13<sup>th</sup> Street) – District 4 75 points**  
This undergrounding project can leverage the trenching from the streetscape project that will begin in Summer 2010. However, there is not currently any outside financing identified to assist the City with the design efforts and negotiations with the other owners of the poles. Additionally, if the design, negotiations, and the SMUD funding determination is not determined by May 2010 (when DOT is scheduled to begin the streetscape project), this project will not be feasible and must be removed from the list.
5. **Jibboom Street – District 1 55 points**  
Further research still needs to be completed on this project, however there is wide-spread community support for projects along Jibboom and the City is the property owner of most of the property.
6. **1<sup>st</sup> Street (near Docks Project) – Districts 1 & 4 55 points**  
Further research still needs to be completed on this project, however there is wide-spread community support for projects near docks and the City is the property owner of most of the property.
7. **Stockton Boulevard - Fruitridge Road to the City/County limits – District 6 30 points**

Further research still needs to be completed on this project. The various property owners and community has not been notified of a potential project yet, so it is unknown if they will support a project. In addition, there is not currently any outside financing available to assist the City with the design efforts and negotiations with the other owners of the poles.