



**ALAMEDA
MUNICIPAL POWER**

A Department of the City of Alameda

**AGENDA ITEM NO: 3.E.1
MEETING DATE: 11/22/2011
ADMINISTRATIVE REPORT NO.: 2012-29**

To: Honorable Public Utilities Board

Submitted by: _____/s/_____
Douglas Draeger
AGM – Engineering & Operations

From: Sherri Hong
AGM – Customer Resources

Approved by: _____/s/_____
Girish Balachandran
General Manager

Subject: Authorize the General Manager to Redesign the Underground Districting Process by Establishing Financing Options and Proposing Underground District Recommendations to the City Council

RECOMMENDATION

By motion,

- 1) Authorize the General Manager to establish financing options to assist customers with underground service lateral cost,
- 2) Recommend the City Council initiate a process to prioritize subsequent underground districts in Underground Utility District Phase 6 by:
 - i. Discontinuing further work on Underground Utility District #31 (UUD #31) project at this time,
 - ii. Allowing for the development of a programmatic process which includes a Minimum Customer Acceptance Threshold (MCAT) to poll customers of UUD Phase 6 and,
 - iii. Subject to the results of the poll, developing a new list and process for prioritization to identify subsequent UUD projects.

BACKGROUND

At the Public Utilities Board (Board) meeting of October 17, 2011, staff provided responses to questions posed by the Board at its August 15 meeting and also questions and issues raised by numerous members of the community over the last three months. Additionally, staff offered the following preliminary recommendations for Board discussion, comment, and consideration.

1) Financing Options

Develop a financing option to provide residential and commercial customers in future underground districts the ability to spread their costs of converting their underground service lateral over a period of several years.

2) Customer Outreach

Continue active outreach to the district through multiple channels.

3) UD Process/Minimum Customer Acceptance Threshold (MCAT)

- a) Develop for City Council review and approval, a programmatic process to poll and establish a list of potential districts.

- b) Develop for City Council review and approval, a Minimum Customer Acceptance Threshold (MCAT) prior to placing an underground district for consideration.

4) Re-prioritize districts in Phase 6 based on MCAT

If the process and MCAT are approved by the City Council, utilize a polling process to elicit customer commitments from the remaining districts in Phase 6 to identify the next underground district based on the response. Upon completion of the next underground district, return to the PUB and Council with recommendations on the frequency of polling for determining future districts.

Staff's recommendations stem from a culmination of research of historical information, consultation with other departments, research of information and practices of other utilities, discussions with customers and numerous internal meetings to develop findings and preliminary recommendations.

The Board reaffirmed direction to continue with the Utility Underground Program (UUD), concurred with staff's preliminary recommendations, and requested staff to return with final recommendations and to provide a process and schedule for moving forward. The Discussion section of this report provides a process timeline addressing critical customer contact and decision points. The Board indicated that moving forward in 12 months was not acceptable and to develop a timeline that would allow for progress to be made in about 6 months.

DISCUSSION

To facilitate planning and execution of critical customer contact and decision points, staff identified several high level tasks and a proposed schedule for completion, reference Exhibit A. A brief description of the tasks is provided below.

Task #1 – Obtain Council Approval (Dec 2011)

Present to the Council for approval, the Public Utilities Board UD Recommendations.

Task #2 & #2a- Town Hall/Customer Outreach (Jan/Feb 2012)

Conduct a Town Hall meeting with all of Phase 6 districts to share with property owners the status of the entire UD process and the specific Council actions related to UD #31, recommendations, purpose and process for the development of a MCAT. Solicit feedback and recommendations through community outreach, website survey and other means and incorporate the feedback received in the development process.

Task #2b – Design MCAT (Jan/Feb 2012)

The MCAT will be used to establish a list for prioritization to determine the next UD project. Identify requirements and develop a programmatic process to poll affected property owners to confirm support by a neighborhood.

Task #3 – Establish Procedures & Ordinance (Mar/Apr 2012)

Complete the final procedures for UD project notification, establishment, and processes for creation of City UD prioritization. Draft City ordinance revisions and include changes related to prioritization and financing.

Task #4 – PUB Approval (Apr/May 2012)

Propose UD program details to the Public Utilities Board for approval and recommendations to the City Council.

Task #5& #5a – Council Approval (May/June 2012)

Obtain Council approval and ordinance modifications. Incorporate any recommendations into the final program and ordinance, if necessary, final the procedures. Two readings of the ordinance will be required.

Task #6 - Town Hall (July 2012)

Conduct a Town Hall meeting to apprise the community and all residents and businesses of Phase 6 of the final process and UD processes and procedures.

Task #7 – Poll Customers (Aug 2012)

Initiate polling of Phase 6 UD property owners using the new procedures. If the MCAT threshold is not met, revisit Phase 6 or open UD solicitation to the community to identify districts.

Task #8 – Prioritize UD (Aug 2012)

If the MCAT threshold is met, establish a UD list for prioritization to determine the next underground district based on results of the poll.

Task #9 – Obtain Board and Council Approval (Sept/Oct 2012)

Inform the PUB and obtain Council approval of the next UD project.

Task #10 – Inform Owners (Sept/Oct 2012)

Inform the owners of the properties of the results of the poll.

Task #11 - Start Design (Oct/Nov 2012)

Begin design of the next UD project.

It is anticipated that at the end of Task 9, the first major redesign of Alameda's undergrounding process since the inception of the undergrounding program more than 25 years ago would have been accomplished. The major elements of the redesign would include:

- i. Obtaining, via a programmatic method, timely sufficient customer input and acceptance
- ii. Offering a financing program
- iii. Ensuring that the time between customers in a particular district voting for a district to be undergrounded and actual construction be significantly minimized compared to the current process

At the Board's October meeting, the Board discussed the timeline related to next steps. The Board indicated that it would be preferable to take definitive action on next steps in about 6 months. The proposed timeline is based on developing a robust process that would be utilized not only for the remaining 11 districts in Phase 6 but for future phases. The timeline can be broken up into two parts; the first is for redesigning the program and the second for implementing the new program. The timeline to redesign the program is approximately 6-7 months; the timeline for implementation of the redesigned program is approximately 4-5 months. Therefore, for future UUDs, the 4-5 month timeline is a more realistic period for a customer to be informed that they may be in a UUD, be informed of the results of the poll and also for design initiation by the utility of the next UUD.

NEXT STEPS

Staff will incorporate Board feedback and under direction from the Board, proceed with implementation of the recommendations and timeline as stated in this report. Project updates will be provided to the Board throughout the process.

FINANCIAL IMPACT

Staffs time to complete the tasks and supplemental costs for owner outreach are captured under the current approved FY2012 budget.

LINK TO STRATEGIC PLAN AND METRICS

Strategy 5: Continue to add value to the community through the General Fund Transfer and other means.

Strategy 6: Implement energy efficiency, renewable power, and customer service programs to increase customer satisfaction.

EXHIBIT

A. UUD Redesign Critical Task Timeline

UUD REDESIGN CRITICAL TASK TIMELINE

