



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 23, 2008

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Underground Utility Assessment District Program Level Of Support Update

### **RECOMMENDATION:**

That Council receive an update and provide direction on the Underground Utility Assessment District (UUAD) Program, including the program's level of neighborhood support thresholds.

### **DISCUSSION:**

At the July 15, 2008, meeting, Council expressed concern regarding the desire to have strong neighborhood UUAD support to achieve Council approval. This report provides related information, and staff requests direction from Council to proceed with formulating UUAD Program recommendations for Council to consider.

### Background

The UUAD Program was established to help neighborhoods accomplish the undergrounding of overhead utilities. In 2006, Council adopted Resolution 06-025 that includes a General Statement of Policy which states, "It shall be the policy of the City of Santa Barbara to support the undergrounding of utilities when requested by the homeowners of a particular neighborhood."

The historic stumbling block for neighborhoods desiring to underground their utilities was the high initial cost to prepare the topographic survey, preliminary design and Engineer's Report, which outlines preliminary assessment costs per benefiting property. The UUAD Program provides the start-up costs to accomplish the necessary survey, design and cost estimating for neighborhoods interested in undergrounding utilities. The City-funded start-up costs are only recovered by the City if the UUAD is ultimately formed.

The City has accepted three UUAD resident petitions for the Ferrelo Road, Eucalyptus Hill Road and Chapala Street neighborhoods. Council approved the start-up funding for these UUADs. The Ferrelo Road UUAD was not formed and concluded on July 15, 2008. The Eucalyptus Hill Road UUAD is approximately half way through the utility company preliminary design stage. The Chapala Street UUAD preliminary utility design has recently been initiated. Additionally, eight additional City neighborhoods have expressed interest in initiating a UUAD. However, to date, they have not submitted petitions.

### UUAD Program Initial Experiences

For the three initiated UUADs, neighborhood project proponents disseminated the UUAD information, and this turned out to be problematic for neighboring property owners. The neighborhood concerns included the accuracy of distributed information, establishing initial project boundaries, the assessment criteria, and concerns about costs associated with initiating and ultimately forming a UUAD. Staff responded to all these concerns while administering the Ferrelo Road UUAD.

Based on these experiences, the information disseminated regarding the UUAD has been and will continue to be updated. Staff now controls all disseminated information and works with the neighborhoods and the utility companies regarding project boundary issues. Citywide benefit assessment criteria have been established in an effort to avoid potential misunderstandings regarding costs and process. More accurate UUAD cost information is now available.

### Cost Related Challenges

Initially, UUAD project costs were not well understood. However, since the UUAD Program was initiated, UUAD cost estimates have improved. Costs from other agencies that have approved UUADs in their jurisdiction are used as a reference. Southern California Edison also provides cost estimating on similar work in the City. Further, six property owners on Mission Ridge Road recently completed a self-assessed utility undergrounding project and those construction costs are now known.

Some property owners are concerned that UUADs may impose financial hardships on them. Currently, there is no City hardship assistance available. Staff is exploring developing a City policy to address UUAD hardship situations.

### Neighborhood Level of Support Thresholds

UUAD neighborhood support levels were discussed at the July 15, 2008 Ferrelo Road UUAD Council meeting. Several councilmembers indicated they would like to see a demonstration of strong support by a neighborhood in order for Council to approve an UUAD.

Consistent with a state mandate, the City of Santa Barbara currently requires 60% of property owners (by area of land) to accept an initial petition for a UUAD and a majority weighted vote to consider final approval of a UUAD. Staff has researched levels of neighborhood support that other municipalities have established to approve their UUADs. Some municipalities have established a “Neighborhood Level of Support” policy in addition to the minimum UUAD petition and approval requirements.

A summary of these existing and potential supplemental requirements are shown on the following table:

<b>Existing Requirements and Potential Supplemental Requirements</b>	<b>City of Santa Barbara</b>	<b>Other State Agencies</b>
<b>Requirement:</b> Initial UUAD Petition Acceptance	60% of owners by land area	60% of owners by land area
<b>Potential Requirement:</b> Petition Acceptance Requirement Imposed by Local Jurisdiction	None at Present; Consider imposing 80-90% support of owners within the proposed district	60-70% support of owners within the proposed district
<b>Requirement :</b> UUAD Final Approval	Majority weighted vote (assessment based) by owners within the proposed district	Majority weighted vote (assessment based) by owners within the proposed district
<b>Potential Requirement:</b> Final Acceptance Requirement Imposed by Local Jurisdiction	None at present; Consider imposing 80-90% support of owners within the proposed district	50-60% support of owners within the proposed district

Staff is considering recommending 80-90% property owner support requirements for both the petition phase (project onset) and the approval phase (project conclusion). If approved, staff recommends these policy requirements apply to existing and upcoming City UUADs.

Conclusion

Staff seeks consideration of and direction from Council regarding developing UUAD Program neighborhood support thresholds, and consideration of developing a policy for UUAD hardship situations.

Upon receipt of Council direction, staff proposes to hold a neighborhood meeting with the Eucalyptus Hill Road and Chapala Street neighborhoods to discuss related issues. The general public will also be invited. Staff proposes to return to Council within approximately two to three months with definitive UUAD Program recommendations.

**BUDGET/FINANCIAL INFORMATION:**

The UUAD Program is funded by revenues received as part of the Southern California Edison Franchise Agreement. These revenues are used for the UUAD projects and toward a portion of the Underground Utility District project, namely Cliff Drive Streetlighting Improvements. Utility Undergrounding Program revenues are approximately \$380,000 to \$390,000 per year.

**SUSTAINABILITY IMPACT:**

Undergrounding overhead utilities within the City results in new utility lines and associated equipment. These improvements contribute to the sustainability of the City power and communication systems.

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**SUBMITTED BY:** Christine F. Andersen, Public Works Director

**APPROVED BY:** City Administrator's Office