



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Ward and Members of the City Council

**THROUGH:** Richard Thompson, Interim City Manager

**FROM:** Jim Arndt, Director of Public Works  
Steve Finton, City Engineer

**DATE:** May 18, 2010

**SUBJECT:** Consideration of Approval of Agreement with Southern California Edison and Authorize Payment of \$170,000 for the Rosecrans/Gateway Utility Undergrounding Project.

**RECOMMENDATION:**

Staff recommends that the City Council pass a motion to:

1. Approve a revised agreement with Southern California Edison related to the undergrounding of utilities on Rosecrans Avenue between Redondo Avenue and Manhattan Gateway and on adjacent properties at 1700 and 1800 Rosecrans Avenue; and,
2. Authorize payment in the amount of \$170,000 to Southern California Edison for said undergrounding construction.

**FISCAL IMPLICATION:**

This project is composed of two phases: 1) Utility Undergrounding, and 2) Street Widening. The budget and costs for both are indicated in following Tables 1 through 4.

<b>Table 1</b>	
<b>Budget</b>	
<b><i>Utility Undergrounding</i></b>	
Developer Deposits	\$1,000,000
County of Los Angeles Proposition C (HTC Funds)	\$300,000
City Proposition C	\$300,000
Metro Grant Funds	\$400,000
South Side Rosecrans Utility Undergrounding CIP 04824E Acct # 231-18-021-6232 (Prop. C)	\$350,000
<b>Total Funding Allocated for Utility Undergrounding</b>	<b>\$2,350,000</b>
<b><i>Street Widening</i></b>	
Metro Grant Funds	\$400,000
<b>Total Funding for Utility Undergrounding and Street Widening</b>	<b>\$2,750,000</b>

<b>Table 2</b>		
<b>Expenditures to Date</b>		
<b><i>Utility Undergrounding</i></b>		
Edison – Design Deposit	9/24/2001	\$80,000
Edison – Pole Purchase	10/15/2002	\$179,770
Edison – Construction Deposit	6/30/2006	\$1,707,989
Misc. Costs		\$126
Total Utility Undergrounding Costs to Date		\$1,967,885
<b><i>Street Widening</i></b>		
Design - Psomas		\$87,250
Total Costs To Date		\$2,055,135
Current Balance of Funds		\$694,865

<b>Table 3</b>	
<b>Proposed Payment to Southern California Edison</b>	
<b><i>Utility Undergrounding</i></b>	
<b>Recommended additional payment to Edison to initiate underground construction</b>	<b>\$170,000</b>
Balance of Funds After Recommended Edison Payment	\$524,865

<b>Table 4</b>	
<b>Estimated Future Costs - Street Widening</b>	
<b><i>Street Widening</i></b>	
Construction Costs	\$350,000
Construction Inspection	\$40,000
Total Estimated Future Costs	\$390,000
Balance Upon Project Completion	\$134,865

**BACKGROUND:**

Most of the utilities along Rosecrans Avenue between Sepulveda Boulevard and Aviation have been undergrounded. However, a 900-foot stretch of overhead line remains on the south side of Rosecrans Avenue from 350' west of Redondo Avenue to Manhattan Gateway/Continental Circle. On February 19, 2002, City Council adopted Resolution 5731 establishing an underground district on the south side of Rosecrans Avenue including Raleigh Studios and the properties at 1700 and 1800 Rosecrans Avenue (See Attachment A). Establishment of the District will cause the installation of underground utilities along Rosecrans Avenue and in private easements between 1700 and 1800 Rosecrans Avenue. The purpose of undergrounding within the District is to eliminate an unusually heavy concentration of overhead utilities and to allow for the widening of Rosecrans Avenue from three to four eastbound through lanes (see Attachment B).

Over the years, developers within the District have deposited funds with the City to accomplish

the undergrounding project. A total of \$1,000,000 has been deposited by three private entities as follows: Raleigh Studios (\$500,000), 1800 Rosecrans Partners (\$200,000) and Continental Development Corporation (\$300,000). In 2006, the County of Los Angeles provided \$300,000 in Proposition C funds as a special contribution to the project through their Highways Through Cities (HTC) Fund. A Metro Grant has provided \$400,000 toward the undergrounding, and lastly, two allocations of Proposition C funds (\$300,000 and \$350,000) were provided through previous budgets bringing the total of funds allocated for the undergrounding portion of the project to \$2,350,000 (See to Table 1, Above). Another \$400,000 is available through the Metro Grant to fund the street widening once the utilities are undergrounded. In all, \$2,750,000 has been allocated to the project (See to Table 1, above).

#### Edison Payments

On October 2, 2001, City Council approved payment in the amount of \$80,000 to Edison for design of the undergrounding project. On October 15, 2002, City Council approved payment in the amount of \$179,770 to Edison for the purchase of a large steel termination pole needed for the project. On June 20, 2006, City Council approved an agreement with Edison related to the undergrounding work and authorized payment in the amount of \$1,707,987 to Edison to initiate underground construction. This payment brought total Edison payments to **\$1,967,759** (See Table 2 above).

Since 2006, Edison, the City and the property owners have been working to finalize easement language to permit installation of Edison facilities within underground easements. This effort has proved to be more challenging than originally considered. Several changes to the easements and the design have been necessary to accommodate the needs of the property owners. The property owners are reviewing the revised easements now and staff anticipates approval by the property owners soon.

#### **DISCUSSION:**

Edison has performed an update to the cost estimate to complete the Rosecrans Avenue undergrounding. The revised estimate of costs has risen from \$1,967,759 to \$2,137,759. The revised Agreement (Attachment C) reestablishes the same terms and conditions included in the 2006 agreement and requests an additional deposit in the amount of \$170,000 to address the increased cost estimate. The Agreement has been approved as to form by the City Attorney.

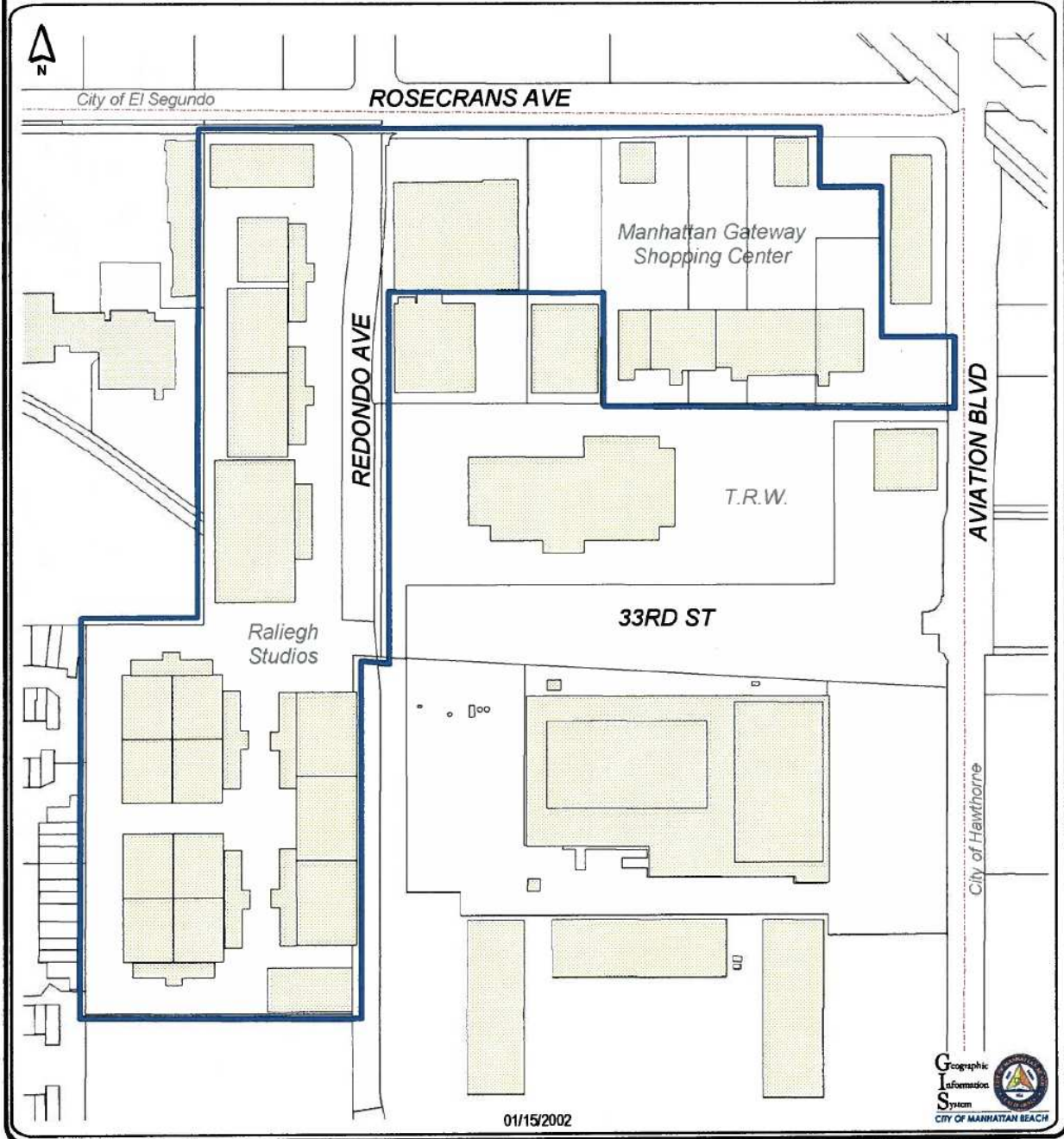
Edison is required by the California Public Utilities Commission (CPUC) to receive deposits for Rule 20B utility undergrounding projects prior to the commencement of construction. The deposit amount reflects Edison's best estimate of the cost of the work including construction, cabling, and Edison staff and overhead. Edison has indicated that the increase in costs is due to construction escalations encountered since the 2006 payment. While Edison acknowledges that construction costs are more competitive in the current market, they indicate that cabling and equipment costs have stayed the same or have increased. Upon completion of the project, Edison will perform a cost reconciliation to determine actual costs incurred. If actual costs are below the deposit amount, the difference will be refunded to the City. Conversely, the City must pay Edison the difference if costs exceed the deposit amount. Upon execution of the recommended agreement and payment of the additional \$170,000 deposit, Edison would initiate the bidding process and construction would begin in summer 2010 according to the schedule provided below.



### Attachment A

# Rosecrans Avenue Underground Utility Assessment District

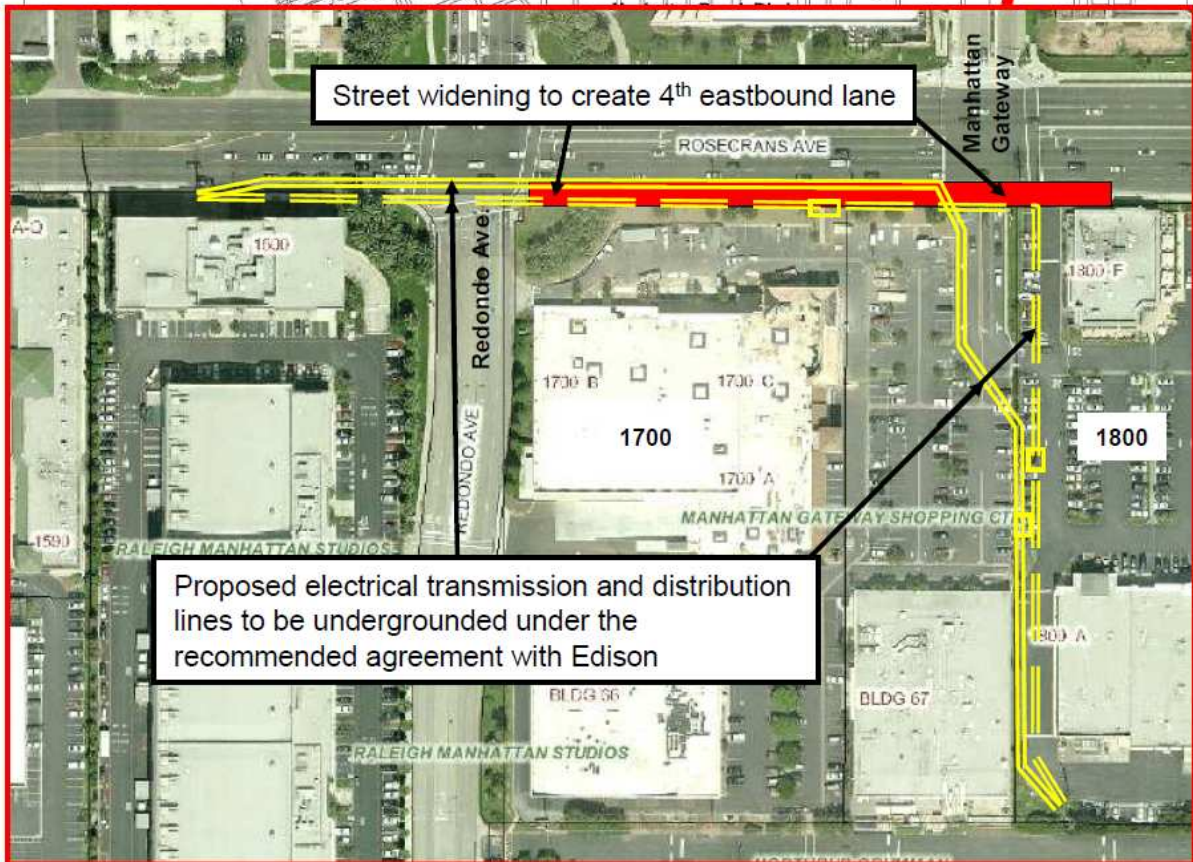
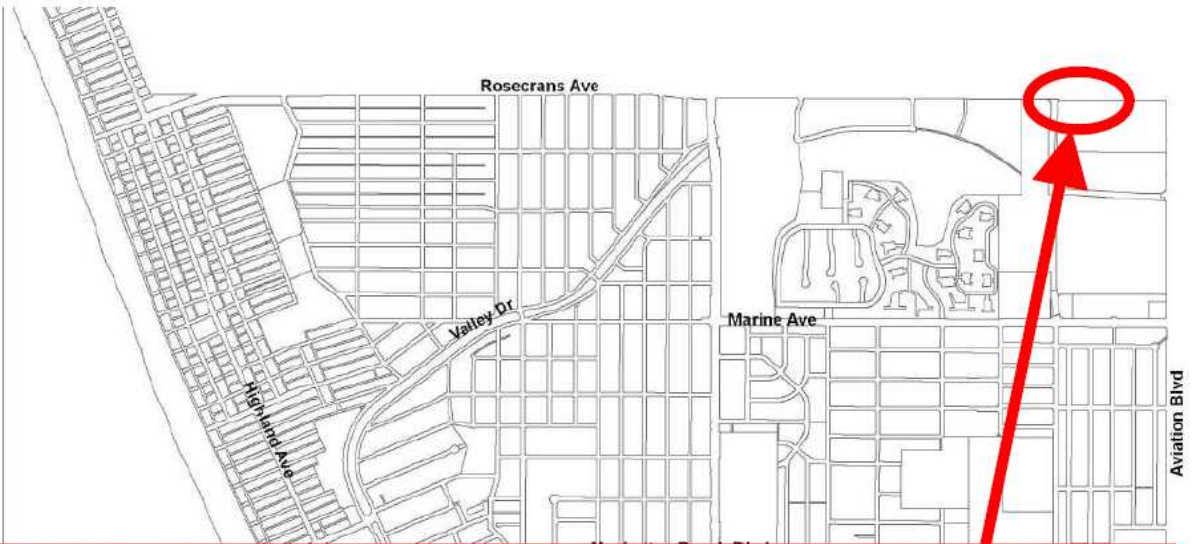
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01/15/2002



# Rosecrans Avenue Street Widening and Utility Undergrounding Attachment B



## **Attachment C**

### **Recommended Edison Rule 20B Agreement**

Rule 20 B  
Installation by SCE  
TPM Rev.4.6.09

#### **AGREEMENT FOR REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRICAL FACILITIES**

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ between SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, hereinafter called "SCE" and City of Manhattan Beach , a municipality hereinafter referred to as "City."

WITNESSETH:

WHEREAS, City has requested SCE to replace SCE's existing overhead (66kV transmission/12kV distribution/telecommunication) line(s) and appurtenant facilities (hereinafter referred to as Electrical Facilities) with underground facilities to accommodate the development of Rosecrans Boulevard; said facilities to be placed underground along Rosecrans Boulevard, and adjacent private property, in the City of Manhattan Beach, County of Los Angeles, State of California, as shown on the Base Map/Work Order map attached hereto and made a part hereof; hereinafter referred to as Project Area; and

WHEREAS, SCE is the holder of certain easement(s) and or fee right of way for its existing line(s) and appurtenant facilities; and

WHEREAS, City has requested SCE to furnish and install the pads and vaults for transformers and associated equipment, conduits, ducts, boxes, and to perform other work related to structures and substructures including breaking pavement, trenching, backfilling, and repaving required in connection with installation of the underground system; and

WHEREAS, City has agreed to pay SCE the sum hereinafter set forth to relocate, underground, all (transmission/distribution/telecommunication) facilities within the Project Area; said costs having been determined by SCE's standard accounting practices and in accordance with CPUC Rule 20B;

NOW, THEREFORE, it is mutually agreed by and between SCE and City as follows, viz.:

**1. RELOCATION OF ELECTRICAL FACILITIES.**

SCE shall relocate and underground said Electrical Facilities within the Project Area in accordance with the schedule herein.

**2. WORK TO BE PERFORMED BY SCE.**

- a) SCE shall procure and install all materials, ducts and substructures, and provide all engineering and work related to the relocation of said Electrical Facilities.
- b) SCE shall remove its overhead Electrical Facilities after the underground facilities have been installed, energized, and placed into permanent service.
- c) SCE shall prepare the Easement(s) and all other documents for replacement rights and clearance of encumbrance matters which could prevent or interfere with SCE's use of the easement area to be granted.

- d) Said underground Electrical Facilities will be and will remain the property of SCE, who will be responsible for all further modifications and/or maintenance.
- e) SCE shall obtain, if required, California Public Utility Commission Permits.
- f) SCE shall secure necessary State Highway Crossing Agreements.

**3. WORK TO BE PERFORMED BY CITY.**

- a) City, at no cost to SCE, but with SCE's cooperation, shall provide SCE with any required street improvement or site plans reflecting the location of all existing and proposed underground/over head structures and/or facilities.
- b) City, at no cost to SCE, but with SCE's cooperation, shall comply with the requirements of the California Environmental Quality Act (CEQA) and shall prepare any and all Environmental Impact Reports which may be required by any Agency having jurisdiction by Law.
- c) City shall assume all costs for preparation of documents as defined in item 2c, above.
- d) City, at no cost to SCE, shall grant/secure all replacement rights and other documents required by SCE and in a form acceptable to SCE to effect the relocation of its facilities and to clear all encumbrance matters.
- e) City will pay to SCE, concurrently with the execution of this agreement, the nonrefundable estimated cost of furnishing and installing the underground structures and substructures, including breaking of pavement, trenching, backfilling, and paving required in connection with installation of the 66kV transmission, 12kV distribution and telecommunication underground system, and the excess, if any, of the estimated costs, exclusive of transformers, meters and services, of completing the underground system over building a new equivalent overhead system. There is no credit for salvage.
- f) City to pay for cost and installation by SCE of one specially designed steel pole to existing transmission vault, west of Redondo Avenue.

**4. COST OF DESIGN, ENGINEERING AND TOTAL COST ESTIMATES.**

SCE hereby acknowledges receipt of \$1,967,759.00, which shall be credited to those costs SCE has incurred and will incur in the future for the work of design, engineering, cost estimates and material for the relocation of Electrical Facilities and the cost of construction, which includes the amount set forth in Item 5 of this Agreement.

**5. TERMS AND METHOD OF PAYMENT.**

City shall pay to SCE the additional estimated sum of \$170,000.00 upon execution of this Agreement, which sum shall be credited to those costs and expenses SCE has incurred since the original cost estimate and will incur in the future for the design, engineering and construction required to relocate and underground its Electrical Facilities. Upon completion of all relocation work by SCE, City shall be presented with final accounting as determined by SCE's standard accounting practices and in accordance with CPUC Rule 20B procedures. Should the sum of SCE'S costs and expenses exceed the estimated sum paid by City as provided by herein, City shall pay to SCE the difference between said sums. Should the estimated sum paid by City to SCE, as provided herein, exceed the sum of SCE's costs and expenses, SCE shall refund to City the difference between said sums.



**6. ADDITIONAL WORK.**

If SCE is required to relocate any facilities other than the work to be performed as set forth in Section 2, such additional work shall be performed on a completed cost basis at City sole expense.

**7. REPLACEMENT RIGHT OF WAY.**

City agrees to furnish or cause to be furnished all necessary replacement rights comparable to SCE's existing rights at no cost to SCE and all necessary access for SCE's permanently relocated Electrical Facilities. SCE will not begin construction until all required replacement rights have been executed and/or committed to, in writing, and presented to SCE.

**8. SCHEDULE OF WORK.**

SCE proposes to have the relocated Electrical Facilities in operation by City contingent upon mutually acceptable schedules, the timely obtaining of permits, licenses and other documents, outages or other key items and not being delayed by those uncontrollable forces described in Item 12 herein.

**9. FACILITIES TO REMAIN PROPERTY OF SCE.**

All Electrical Facilities and appurtenances thereto installed by SCE under this Agreement shall at all times be and remain the property of SCE

**10. INDEMNIFICATION CLAUSE.**

City agrees, for itself, and for its and their agents, contractors, and employees, to save harmless and indemnify SCE, its officers, agents and employees, and its successors and assigns, from and against all claims, loss, damage, actions, causes of actions, expense and/or liability arising from or growing out of loss or damage to property, including SCE's own personal property, or injury to or death of persons, including employees of SCE resulting in any manner whatsoever, directly or indirectly, by reason of this agreement for replacement of overhead with underground Electrical Facilities or the use of or occupancy of said Project Area by City, its agents, and employees, invitees, successors and assigns.

**11. DELAY DUE TO UNCONTROLLABLE FORCES.**

SCE shall not be responsible for any delay in their performance hereunder, including, but not limited to, SCE's relocation of Electrical Facilities and related work under this Agreement resulting from shortage of labor or materials, delivery delays, major equipment breakdown, load management, strikes, labor disturbances, war, riot, insurrection, civil disturbance, weather conditions, epidemic, quarantine restriction, sabotage, act of public enemy, earthquake, governmental rule, regulation or order, including orders or judgments of any court or commission, requirement of additional or separate Environmental Impact Reports requested by the California Public Utilities Commission (CPUC), delay in receiving a Certificate of Public Convenience and Necessity from the CPUC, delay in obtaining necessary rights of way, act of God or any cause or conditions beyond the control of SCE or City.

**12. PERMITS, CODES AND STATUTES.**

SCE's relocation of Electrical Facilities shall comply with the various applicable statutes, codes, regulations and ordinances and specifically in accordance with CPUC Rule 20B.

**13. JURISDICTION OF PUBLIC UTILITIES COMMISSION.**

This Agreement shall at all times be subject to such changes or modifications as the California Public Utilities Commission may, from time to time, direct in the exercise of its jurisdiction pursuant to the authority conferred upon it by Law.

**14. CHANGES.**

Any changes to this Agreement shall be made by supplement thereto and shall be executed on behalf of SCE by the Transmission Project Manager, or his designee, and on behalf of City by the (President or Vice President /City Council/Mayor/Supervisor).

**15. NOTICES.**

Any notices provided in this Agreement to be given by either party hereto to the other shall be deemed to have been duly given when made in writing and deposited in the United States mail, registered or certified and postage prepaid, addressed as follows:

To: Southern California Edison  
800 W. Cienega Avenue  
San Dimas, CA 91773

Attention: Ms. Judi Grissmeyer

To: City of Manhattan Beach  
1400 Highland Avenue  
Manhattan Beach, CA 90266

Attention: Mr. Steve Finton

**16. TERMINATION.**

City shall have the right to terminate this Agreement on sixty (60) days prior written notice to SCE for whatever reason.

Except as otherwise provided, in the event of termination of this Agreement by City, SCE shall be entitled to payment for all costs and expenses for material, services, labor, overhead, etc., incurred by SCE to and including the date the notice of termination is received by SCE and all costs and expenses required to effect the termination of this Agreement, including, but not limited to, all costs and expenses pertaining to the restoration or removal of SCE's Electrical Facilities, equipment and/or materials as well as cancellation of contracts, purchase orders, etc., between SCE and all parties furnishing labor, materials and services made prior to the termination of this Agreement.

At the option of SCE, all materials paid for by City and procured by SCE to effect said relocation may, upon termination of this Agreement, either be used by SCE for other projects or be sold by SCE as salvage. The net proceeds from the transfer of the materials to other SCE projects or sale of the materials as salvage shall be deducted from the costs and expenses to be paid by City after deducting SCE's applicable administrative costs, material, transportation and conversion costs, taxes and other outlays or charges, associated with such a transfer or sale. Should the sum of SCE's costs and expenses exceed the sum of the amounts paid by City as provided by items City herein, City shall pay to SCE the difference between said sums upon submission of a final invoice. Should the sum of the

amounts paid by City to SCE as provided by items City exceed the sum of SCE's costs and expense, SCE shall refund to City the difference between said sums upon submission of a final invoice.

If City is in default of any of the terms, provisions, conditions, limitations and covenants of this Agreement, SCE may give City written notice of default. If within thirty (30) days of receipt of such notice City does not cure such default, SCE has the right, if it so desires, to terminate this Agreement upon thirty (30) days prior written notice to City. Except as otherwise provided, should such right of termination by SCE be exercised, SCE shall be entitled to payment for all costs and expenses for materials, services, labor, overhead, etc., incurred by SCE to and including the date of termination and all costs and expenses required to effect the termination of this Agreement, including but not limited to all costs and expenses pertaining to the restoration or removal of SCE's Electrical Facilities, equipment and/or materials as well as cancellation of contracts, purchase orders, etc., between SCE and all parties furnishing materials and services, made prior to the termination of this Agreement.

**17. PREVIOUS COMMUNICATIONS.**

This Agreement contains the entire agreement and understanding between SCE and City as to the subject matter of this Agreement and merges and supersedes all prior agreements, commitments, representations, and discussions between SCE and City. Any agreement between persons employed by SCE and City which is not incorporated into this Agreement by an amendment shall not be a contractual provision of this Agreement.

**Please Note: This paragraph 17 does not supersede the Transmission Project Management Actual Cost Estimate letter provided concurrently with this Rule 20B Agreement.**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

Southern California Edison

By \_\_\_\_\_  
Judi Grissmeyer  
Transmission Project Management

City of Manhattan Beach

By \_\_\_\_\_

JAG  
TPM.4.6.09

APPROVED AS TO FORM:

By \_\_\_\_\_  
City Attorney