



County of Monterey

Item No.15

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

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- a. Receive a status update on the project scope and available credits for the Carmel Valley Road Rule 20A Underground Utility District No.15 (District) Project, located in Carmel Valley along Carmel Valley Road between Garland Regional Park and Pilot Road;
- b. Accept allocation of credit transfer of Rule 20A credits in the amount of \$447,072 from the City of Seaside to the County of Monterey for use in the District Project; and
- c. Authorize the Director of PWFPP or designee to issue written direction to PG&E to proceed with a reduced scope, implementing undergrounding between Miramonte and Boronda Road, for the District Project.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a status update on the project scope and available credits for the Carmel Valley Road Rule 20A Underground Utility District No.15 (District) Project, located in Carmel Valley along Carmel Valley Road between Garland Regional Park and Pilot Road;
- b. Accept allocation of credit transfer of Rule 20A credits in the amount of \$447,072 from the City of Seaside to the County of Monterey for use in the District Project; and
- c. Authorize the Director of PWFPP or designee to issue written direction to PG&E to proceed with a reduced scope, implementing undergrounding between Miramonte and Boronda Road, for the District Project.

SUMMARY:

Rule 20A is an electric tariff filed with the California Public Utilities Commission (CPUC) that provides credits towards Pacific Gas & Electric Company (PG&E) utility undergrounding work throughout the State. Projects performed under Rule 20A are nominated by a city, county or municipal agency and coordinated with PG&E and other affected utilities (e.g., telephone, cable, fiber optic, water, and sewer). PG&E has approved County of Monterey undergrounding Districts in Moss Landing, Carmel Valley and Carmel Highlands. The Moss Landing Area Rule 20A and 20B Underground Utility District (UUD) No. 14 project was completed in 2021. The County is continuing its efforts toward undergrounding work for the Carmel Valley Area Rule 20A UUD No. 15 (District) in 2028.

The District encompasses an approximate 3.1 mile section along Carmel Valley Road extending between Miramonte Road and Pilot Road (Attachment A). Staff has been coordinating with PG&E to develop a reduced project scope that will maximize undergrounding within the \$9,286,197 in available credits.

DISCUSSION:

In July 2013, the Board of Supervisors (Board) adopted Resolution No. 13-273 (Attachment B) to create the Carmel Valley Area Rule 20A Underground Utility District No. 15 (District). The objective is to underground all poles, overhead wires and associated overhead structures along Carmel Valley Road to enhance the aesthetic appeal. Rule 20A, enacted by the CPUC, requires large utility companies such as PG&E to allocate monetary credits to local jurisdictions for undergrounding programs. In April 2021, the CPUC sunset the Rule 20A program, discontinuing further credit allocations. However, projects that were already active are permitted to continue through completion. In December 2020, the Board adopted Resolution No. 20-406 to extend the project schedule to May 2028 (Attachment C).

Available Credits

In December 2023, the City of Seaside (City), Public Works Department contacted PWF staff regarding the transfer of \$447,072 in unassigned and inactive credits. The City had no active underground district project and thus could not utilize the credits. On January 18, 2024, the Seaside City Council adopted Resolution No. 24-03 authorizing PG&E to transfer \$447,072 in Rule 20A credits from the City to the County of Monterey for use in the Carmel Valley Road, Rule 20A Underground Utility District No. 15 (Attachment D). With the addition of the City's credits, the County now holds \$9,286,197 in available Rule 20A credits for use in the Carmel Valley Road Rule 20A Underground Utility District Project. Staff recommends acceptance of the transfer of Rule 20A credits in the amount of \$447,072 from the City to the County.

Project Scope:

In 2020, the project scope covered the entire 3.1-mile section of the District, with an estimated construction cost of \$8.9 million. The cost was based on annual escalation of a 2013 estimate of \$7.4 million. However, PG&E's high-level estimate later determined that undergrounding only the one-mile segment between Boronda Road and Pilot Road would cost approximately \$17.8 million (Attachment E).

Rule 20A requires that Rule 20A credits cover the direct cost of undergrounding work, but the County must cover all support costs, including:

- Project administration
- Surveying and mapping
- Environmental review and mitigation
- Easement acquisition and rights-of-way entry
- Construction liaison and community coordination

Staff estimates support costs at 25% of construction costs, for a total project cost of \$22.25 million. Right-of-way cost, to be determined during mapping, may further increase this figure.

To right-size the project and align it with the available credits, staff worked with PG&E to develop a revised scope that identifies the cost of implementing undergrounding between Miramonte and Boronda Road (Project), while eliminating the segment between Boronda Road and Pilot Road. PG&E's updated estimate indicates that this revised project area (Project) can be completed within the available \$9,286,197 in 20A credits. The County's share of cost is projected at \$2.3 million (25%), resulting in a total project cost of approximately \$11.6 million.

Staff seeks Board authorization for PWFP to issue written direction to PG&E to proceed with the reduced scope, implementing undergrounding between Miramonte and Boronda Road, for the Carmel Valley Road Rule 20A Project (Attachment F).

OTHER AGENCY INVOLVEMENT:

PWFP Staff has coordinated closely with PG&E on project milestones. Updates have been provided to the Carmel Valley Road Advisory Committee (CVRAC).

FINANCING:

The recommended action will have no financial impact to the General Fund. The County currently holds \$9,286,197 in Rule 20A credits, which will cover the PG&E undergrounding portion. However, County funds must be identified to cover project management, design and related costs of approximately \$2.3 million.

The Project is not eligible to utilize Road Fund sources. Funding options for the County share will be presented in a future Board item as the construction phase approaches. The project will be included in the 2027 5-year Capital Improvement Program (CIP).

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS

The recommended action supports the Board of Supervisors Strategic Plan goals indicated below by updating critical infrastructure, enhancing scenic corridors, while secondarily promoting fuel mitigation efforts, which promote an organization that practices efficient and effective resource management.

The recommended actions support the following Board of Supervisors Strategic Plan Goals as indicated below:

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future
- Safe and Resilient Communities
- Diverse and Thriving Economy

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Attachments:

- Attachment A - Carmel Valley Road Rule 20A Underground Utility District No.15
- Attachment B - Board Resolution 13-273
- Attachment C - Board Resolution 20-406
- Attachment D - Seaside City Council Resolution 24-03
- Attachment E - Boronda Road to Pilot Road
- Attachment F - Miramonte Road to Boronda Road