

CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Meeting Date: February 6, 2024
To: Honorable Mayor and City Councilmembers
From: Mario Landeros, Interim City Engineer
Toni Bertolero, Engineering Department Consultant
Subject: Letter to PG&E for Donation of Rule 20A Work Credits
Recommendation: Approval of Letter and Authorization of City Manager to Sign on Behalf of the City
Funding: Currently Budgeted: Yes No Not Applicable
Account Code: N/A

INTRODUCTION/PURPOSE:

This item is to approve a letter to PG&E regarding the donation of the City of Sebastopol’s Rule 20A work credits to Sonoma County.

BACKGROUND:

For many years, cities and counties across California have relied on Rule 20A to help improve their streetscapes by placing overhead utilities underground. Enacted by the California Public Utilities Commission, the rule requires the largest utilities (PG&E being one) to allocate a certain amount of monetary credits for cities each year to help fund undergrounding programs. Cities can draw from their Rule 20A allocations to relocate overhead electric facilities underground within designated underground districts. Under Sebastopol Municipal Code Section (SMC) 15.66 the City Council may designate underground utility districts pursuant to the requirements therein, which includes giving notice to affected property owners of the potential district designation, holding a public hearing, and making findings of the public’s necessity, health, safety, or welfare requiring undergrounding utilities within designated areas. Undergrounding the portion of the service connection on private property is the responsibility of the property owner and after the new designated district becomes effective the City will notify all affected property owners that if they desire to continue to receive the subject utilities, they must provide all necessary facility changes on their premises to continue receiving these utility services. Otherwise, upon further required noticing by the city may order the disconnection and removal of all overhead service wires and appurtenances supplying utility service to the private property.

The City originally had \$1,026,981 in work credits in 2020. As the City has not moved forward to underground utilities (designated as “inactive”), PG&E has reallocated the City’s work credits at various times to “active” cities and counties. To date, the City currently has \$734,876 in work credits. PG&E will continue to reduce the City’s work credits through reallocations until 2025, at which time the CPUC has ruled that all work credits with inactive communities will expire, and work credits will no longer exist for any inactive cities and counties.

On September 19, 2023, Council took action and cancelled the CIP project for the Undergrounding of Overhead Utilities and the establishment of an undergrounding district for the following reasons:

1. The high cost of undergrounding and commitment of local city funds makes this project infeasible.
2. If the project were to continue, only one block would be undergrounded along Petaluma Avenue and the City would need to enter into agreement on the boundaries with various utilities (e.g., AT&T, Comcast, etc.).
3. Private properties along the one-block stretch would be responsible for undergrounding their overhead utilities within their private property, at their cost.
4. Caltrans would be involved in the process since the undergrounding would take place on State right of way, thereby adding to the complexity and cost of the project due to their lengthy process and design requirements.

At the September 19 meeting, Council asked Staff to follow up with PG&E to find out if the working credits can be sold with any proceeds coming back to the City, and if not, if the work credits remain in Sonoma County and given to a nearby city or the County.

DISCUSSION:

Staff followed up with a Rule20A program representative with PG&E, and was provided the following response:

The CPUC made changes to the unregulated practice of trading Rule 20A work credits in the OIR Phase I Decision 21-06-013 as follows:

“The unregulated practice of trading Rule 20A work credits in secondary markets is banned, effective immediately, with exceptions (a) for intra-county donations of work credits from a county government to cities and towns within the county or from a city or town to its county government, and (b) to allow credit pooling amongst two or more adjoining municipalities for a project with community benefit for the adjoining municipalities. Southern California Edison Company, San Diego Gas & Electric Company, Pacific Gas and Electric Company, Bear Valley Electric Service Company, Liberty Utilities, and PacifiCorp shall not facilitate unauthorized trades of work credits between communities executed after the effective date of this decision.”

Based on the CPUC decision, the City cannot sell their work credits. The PG&E representative also stated that if the City decides to donate its work credits, under the CPUC decision, the City can only donate their work credits to Sonoma County and not to other cities. The process is to submit a letter authorizing PG&E to donate the work credits. If this action requires approval from the City Council, documentation of the City Council approval will need to be submitted with the letter. To meet this requirement, Staff will include a copy of the meeting minutes documenting the action and approval.

CITY COUNCIL AND/OR GENERAL PLAN GOALS:

Not applicable.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA).

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this staff report such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of this item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

FISCAL IMPACT:

There is no cost associated with this item.

RECOMMENDATION: It is recommended that the City Council approve a letter to PG&E to donate the City of Sebastopol's work credits to Sonoma County.

Attachment:

Letter to PG&E re Donation of Rule 20A Work Credits

Approvals:

Department Head Approval:	Approval Date: <u>1/22/24</u>
CEQA Determination (Planning):	Approval Date: <u>Exempt-n/a</u>
Administrative Services/Financial Approval:	Approval Date: _____
<u>Costs authorized in City Approved Budget:</u> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	
City Attorney Approval:	Approval Date: <u>n/a</u>
City Manager Approval:	Approval Date: <u>1/22/24</u>

City Council

Mayor Diana Gardner Rich
Vice Mayor Stephen Zollman
Councilmember Neysa Hinton
Councilmember Sandra Maurer
Councilmember Jill McLewis



Agenda Item Number 9

City Manager

Don Schwartz

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Assistant City Manager/City Clerk, MMC

Mary Gourley

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City of Sebastopol

February 6, 2024

Lizette Burtis, Rule 20A Program Liaison
PG&E
111 Stony Circle
Santa Rosa, CA 95401

Dear Ms. Burtis:

On September 19, 2023, the City Council of the City of Sebastopol decided not to move forward with establishing an undergrounding district due to recent changes made by the PUC and the high cost of an undergrounding project in the city.

On behalf of the City Council, please accept this letter as the City's request that the City of Sebastopol Rule 20A work credits of 734,876 be donated to Sonoma County. Enclosed is a copy of the meeting minutes for the February 6, 2024 Council meeting documenting the approval of this letter for submittal to PG&E.

If you have any questions regarding this letter, please contact Toni Bertolero, Engineering Department Consultant, at toni.bertolero@ghd.com.

Submitted by,

Don Schwartz
City Manager

Cc: Mayor Diana Rich
Vice Mayor Zollman
Councilmembers Hinton, Maurer, McLewis
Toni Bertolero, GHD