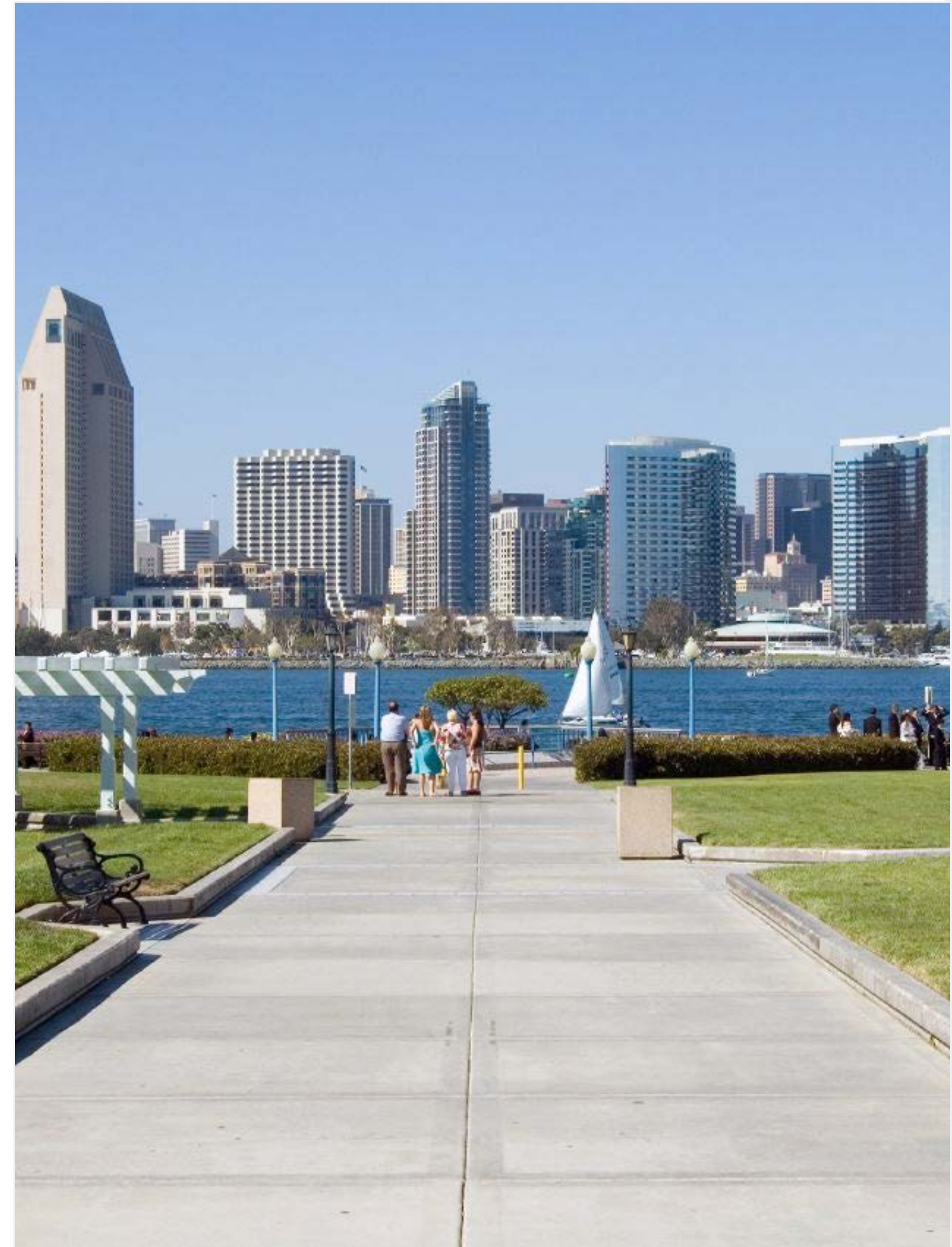


UTILITY UNDERGROUNDING MASTER PLAN

FUNDING STRATEGIES

CITY OF CORONADO

April 4, 2019



WHY UNDERGROUNDING?

- City Council directive to use the \$33 million in “one-time” funds to execute a project that will make a “meaningful impactful difference” within the City of Coronado.
- “One time” funding can be used to fund utility undergrounding projects.

BENEFITS OF UNDERGROUNDING?

- Increase prop. values, tax base
- Increase public safety
- Reduce fiscal risk and liability
- Strengthen service reliability
- Minimizes clutter + enhance aesthetics
- Promotes accessibility, walkability

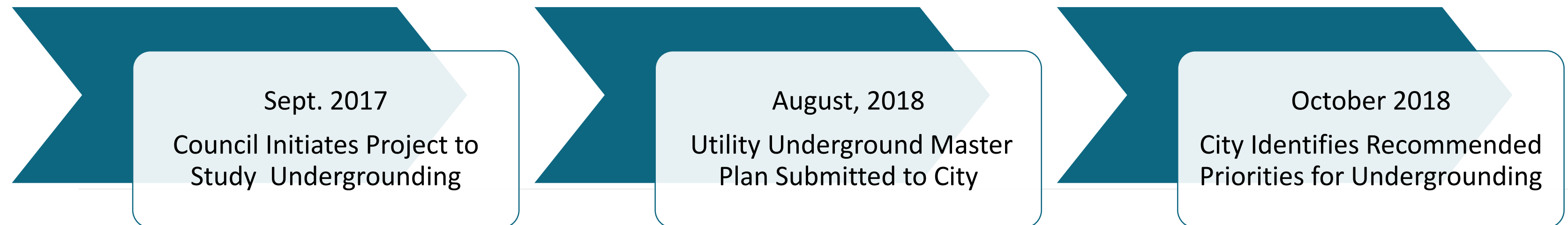


Before



After

HOW DID WE GET HERE?



- Miles of overhead utilities along City streets – 13 miles
- \$175.5 for undergrounding all overhead utilities; Estimated costs to underground utilities along streets - \$70.9 million
- City divided into 12 areas for undergrounding
- Costs will continue to increase
- Without assistance undergrounding utilities along the street will likely take over 100 years to complete

GOALS FOR THIS MEETING

- Provide overview to property owners on funding alternatives for utility undergrounding that are being considered
- Solicit input on preferred funding alternative for consideration by City Council

WHAT DOES IT COST TO UNDERGROUND UTILITIES?

Average Cost per Linear Foot for Undergrounding

Location of Overhead Utility Lines	Undergrounding Cost per Linear Foot
<i>Within Public Right of Ways</i>	\$1,000 per linear foot
<i>Within Alleyways</i>	\$1,200 per linear foot
<i>Within Easements</i>	\$1,400 per linear foot

Average Cost per Parcel for Service Conversion (paid by property owner)

Location of Overhead Utility Lines	Cost for Service Conversion
<i>Within Public Right-of-Ways</i>	\$3,000 - \$6,000
<i>Within Alleyways</i>	\$5,000 - \$10,000
<i>Within Easements</i>	\$8,000 - \$12,000

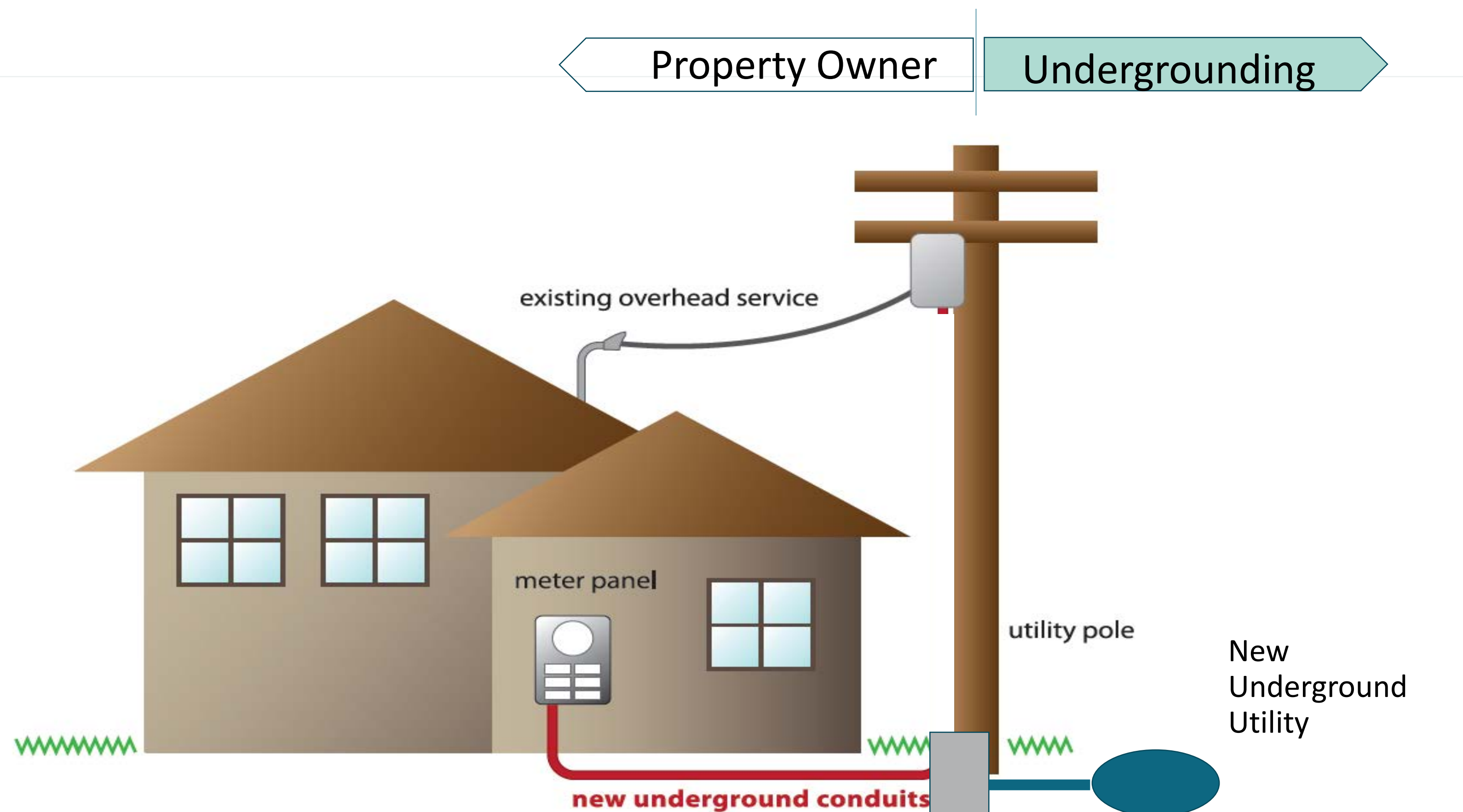
OVERVIEW

SUMMARY OF COSTS TO UNDERGROUND UTILITIES WITHIN STREET ROW

Priority	Priority Area	Description	Utility Lines (Linear Feet)	Estimated Cost (\$ Millions)	Parcels Served
1	K	First/Second Street	8,770	\$8.77	267
2*	A	Margarita/Bay Circle	7,540	\$7.54	107
2*	G	Pomona	5,630	\$5.63	143
4	L	Silver Strand	8,960	\$8.96	0
5	H	Sixth/Seventh Street	7,600	\$7.60	87
6	B	Tolita/Encino	5,630	\$5.63	261
7	D	Tenth Street	6,190	\$6.19	102
8	I	Fifth Street	5,470	\$5.47	144
9	F	Eighth Street	5,950	\$5.95	162
10	J	Third/Fourth Street	0	\$0.00	36
11	E	Ninth Street	5,490	\$5.49	70
12	C	Country Club Area	3,690	\$3.69	49
TOTALS			70,920	\$70.92	1,428

* Areas A & G tied for priority scoring

PROPERTY OWNER IS RESPONSIBLE FOR THE COSTS OF THEIR SERVICE CONVERSION



FUNDING ALTERNATIVES THE CITY IS CONSIDERING

Option 1 - Spend the money the City has designated for undergrounding projects by Priority Area

Option 2 – Stretch the money options

2A -Assessment districts - First Come First Served

2B - Assessment districts - By Priority Area

Option 3 – Adopt a Utility User Tax

Option 4 – Renegotiate SDG&E Franchise Agreement

FUNDING ALTERNATIVES THE CITY IS CONSIDERING

Option 1 - Spend the money the City has designated for undergrounding projects now

- Approximately \$33 million in “one time” funds available
- This could probably fund the 4 highest ranked areas:
 - a. First/Second Street (Area K)
 - b. Margarita/Bay Circle (Area A)
 - c. Pomona (Area G)
 - d. Strand (Area L)

FUNDING ALTERNATIVES THE CITY IS CONSIDERING

Option 2 – Stretch the money options

Ask property owners in the areas to be undergrounded to pay a portion of the costs for undergrounding in their neighborhood

- 2A - Assessment districts - First Come First Served
 - Petition by property owners to form assessment district
 - City's General Fund would contribute 50% of project cost

- 2B - Assessment districts - By Priority Area
 - City would work with highest priority neighborhoods first
 - City's General Fund would contribute 50% of project cost

FUNDING ALTERNATIVES THE CITY IS CONSIDERING

Option 3 - Adopt a Utility User Tax

- Require 2/3 register voter approval
- Would supplement existing \$33 million and sunset when all lines undergrounded
- Estimated tax revenue \$500-600 thousand per year

For Option 3, it is estimated a UUT on electricity would cost each residential customer \$8 – 12 per month that would be restricted for undergrounding. The actual amount would be based upon utility bill. Business and other types of property would also pay the UUT based upon their utility bill.

FUNDING ALTERNATIVES THE CITY IS CONSIDERING

Option 4 - Renegotiate SDG&E Franchise Agreement

Current franchise agreement expires in 2028

For Option 4, it is even more difficult to estimate the impact on future utility rates. City charges SDG&E a franchise fee. Franchise fee would be renegotiated to help fund utility undergrounding.

WHAT DOES THIS REALLY MEAN ?

Assume a cost of \$40-60,000 per parcel to underground and \$5,000 per parcel for service panel conversion

Option 1		Option 2		
Cost Paid by City	Cost Paid by Property Owner - Service Conversion	Cost Paid by City	Cost Paid by Property Owner - Assessment on Parcel	Cost Paid by Property Owner - Service Conversion
\$40,000	\$5,000	\$20,000	\$20,000*	\$5,000
\$50,000	\$5,000	\$25,000	\$25,000*	\$5,000
\$60,000	\$5,000	\$30,000	\$30,000*	\$5,000

*Assessment would be paid over 20-25 year period.

NEXT STEPS – ACTION ITEMS

- Community Outreach & Input
- Return to City Council with findings
- City Council Selects Preferred Funding Strategy and provides direction on developing implementation policy
- Typical project takes 24-36 months to complete



THANK YOU

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