



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 10/16/2012

Report Type: Consent

Title: Budget Actions for 16th Street Undergrounding Project (B18219200)

Report ID: 2012-00822

Location: District 4

Recommendation: Pass a Resolution: 1) establishing the 16th Street Undergrounding Project and 2) amending the FY2012/13 Capital Improvement Program by establishing revenue and expenditure budgets for the project in the amount of \$69,000 (Fund 3702).

Contact: Rachel Hazlewood, Senior Project Manager, (916) 808-8645, Economic Development Department

Presenter: None

Department: Economic Development Dept

Division: Citywide Development

Dept ID:

Attachments:

1-Description/Analysis

2-Resolution

City Attorney Review

Approved as to Form
 Sheryl Patterson
 10/8/2012 1:06:32 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
 Russell Fehr
 9/26/2012 10:20:01 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 10/3/2012 4:42:06 PM



Description/Analysis

Issue: Sacramento Municipal Utility District (SMUD) recognizes the aesthetic and economic development benefits of undergrounding existing power lines and established the System Enhancement SD-14 Program (System Enhancement Program) to fund selected distribution system enhancements by relocating or undergrounding lines below 69 kV transmission line. The City has participated in this program with the North 7th Street and Richard Boulevard Undergrounding projects and a portion of the Capitol Area Development Authority (CADA) 16th Street Undergrounding Project located between N and P Streets is now approved by SMUD.

In 2010, the City established and approved a priority list for potential projects which was adopted on March 9, 2010 (Resolution 2010-119) and amended on September 7, 2010 (Resolution 2010-532). The 16th Street Project was listed as a priority project and is now being undertaken by CADA as part of its East End Gateway 2 and 3 Projects between 15th and 16th Streets and N and P Street.

On July 25, 2012, SMUD approved the 16th Street Project's participation in the System Enhancement Program and committed to provide \$69,000 for the undergrounding project. An agreement for the approved SMUD contribution was executed between the City and SMUD on September 25, 2012 under the City Manager's authority as it was less than \$100,000. On September 28, 2012, CADA's Board of Directors approved the implementing agreement between the City and CADA for the project which assigns the scope of work to CADA and its developer, Ravel Rasmussen Properties.

Funding through the System Enhancement Program is provided by SMUD to the City. In turn, the City will reimburse CADA or, upon CADA's request, its developer after the work has been completed. In order to process reimbursement payments, a project and its revenue and expenditure budgets need to be established in Fund 3702, in the 16th Street Undergrounding Project (B18219200) with \$69,000 in SMUD funds.

Policy Considerations: The actions recommended in this report are consistent with previously approved policies to assist commercial projects and promote infill development. The relocation or undergrounding of primary voltage overhead power lines is very desirable to the City as it helps improve aesthetics, economic vitality, safety and disabled access along corridors.

Economic Impacts: This funding is part of a larger undergrounding project estimated at \$571,000 that would result in creating approximately 2.28 jobs and another \$380,000 in economic output.

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from

the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The proposed action to fund the project for 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: This report does not address any sustainability issues.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The CADA East End Project is a significant infill and transit-oriented development project along an important transportation corridor in the Central City. The SMUD System Enhancement Program will fund the SMUD portion of the excavation and trenching needed to underground the electrical lines adjacent to the East End Gateway 2 and 3 Project and between 15th and 16th Streets and N and P Street. In accordance with SMUD System Enhancement Program requirements, the CADA developer has prepared plans for this work, will undertake construction of the trench, and will grant necessary easements for this facility.

Financial Considerations: The construction of the trench for the new underground lines is estimated to cost approximately \$571,000. The SMUD System Enhancement Program funds will fund up to \$69,000 of the work. Of the remaining \$502,000 in estimated project costs, \$263,000 will be paid by CADA's developer, Ravel Rasmussen Properties, and \$239,000 will be paid by CADA. The City will not be responsible for any cost overruns or change orders.

Emerging Small Business Development (ESBD): Not applicable.



RESOLUTION NO. 2012-

Adopted by the City of Sacramento

ESTABLISHING THE 16TH STREET UNDERGROUNDING PROJECT (B18219200) AND REVENUE AND EXPENDITURE BUDGETS

BACKGROUND

- A. Relocating or undergrounding primary voltage overhead power lines is desirable to the City as it improves aesthetics, economic vitality, safety and disabled access along corridors.
- B. Sacramento Municipal Utility District (SMUD) recognized these benefits and established the System Enhancement SD-14 Program (System Enhancement Program) to fund selected distribution system enhancements by relocating or undergrounding existing power lines below 69 kV.
- C. On March 9, 2010, in Resolution 2010-119 and as amended on September 7, 2010, in Resolution 2010-532, City Council adopted the priority list for projects eligible to participate in the System Enhancement Program, which included the CADA 16th Street Undergrounding Project (CADA Project).
- D. On July 25, 2012, SMUD approved the 16th Street Undergrounding Project's participation in the System Enhancement Program and committed to provide \$69,000 for the undergrounding project and on September 25, 2012 executed an agreement with the City for the project.
- E. The 16th Street Undergrounding Project is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15302 (d), which exempts conversion of overhead utility lines to underground facilities.

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

- Section 1. The 16th Street Undergrounding Project (B18219200) is established as a new Capital Improvement Program.
- Section 2. The FY2012/13 Capital Improvement Program is amended by establishing revenue and expenditure budgets in an amount not-to-exceed \$69,000 (Fund 3702) for the 16th Street Undergrounding Project.