



County of San Mateo

Inter-Departmental Correspondence

Department: PUBLIC WORKS

File #: 20-164

Board Meeting Date: 3/24/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

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

RECOMMENDATION:

Adopt a resolution authorizing the County Manager to execute agreement(s) with counties or cities for the transfer of \$1,000,000 in 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.

On October 22, 2019, your Board adopted Resolution No. 077011 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. This agreement was based on an exchange rate of 50 cents for every dollar of Rule 20A credits purchased.

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 available Rule 20A credits is currently \$5,930,496, which 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 has indicated that the County must have Rule 20A credits in an amount equal to or greater than PG&E's cost estimate before the Project can be put out to bid.

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. Although your Board approved Resolution No. 077011 on October 22, 2019, which authorized an agreement with Solano County to purchase \$1,000,000 of Rule 20A credits, the Solano County Board of Supervisors at their January 14, 2020 meeting decided not to execute the agreement and to retain their Rule 20A credits. Based on these circumstances, the Department is recommending that your Board authorize the County Manager to execute agreement(s), consistent with the general terms and conditions included in the previously approved agreement, for the purchase of Rule 20A credits with any substantive changes approved by County Counsel prior to execution. The County may need to execute more than one agreement depending upon the availability of Rule 20A funds from other agencies and proceeding in this manner allows for increased flexibility and an expedited process to obtain the necessary Rule 20A credits.

The Department recommends that your Board approve the Resolution as it will allow for the County to execute agreement(s) to purchase \$1,000,000 in additional PG&E Rule 20A credits from other agencies.

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

FISCAL IMPACT:

Funding for the purchase of Rule 20A credits will be from the General Fund as previously approved by your Board. The total fiscal impact to the General Fund to purchase \$1,000,000 in Rule 20A credits is \$500,000 based on the form of agreement to purchase the Rule 20A credits.