

TO: Mayor Marchione and City Council

FROM: Rob Odle, Director, Planning and Community Development, 425-556-2417
Colleen Kelly, Assistant Director, Community Planning, 425-556-2423
Lori Peckol, AICP, Policy Planning Manager, 425-556-2423
Pete Sullivan, Senior Planner, 425-556-2406

DATE: January 21, 2014

**SUBJECT: STAFF REPORT: UTILITY UNDERGROUNDING PHASE 2
AMENDMENTS – KEY CONSIDERATIONS**

The purpose of this staff report is to follow up on the October 29, 2013, study session regarding utility undergrounding and to confirm direction.

REQUESTED DIRECTION AND BACKGROUND

On October 29, 2013, the City Council held a study session on Utility Undergrounding Phase 2 Amendments. The purpose was to discuss key considerations and policy options, and seek the Council's direction on whether staff should develop further recommended policy or code amendment proposals at this time.

Attachment A summarizes the questions the Council raised and staff responses. Among the questions from the study session, two that in particular had potential implications for next steps were:

1. Whether the City of Bellevue's cost-sharing arrangement for utility undergrounding implied that the City of Redmond could negotiate a more favorable arrangement, and
2. How the City of Kirkland approaches utility undergrounding, specifically related to granting of waivers in exchange for signing a no-protest agreement for formation of future Local Improvement District for undergrounding.

Regarding the first question, staff learned Bellevue's cost-sharing arrangement is actually the same as Redmond's: a 60/40 split between City/PSE. Staff initially misinterpreted Bellevue's zoning code regulations; the cost split is established by the Washington Utilities and Transportation Commission, and not individually negotiated by the local municipality.

Regarding the second question, the common practice in Kirkland is to only require undergrounding of service lines, even though the Zoning Code does require undergrounding of frontage distribution lines. When the waiver is granted, the land use approval and/or recorded plat includes a note indicating the property owner agrees to not protest a future Local

Improvement District (LID) for utility undergrounding. This provision has not been utilized however; no such LID's have been formed as far as Kirkland staff could recall.

FOLLOW UP AND NEXT STEPS

Staff's take-away from the study session was that after discussing the key considerations related to undergrounding and other policy options, City Council is generally satisfied with the current policy and regulatory framework. Redmond has made significant progress in locating utilities underground, and while 100 percent system completion may be difficult to achieve for technical or financial reasons and is not necessarily the objective, current policies and regulations are sufficient overall. As a recap, the current approach for undergrounding is to:

- Continue exempting new single-family homes and remodels from requirements to underground distribution lines in public right-of-way. Service lines would still need to be undergrounded on site, from the utility pole to the structure.
- Continue reviewing and determining undergrounding requirements for short plats on a case-by-case basis.
- Continue requiring undergrounding for other land uses such as residential subdivisions, commercial, industrial, and multi-family development.
- Continue requiring undergrounding for City capital projects.
- Continue providing a mechanism for both private development and City capital projects to apply for an undergrounding waiver through the Technical Committee on a case-by-case basis.

Staff provided a briefing at the City Council's Planning and Public Works Committee meeting on January 14, 2014, in preparation for this staff report. Unless hearing otherwise from the Council, staff does not propose to develop further policy or code amendments at this time.

If you have any questions as you review this memo, please contact Pete Sullivan, 425-556-2406, psullivan@redmond.gov.

LIST OF ATTACHMENTS

Attachment A: Issues Matrix

Issue / Councilmember	Discussion Notes	Status
<p>1. Where do most power outages occur in Redmond?</p> <p><i>Myers</i></p>	<p><u>Staff Comment/Recommendation:</u></p> <p>Staff requested a Redmond power outage report from PSE. Will provide to City Council when it is received.</p> <p><u>Council Comments:</u></p>	<p>Opened 10/29/13</p>
<p>2. When power outages occur, who does the repair work? Do different crews respond to overhead vs underground outages?</p> <p><i>Stilin</i></p>	<p><u>Staff Comment/Recommendation:</u></p> <p>For routine maintenance, repairs, and installations, PSE uses a handful of utility service providers that operate under a long-term master use contract with the company, as further described below.</p> <p>However, when major outages occur, for example during major storm events, PSE may need to pull in additional resources. These crews may be from other utility companies or contractors, based in-state or out-of-state, depending on the situation. With these scenarios occur, PSE’s practice is to have the 3rd party crews repair only the overhead lines, while PSE and its direct contractors tend to repairs issues underground, if there are any. This allows repairs to occur more quickly, as the process of repairing overhead lines is more common across the industry, whereas underground lines require additional familiarity with PSE’s system.</p> <p>PSE’s master use contract model has been in place for about 15 years. For very large projects, PSE will put the work out to bid. But for more common</p> <p>Some very large work is bid out, but for more routine maintenance, repairs, and installations, the following utility service companies are deployed:</p> <p><u>Batelco:</u> Electric power services.</p>	<p>Opened 10/29/13</p>

Issue / Councilmember	Discussion Notes	Status
	<p><u>Infrasource</u>: Natural gas services.</p> <p>(Both entities above are sister companies operating under Quanta services, a large national utility services provider).</p> <p><u>Asplundh & Arbormetrics</u>: Vegetation management.</p> <p><u>HydroMax</u> – Locates, assesses and inspects underground utilities, and helps address instances of “cross bores” which occurs when tunnel trenching equipment intersects other utilities such as water or sewer lines.</p> <p><u>Council Comments</u>:</p>	
<p>3. Based on the research notes provided earlier, it appears that in Bellevue the utility franchises pay the full cost of undergrounding, whereas in Redmond we have a 60/40 cost sharing</p>	<p><u>Staff Comment/Recommendation</u>:</p> <p>In a follow-up conversation with City of Bellevue representatives, staff learned that Bellevue’s cost-sharing arrangement is also a 60/40 split. Thus, Bellevue’s arrangement is the same as to Redmond’s. Staff initially misinterpreted Bellevue’s zoning code regulations, and the research notes were inaccurate.</p> <p>The cost split is established by the Washington Utilities and Transportation Commission. Under Schedule 74 (staff can provide the document if needed) of PSE’s electric rate tariff, this cost-sharing arrangement applies to PSE and local governments during overhead-to-underground conversion.</p> <p><u>Council Comments</u>:</p>	<p>Opened 10/29/13</p>

Issue / Councilmember	Discussion Notes	Status
<p>agreement (PSE pays 60% not including trenching and backfill; City pays 40%). <i>Was Bellevue able to secure a better arrangement?</i> Allen</p>		
<p>4. The City of Kirkland’s model of granting waivers under the condition that the property owner sign a no protest agreement for future LID is intriguing - please further describe how that model is working in Kirkland.</p>	<p><u>Staff Comment/Recommendation:</u> In a follow-up conversation with City of Kirkland representatives, staff confirmed the arrangement as described above is the current practice.</p> <p>Kirkland’s undergrounding model for private development is <i>selectively enforced</i>. Though their code requires undergrounding of frontage and service lines, the common practice is to only require undergrounding of service lines, and the property owner does cover those costs. When the waiver is granted, the land use approval and/or recorded plat includes a note indicating the property owner agrees to not protest a future LID for utility undergrounding. No such LIDs have been formed as far as Kirkland staff could recall.</p> <p>In Kirkland’s downtown core, the City <i>does</i> enforce the requirement to underground frontage lines for aesthetic reasons. Developers have not complained of unequal treatment in downtown vs outlying areas. A representative from Kirkland’s development services group said he suspected the lack of complaints about selective enforcement is likely due to a shared perspective that undergrounding in the downtown is ‘the way business is done,’ and that sufficient return-on-investment can be achieved</p>	

Issue / Councilmember	Discussion Notes	Status
	<p>with larger scale commercial and mixed use development projects to recover the costs.</p> <p>City capital projects are not required to perform undergrounding per the City of Kirkland's Zoning Code, thus overhead-to-underground conversions are elective, and project staff are not required to seek a formal waiver from the City Engineer or other administrative body/official. Construction staff do routinely consider the cost/benefit of undergrounding when designing for capital projects. The result is that City projects don't typically include undergrounding in dispersed areas, such as for neighborhood sidewalk improvements. However, larger-scale transportation projects such as a recent improvement along the NE 85th street commercial corridor did include an overhead-to-underground conversion.</p> <p><u>Council Comments:</u></p>	