



Overhead to Underground Utility Conversion Program (Rule 20A) and Possible Transfer of Funds

June 16, 2020 City Council Meeting

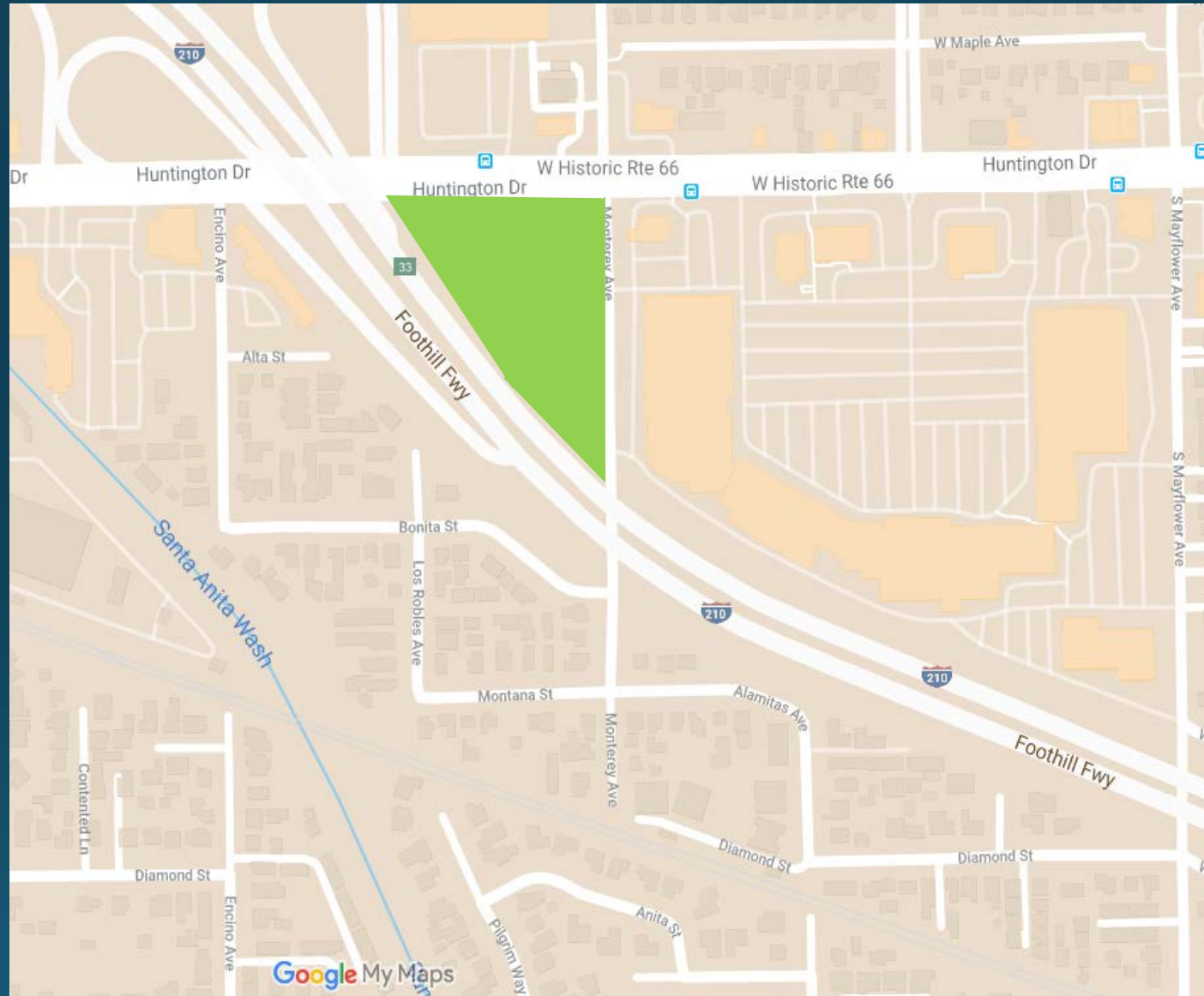
Background

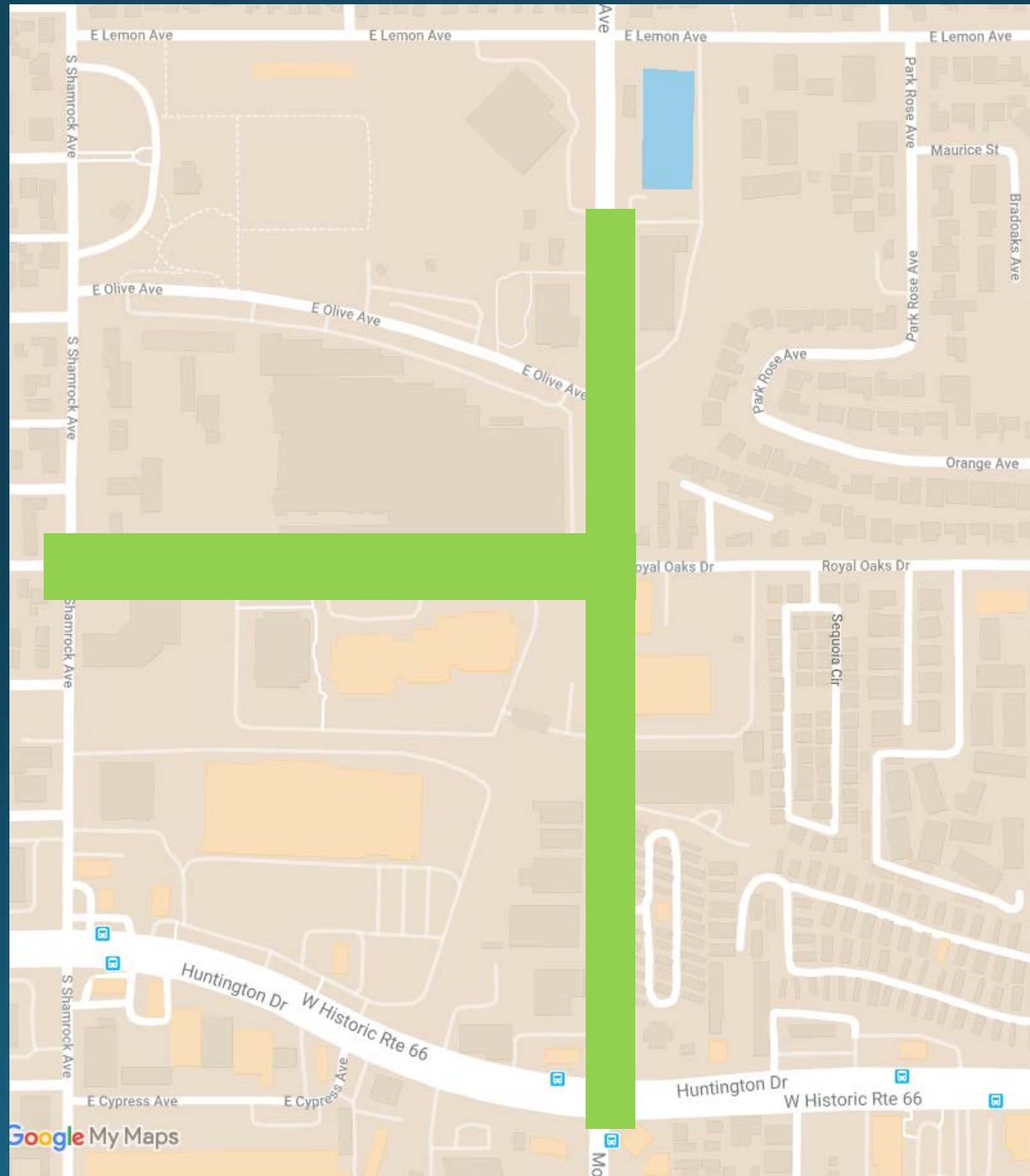
- California Public Utilities Commission oversees the conversion of overhead power lines and other equipment to underground facilities, also known as "undergrounding".
- Rule 20A, established in 1967, requires allocation of funding each year for establishment of underground utility districts within the service territory for electrical utilities.
- The allocation is financed by utility rates for electrical service and pays for the expenses to underground electric utilities within the District. Each Municipality

Underground Utilities Districts

- In total, 9 underground utility districts have been established through the Rule 20A program.
- Most districts established between 1969 and 1979
- The most recent district project in Monrovia was 2004-01
 - Project Completed in 2009-2010







Underground Utility Districts

- All projects for these districts have been completed.
- No other projects/Districts are in process.

Status of Available Funds

- Underground Utility District 2004-01 cost approximately \$5.4 million dollars, leaving the City with a negative balance of Rule 20A funds for the first part of the 2010's.
- In 2017, the City's allocation balance became positive
- Total Allocation Balance as of May 2020 - \$437,568.

Priority Fire Mitigation Projects

- Staff from Public Works and the Fire Department have analyzed possible projects to consider in high fire danger areas.
- These projects include:
 - Oakglade/Ridgeside Loop
 - Norumbega East of Bradoaks
 - Norumbega West of Bradoaks
- These projects were analyzed utilizing the following cost figures:
 - Low Cost: \$1,000 per linear foot
 - High Cost: \$1,500 per linear foot
 - District 2004-1 had an average cost of \$1,200 per linear foot

Priority Fire Mitigation Projects

- Norumbega West Section
 - 69 Residential Properties
 - 3,100 linear feet (approximately) of overhead electrical lines



Estimated Cost for 3,100 linear feet

- Low Cost (\$1,000/ft): \$ 3,100,000
- High Cost (\$1,500/ft): \$ 4,650,000



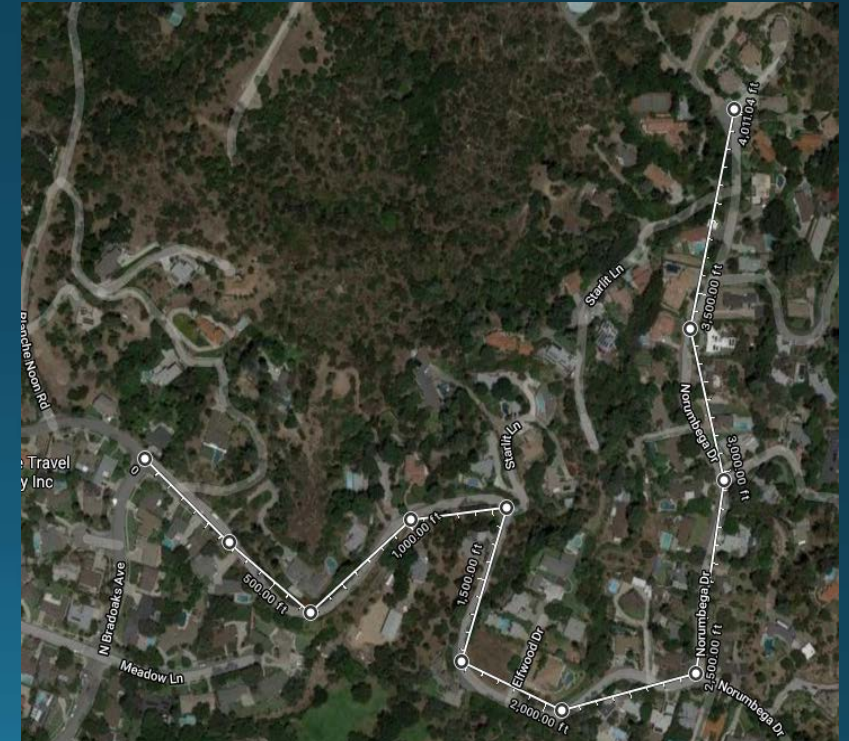
Priority Fire Mitigation Projects

- Norumbega East Section
 - 86 Residential Properties
 - 4,000 linear feet (approximately) of overhead electrical lines



Estimated Cost for 4,000 linear feet

- Low Cost (\$1,000/ft): \$ 4,000,000
- High Cost (\$1,500/ft): \$ 6,000,000



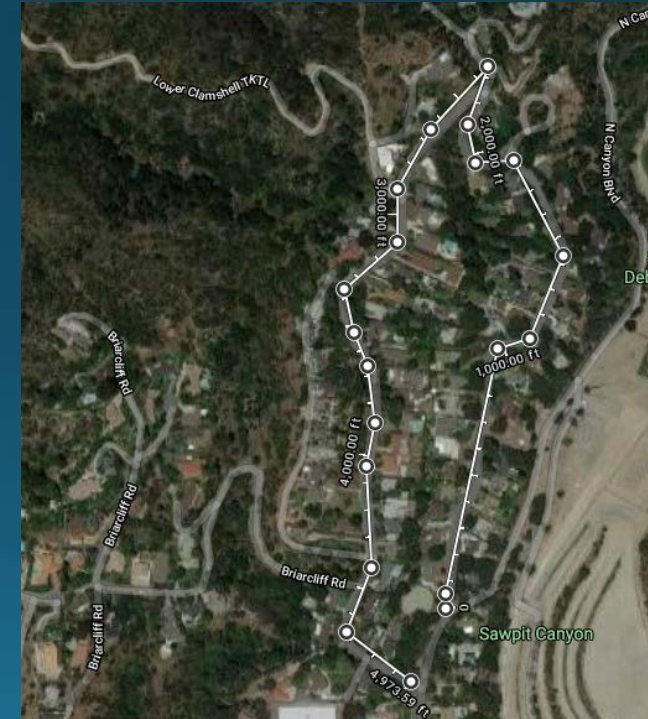
Priority Fire Mitigation Projects

- Oakglade / Ridgeside Loop
 - 95 Residential Properties
 - 5,000 linear feet (approximately) of overhead electrical lines



Estimated Cost for 5,000 linear feet

- Low Cost (\$1,000/ft): \$ 5,000,000
- High Cost (\$1,500/ft): \$ 7,500,000



Priority Fire Mitigation Projects

- Potential Cost Summary

Location	Linear Footage	Low Cost (\$1,000/linear foot)	High Cost (\$1,500/linear foot)
Ridgeside/Oakglade Loop	5,000	\$5,000,000	\$7,500,000
Norumbega East of Bradoaks	4,000	\$4,000,000	\$6,000,000
Norumbega West of Bradoaks	3,100	\$3,100,000	\$4,650,000

Rule 20A Fund Analysis

- Current Rule 20A Balance: \$ 437,568
- 5-Year Average Allocation: \$ 130,000
- To initiate the most modestly costed project, the City would need at least an additional 20-years worth of allocation
 - 20 Years X \$130,000 = \$2,600,000
 - Existing Balance= \$ 437,568
 - Total = \$3,037,568
 - Estimated Project Cost (Low) **\$3,100,000**
 - Assuming no significant changes to the allocation or project costs

Sale/Transfer of Funds

- Multiple cities have traded Rule 20A funds in exchange for unrestricted general fund dollars
- Staff has had preliminary discussions with a few Southern California Agencies on possible transfers.
 - Current Marketplace indicates a value of \$0.55 of unrestricted (General) funds for each \$1.00 of restricted (Rule 20A) funds.
- If the City were to execute a transfer of these funds, it would provide a one-time general fund payment of approximately \$240,000.
- Should the City transfer these funds at this time, the City will continue to receive an annual allocation of Rule 20A Funds

Options

- The Options for the Council this evening are:
 - Authorize the City Manager and Staff to negotiate a transfer of Rule 20A funds to another municipality and return to the City Council with a formal agreement for consideration.
 - Provide additional direction or request additional information as it pertains to these funds.

Recommendation

- Staff recommends that the City Council:
 - Authorize the City Manager to negotiate a transfer of Rule 20A funds to another municipality and return to the City Council with a formal agreement for consideration.