



County of San Mateo

Inter-Departmental Correspondence

Department: PUBLIC WORKS

File #: 19-1022

Board Meeting Date: 10/22/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: Agreement with Solano County for Transfer of Rule 20A credits to County of San Mateo

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Solano County for the transfer of \$1,000,000 in Solano County Rule 20A credits to the County of San Mateo in exchange for \$500,000 in general fund dollars.

BACKGROUND:

On November 5, 2002, your Board adopted Resolution No. 065657 establishing the Middlefield Road Underground Utility District -Phase II (Underground District) from Fifth Avenue to MacArthur Avenue. The formation of the Underground District established regulations and procedures for the removal of the overhead utility facilities and the undergrounding of those facilities.

On November 17, 2015, your Board adopted Resolution No. 074209 modifying the boundaries of the existing Underground District from Fifth Avenue to MacArthur Avenue in the North Fair Oaks Area and authorizing the Director of Public Works to make minor adjustments if necessary, to the Underground District boundary hereafter.

DISCUSSION:

Pacific Gas and Electric Company (PG&E) collects and annually allocates Rule 20A credits to agencies to convert overhead electrical facilities to underground electric facilities within an approved Underground Utility District.

The Department is currently working to complete design of the Middlefield Road Improvement Project (Project), which includes road and streetscape improvements between Fifth Avenue and Pacific Avenue and undergrounding of the overhead utilities within the boundaries of the Underground District. PG&E has informed the Department that the County's existing available Rule 20A credits in the amount of \$6,852,330 does not appear to be sufficient for the anticipated costs of the electrical undergrounding work based on PG&E's current cost estimates.

PG&E's Rule 20A credit program allows agencies to borrow or purchase additional Rule 20A credits from other agencies based on a mutually agreeable rate of exchange and an agreement between the agencies for the borrow or purchase of such credits. Solano County has a surplus of Rule 20A credits that are not planned to be utilized by Solano County at this time or in the near future. The Department is proposing to purchase and Solano County is willing to sell \$1,000,000 of Rule 20A credits so the County will have sufficient Rule 20A credits for the electrical undergrounding work for this Project. Solano County has agreed to sell these Rule 20A credits to the County for \$500,000 or 50 cents for every dollar of Rule 20A credits purchased. PG&E has informed the County that Rule 20A credits in an amount equal to or greater than PG&E's cost estimate must be available to the County before the Project can be put out to bid. Construction is currently anticipated to begin in the Spring/Summer of 2020.

The Department recommends that your Board approve the agreement to purchase \$1,000,000 in additional PG&E Rule 20A credits from Solano County.

County Counsel has reviewed and approved the agreement as to form.

FISCAL IMPACT:

Funding for the purchase of Rule 20A credits from Solano County will be from the General Fund. The total fiscal impact to the General Fund to purchase \$1,000,000 in Rule 20A credits from Solano County is \$500,000 based on the agreement to purchase the Rule 20A credits.