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lose approximately \$207,000 in revenue for FY 02-03 and \$440,000 in FY 03-04. The City Administrator reviewed past and current revenue “shifts” from local governments to the state in times of financial crisis and stated that the League of California Cities is spearheading an effort to restore VLF revenue to local governments. He recommended that the Council support the League’s efforts.

Resolution 4-03

RESOLVED, that the City Council adopts the attached Resolution urging the California Legislature to reject the Governor’s proposed shift of local VLF revenues and to honor the 1998 commitment to restore the VLF.

Moved by Friedman, Seconded by Bruck

Ayes: Matzger, Bruck, Friedman, McEnroe, Wieler

Noes: None

Absent: None

(0165)

**Proposed Policy Re
Utility Undergrounding
Districts**

The Public Works Director updated the Council on the status of the Dudley/Blair/Mountain/Pacific Utility Undergrounding Project which was approved two years ago – the first such project in Piedmont in more than 25 years. The Director noted that as a result of the success of the Dudley/Blair effort, the City has now received at least nine petitions requesting the formation of underground utility districts. Because the utility undergrounding process is a complex one, staff is recommending that the City establish a policy outlining the City’s requirements for the formation of such districts to educate and inform both proponents and opponents as well as provide a more standardized approach in the establishment of such districts. The City Clerk and the City’s Special Bond Counsel, Sam Sperry, summarized the proposed policy’s requirements regarding petition form, district maps, engineer selection and City reimbursement.

Mayor Matzger excused herself from the meeting at 8:40 p.m. and passed the gavel to Vice Mayor Bruck.

Public testimony was received from:

Marion Schwartz, speaking on behalf of the St. James Drive/La Salle Avenue utility undergrounding petition, requested that her neighborhood be consolidated with either the Sierra Avenue, Sheridan vicinity or Sotelo-Glen Alpine proposed utility undergrounding effort and that her neighborhood not be required to resubmit its petition in order to comply with the City’s new policy. She also noted discussions underway that the St. James, Sierra, Sheridan and Sotelo-Glen proposals may combine into a single, non-contiguous utility undergrounding district consisting of approximately 250 homes.

Kathy Beallo concurred with Ms. Schwartz that currently submitted petitions not be required to be resubmitted in order to conform with the City’s proposed new policy. She noted that her Crest Road area has a 73% support level for utility undergrounding.

George Kersh suggested that undergrounding petitions include estimated individual hook-up costs, administrative cost estimates, interest rates and the possibility that electrical upgrades for code

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compliance may be required so that residents have a full understanding of all the costs which may be involved before signing petitions of support.

Jerry Pearsall	Jeff Horner
Grant Powell	Teresa Jerner
Patricia Kelly	Kelliane Lam
Peter Persoff	

All opposed the proposed utility undergrounding districts as currently presented. The cited concerns that proposed district boundaries have repeatedly changed, a more equitable and better approach would be for the Council to submit a ballot measure to fund a citywide utility underground district, the current process is adversarial in nature and divisive to neighborhoods, proposed districts will impose significant financial hardship on some property owners especially during this economic downturn, “view” properties realize a disproportionate gain at the expense of their neighbors, there are insignificant protections and safeguards for the “minority” properties who oppose undergrounding, and the absence of a cost/benefit analysis or full disclosure of costs is misleading and unfair. Ms. Lam felt that safety benefits cited by undergrounding proponents were exaggerated and that the resulting assessment proportion assigned for “safety” was, therefore, too high. She also suggested that a mediation process be used to resolve differences between utility undergrounding proponents and opponents within a neighborhood

Mike Savidge requested that consideration of the proposed policy be continued to allow more time for residents to review the proposal. He also opposed utility undergrounding without affected property owners’ first being given an opportunity to determine if there are better uses for their property assessment dollars. He also felt that the *one-third* designation given for “view enhancements” in determining property assessments was too low and that allowing each undergrounding neighborhood to select its own light standard design will create an unattractive mish-mash.

Ed Dorgherty referenced the Streets & Highways Code section requiring cities and utilities to provide 50% of utility undergrounding funding and inquired if this issue has been addressed.

Eleanor Gordon requested that the cost of utility undergrounding for both the City and property owners for the project completed 25 years ago be released. She was convinced that the City paid a greater share of the cost at that time to lessen the burden on property owners.

Dennis Bromley supported the current utility undergrounding process and opposed the proposed new City policy. He felt speaker arguments in opposition to utility undergrounding were bogus.

Peter Freeman suggested that the City use Rule 20A funds to pay for utility undergrounding costs in front of school property.

Joe Sheehan inquired who owns and maintains undergrounded utility lines?

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Howard Bloom inquired if there are agencies or companies other than PG&E who can underground utilities and thus expedite the process when PG&E crews are unavailable or assigned higher priority duties.

The Council supported the proposed City undergrounding policy package in concept but requested that it be revised to:

- include a “cover sheet” outlining the general process in laymen’s terms so that it can be used as a guideline for proponents . It was also requested that a list of the most commonly asked questions, with answers, be included on this cover page. Some of the questions to be included on the list are: Why doesn’t the City consider proposing a citywide utility underground district? Why isn’t the City and PG&E providing 50% of utility undergrounding funding as required by the Streets & Highway Code? Who owns and maintains undergrounded utility lines?
- include data regarding the typical costs associated with establishing utility undergrounding districts so that proponents can be more aware of the initial funding required to proceed. Also include general cost ranges for individual hook-ups;
- include a recommended list of light standard designs from which undergrounding districts can choose;
- include a recommended list of “Engineers” who undergrounding proponents can retain so that mergers of proposed districts can be more easily accommodated;
- propose a greatly simplified sample petition form and process that is “user-friendly” and which allows the greatest flexibility early in the process for defining boundaries and estimating costs;
- include a reimbursement agreement to protect the City.

The Council requested that staff proceed with processing the undergrounding petitions received to date, regardless of whether their petitions and maps are in accordance with the proposed new policy, and bring these petitions forward to the Council if they are deemed “legal” by the City’s Special Bond Counsel. However, the Council cautioned any neighborhoods contemplating forming a utility undergrounding district to wait until the new policy and process is in place before proceeding.

Ordinance

The City Planner recommended second reading approval of Ordinance 635 amending Chapter 17 to expedite the Administrative Design Review process and correct typographical errors, eliminate inconsistencies and clarify code intent. Per the first reading approval of January 6, the Planner proposed an interim \$10 fee schedule for the Administrative Design Review approval of the following application types: