REPORT TO CITY COUNCIL

DATE: **DECEMBER 8, 2010**

TO: **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

FROM: **GREG RAMIREZ, CITY MANAGER**

BY: **RAMIRO ADEVA, CITY ENGINEER**

SUBJECT: **INTRODUCTION AND FIRST READING OF ORDINANCE NO. 10-380, AMENDING DIVISION 3 OF PART 1 OF CHAPTER 6 OF ARTICLE IX OF THE AGOURA HILLS MUNICIPAL CODE, TO ALLOW FOR THE OPTION OF AN IN-LIEU FEE FOR DEVELOPMENTS WITHIN UNDERGROUNDING UTILITY DISTRICTS; AND APPROVAL OF A RESOLUTION ESTABLISHING THE AMOUNT OF THE IN-LIEU FEE FOR A SEGMENT OF ROADSIDE DRIVE WITHIN UTILITY UNDERGROUNDING DISTRICT NO. 1.**

At the November 10, 2010 meeting, the City Council continued this item so a decision could be made based on the findings of the in-lieu fee study and proposed fee schedule. Staff is requesting (1) approval of Ordinance No. 10-380, that would allow the option of an in-lieu fee for developments within existing undergrounding utility districts, and (2) approval of Resolution No. 10-1606, establishing the amount of the in-lieu fee.

As a recap, in May 2008, the City Council approved Resolution No. 08-1481, establishing Underground Utility District No. 1, spanning along Roadside Drive, between Kanan Road and Lewis Road. In doing so, funds allocated as part of Southern California Edison's (SCE) "Rule 20A" program were preserved and could be used towards the eventual undergrounding of overhead utility lines within the district. Since Underground Utility District No. 1 is the only one of its kind in the City, this ordinance would only pertain to developments within that established district at this time.

In April 2010, staff issued a Notice to Proceed to PMC to conduct the analysis and prepare the study to establish the methodology for calculating the in-lieu fee. After several iterations, multiple meetings with commercial property owners, and a meeting with the Public Works Committee to review the results of the analysis, the methodology for calculating the in-lieu fee was finalized and is attached for your consideration tonight.

The following is a summary of the various alternatives that were initially considered, pros and cons for each alternative, and an example to demonstrate the calculation of the fee.

Initially, three (3) alternatives were considered as prospective methodologies for calculating the fee.

Option A: Fee based on a unit cost per linear foot and the frontage length

Pros:

- Frontage calculation consistent with Municipal Code requirement
- Collect full amount (associated with the fronting parcel) with the first building permit.

Cons:

- Potentially disproportional cost to property owner relative to improvement
- Frontage-based calculations can be manipulated with lot line adjustments

Option B: Fee based on a unit cost per linear foot and the frontage length AND payment of fee based on level of development (tiers)

Pros:

- Frontage calculation consistent with Municipal Code requirement
- Payment would be more proportional to development size (ie: smaller projects would not be required to pay full undergrounding cost, which is what they would do per the existing code)
- Encourage redevelopment within Agoura Village for certain properties.

Cons:

- Frontage-based calculations can be manipulated with lot line adjustments
- Full undergrounding cost along a parcel frontage not collected until at least 60% development of a parcel.

Option C: Fee based on building square footage

Pros:

- Payment would be proportional to building size (ie: smaller projects would not be required to pay disproportionate share of undergrounding); independent of parcel frontage length
- Lot line adjustments would not affect the fee

Cons:

- Full fees would only be collected upon 100% development of a parcel
- Calculation not consistent with Municipal Code since it does not involve a frontage-based calculation of the fee.
- Lacks relation of amount of fee to cost of undergrounding since not connected to frontage length.

Considering the aforementioned options and respective pros and cons, Option B was the chosen alternative. Based on Option B, the methodology for calculating the fee involves a three-step process. First, a proposed development must calculate what proportion of the total developable area of a parcel a particular development represents. Second, that value is then compared to the following matrix to determine which range it falls into, and subsequently which in-lieu percentage it corresponds with. Lastly, that percentage is multiplied by the base fee for undergrounding the particular parcel, and that value represents the in-lieu fee to be paid by the developer. Below is the matrix that can also be found on page 5 of the in-lieu fee study.

If the new bldg SF is…		In-lieu Payment shall equal:
Over 0% < 5%	of the max potential bldg SF	13% of base fee
From 5% to 25%	of the max potential bldg SF	25% of base fee
From 25% to 45%	of the max potential bldg SF	50% of base fee
From 45% to 60%	of the max potential bldg SF	75% of base fee
Greater or Equal to 60%	of the max potential bldg SF	100% of base fee

With this in mind, consider the following example to illustrate how this methodology would be applied.

<u>Example #1 (page 7 of in-lieu fee study):</u>

Proposed (Re)development = 3,000 SF
Total Developable Building Area = 147,311 SF
Base Fee for particular parcel = $386,567

STEP 1: Calculate proportion of total developable area:
3,000 / 147,311 = 0.02 = 2%

STEP 2: Compare to matrix. 2% falls within 0% - 5% range, therefore, corresponding in-lieu fee percentage is 13%

STEP 3: Calculate 13% of Base Fee ($386,567) = $50,254 = In-lieu fee for this case

With estimated costs of $2-4 million dollars per mile to underground overhead distribution utilities, it is understandable why commercial property owners find it difficult to make projects balance financially when required to complete undergrounding across an entire property's frontage. Allowing the in-lieu fee, consistent with the findings of the attached utility undergrounding in-lieu fee study, will allow for the share of a development's undergrounding in-lieu-fee to be proportional to the size of the development.

Furthermore, it is important to note that the total estimated base fee for undergrounding the overhead distribution utilities across these particular parcels is approximately $815,000. If the City were to use its ability to leverage Rule 20A funds five years in advance, the City would have an estimated $1.2 million dollars in Rule 20A money available to use within Undergrounding Utility District No. 1. It should also be noted that in the event of unanticipated cost overruns where additional funds are needed above the $1.2 million dollars of Rule 20A money, the City would need to find other funding sources to make up the difference, and staff would have to return to the City Council for approval in such a case.

As noted in the in-lieu fee study, there are several advantages and disadvantages in allowing an in-lieu fee option.

Advantages

1. Aggregates projects into one comprehensive undergrounding project, instead of having the undergrounding piece-mealed with the development of each individual parcel.

2. Cost effectiveness (Economies of Scale)

3. Allows for improvements to existing properties.

Disadvantages

1. Delays the immediate undergrounding of overhead utilities that occurs typically when development occurs

2. City may need to fund any gaps in funding with sources such as Rule 20A in order to make the entire undergrounding occur at one time

As mentioned at the November 10, 2010 hearing, the Council is faced with a policy decision to consider either (1) encouraging redevelopment in the Agoura Village Specific Plan area by allowing the in-lieu fee, resulting in the City having to cover the difference to pay for undergrounding, or (2) not allowing the in-lieu fee, and potentially causing redevelopment to occur over a longer period of time, specifically in the Agoura Village Specific Plan area.

RECOMMENDATION

Staff respectfully recommends the City Council conduct a public hearing, introduce, read by title only, and waive further reading of Ordinance No. 10-380; amending Division 3 of Part 1 of Chapter 6 of Article IX of the Agoura Hills Municipal Code, to allow for the option of an in-lieu fee for developments within undergrounding utility districts, and approve Resolution No. 10-1606 establishing the amount of the in-lieu fee for a segment of Roadside Drive within Undergrounding Utility District No. 1.

Attachment: Ordinance No. 10-380
Resolution No. 10-1606
Undergrounding In-Lieu Fee Study

ORDINANCE NO. 10-380

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA AMENDING DIVISION 3 OF PART 1 OF CHAPTER 6 OF ARTICLE IX OF THE AGOURA HILLS MUNICIPAL CODE, RELATING TO THE CITY'S UNDERGROUNDING UTILITIES ORDINANCE TO ALLOW FOR THE OPTION OF AN IN-LIEU FEE FOR DEVELOPMENTS LOCATED WITHIN SPECIFIED AREAS OF UNDERGROUNDING DISTRICTS

The City Council of the City of Agoura Hills does hereby ordain as follows**:**

SECTION 1. Division 3 of Part 1 of Chapter 6 of Article IX of the Agoura Hills Municipal Code is hereby amended to read as follows:

"DIVISION 3. UNDERGROUND FACILITIES

9603. Underground facilities requirement.

The following provisions are hereby established to govern the installation of underground utilities for the conversion of existing overhead facilities within the city.

9603.1. Development subject to undergrounding provisions.

A. For purposes of this Division 3, the term "development" means either:

1. The construction of new buildings or structures; or

2. The expansion, enlargement, modernization, renovation, remodeling, repair, improvement, or alteration of existing buildings or structures for which one or more approvals or permits by or from the City are required, and which adds more than two thousand square feet of floor area.

B. Except as provided in this chapter, all new and existing electrical distribution lines, telephone, cable television, and similar service wires or cables, which are adjacent to and provide service to ~~the~~ a development's property ~~being developed~~, shall be installed underground as a part of development's property from the nearest existing pole not on the development's property ~~being developed~~ with the following exceptions:

1. ~~A.~~ In the development~~, remodeling, or enlargement~~ of a single-family dwelling upon an existing, subdivided lot in the OA overlay district and RS district when overhead utility distribution lines presently exist. Any new single-family dwelling shall conform to the requirements of section 9603.2 as a part of development.

2. ~~B.~~ Temporary utilities along with the necessary service poles, wires and cables during the period when authorized construction is continuing for which valid building permits have been issued or for temporary use authorized under the provisions of the zoning ordinance, building code and other applicable regulations.

3. ~~C.~~ Appurtenances and associated equipment, such as surface mounted transformers, when it is determined by the planning commission that it would be economically unfeasible to underground such equipment.

9603.2. Recorded agreement.

In lieu of undergrounding existing distribution lines as a part of ~~construction~~development, the planning commission may permit the recording of an agreement guaranteeing that the property will participate in any undergrounding district which is subsequently established by the City. The form of the agreement shall be approved by the City Attorney and shall run with the land. This section shall not be applicable to the service lines that lead directly to the building.

9603.3. Responsibility for compliance.

The developer or owner shall be responsible for complying with the requirements of sections 9603 through 9603.2 and shall make the necessary arrangements with the utility company for the installation of such facilities.

9603.4. Nonconforming structures.

Buildings or structures, which on the effective date of this chapter are nonconforming in regard to aboveground on-site utility lines, may continue to be used, altered, or enlarged in the same manner as if such nonconforming utility lines did not exist. However, when the buildings or structures are enlarged over two thousand (2,000) square feet in floor area or when alteration or enlargement require the installation of utility lines at new locations on the buildings and structures, the service lines shall comply with the requirements of this title.

9603.5. Optional In-Lieu Fee for Properties Located in Specified Areas within an Existing Undergrounding District

In lieu of undergrounding existing distribution lines as a condition of development, a developer or owner whose development is located in a specified area within an existing undergrounding district may request instead to pay an in-lieu fee, in an amount established by resolution of the City Council, as a contribution to the future undergrounding of existing overhead utilities. Only those properties located in areas, specifically designated by resolution of the City Council, within an existing undergrounding district are eligible for the option of the payment of said in-lieu fee."

SECTION 2. If any section, subsection, sentence, clause, portion, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining sections, subsections, sentences, clauses, portions, or phrases of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, portion, or phrase without regard to whether any other section, subsection, sentence, clause, portion, or phrase of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 3. This ordinance shall go into effect on the 31st day after its passage.

SECTION 4. The City Clerk of the City of Agoura Hills shall certify to the passage and adoption of this ordinance and shall cause the same or a summary thereof to be published and posted in the manner required by law.

PASSED, APPROVED AND ADOPTED this_________day of _________, 2010, by the following vote to wit.

AYES: ( )
NOES: ( )
ABSENT: ( )
ABSTAIN: ( )

____
Harry Schwarz, Mayor

ATTEST:

____
Kimberly Rodrigues, City Clerk

APPROVED AS TO FORM:

____
Craig A. Steele, City Attorney

RESOLUTION NO. 10-1606

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, ESTABLISHING UTILITY UNDERGROUNDING IN-LIEU FEES ON PORTIONS OF ROADSIDE DRIVE WITHIN UNDERGROUND UTILITY DISTRICT NO. 1, AS AUTHORIZED BY DIVISION 3 OF PART 1 OF CHAPTER 6 OF ARTICLE IX OF THE AGOURA HILLS MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA HEREBY FINDS, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The City Council of the City of Agoura Hills has adopted Ordinance No. 10-380, which provides developments located within specified areas of existing underground utility districts the option to pay an in lieu fee instead of those developments completing the undergrounding of utilities, as required by Division 3 of Part 1 of Chapter 6 of Article IX of the Agoura Hills Municipal Code.

Section 2. Section 9603.5. of the Agoura Hills Municipal Code provides that the City Council shall establish the amount of the utility undergrounding in lieu fee by resolution.

Section 3. Section 9603.5. of the Agoura Hills Municipal Code provides that the City Council shall designate which properties within an existing underground utility district are eligible for the option of the payment of an in lieu fee.

Section 4. On May 28, 2008, the City Council adopted Resolution No. 08-1481, establishing Underground Utility District No. 1.

Section 5. The purpose of this Resolution is to: (a) adopt the Utility Undergrounding In Lieu Fee Study; (b) establish the fee schedule and methodology for setting the amount of the utility undergrounding in lieu fees; and (c) establish the properties within Underground Utility District No. 1 that are eligible for the payment of such utility undergrounding in lieu fees.

Section 6. A duly noticed public hearing was held by the City Council of the City of Agoura Hills on November 10, 2010, and December 8, 2010, in the City Hall Council Chambers, 30001 Ladyface Court, Agoura Hills, California. Notice of the time, date, place and purpose of the aforesaid hearing was duly given. Evidence, both written and oral, was duly presented to and considered by the City Council of the City of Agoura Hills at the aforesaid public hearing. Following the receipt of all staff reports, public testimony and other evidence, the public hearing was closed.

Section 7. It is necessary, desirable, and in the public interest to establish a utility undergrounding in-lieu fee for the following parcels along Roadside Drive within Underground Utility District No. 01 in the City:

APN 2061-006-044
APN 2061-007-031
APN 2061-007-055
APN 2061-007-041
APN 2061 007-051
APN 2061-007-052
APN 2061-007-054

Section 8. Providing the option of a utility undergrounding in lieu fee to those designated properties along Roadside Drive within Underground Utility District No. 1 provides a benefit to the City by encouraging the development and redevelopment of Roadside Drive.

Section 9. Upon City Council approval, utility undergrounding in lieu fees may be provided, only to those properties designated in this Resolution, as an alternative to those properties completing the undergrounding of utilities themselves.

Section 10. After reviewing and analyzing various options, as presented in the reports to the City Council and considering all relevant evidence and testimony that was presented at the public meetings and public hearing, and pursuant to Agoura Hills Municipal Code Section 9603.5, the City Council hereby adopts this Resolution and adopts the Utility Undergrounding In Lieu Fee Schedule & Methodology attached hereto as Exhibit "A" and incorporated herein by this reference.

Section 11. If a developer of an eligible property, as established by this Resolution, opts to pay the utility undergrounding in lieu fee, instead of undergrounding utilities himself or herself, such developer shall pay the in lieu fee prior to and as a condition of the issuance of a building permit.

Section 12. This Resolution shall become effective on the effective date of Ordinance No. 10-380. If Ordinance No. 10-380 does not go in effect, this Resolution shall be null and void.

PASSED, APPROVED, AND ADOPTED this 8th day of December, 2010, by the following vote to wit:

AYES:	(0)
NOES:	(0)
ABSENT:	(0)
ABSTAIN:	(0)

Harry Schwarz, Mayor

ATTEST:

Kimberly Rodrigues, City Clerk, MMC

APPROVED AS TO FORM:

Craig A. Steele, City Attorney

EXHIBIT A

Utility Undergrounding In Lieu Fee Schedule & Methodology
for
Designated Properties Within Underground Utility District No. 1

CITY OF AGOURA HILLS

November 2010

Undergrounding In Lieu Fee,
Along Roadside Drive, Utility
Undergrounding District No. 1

PMC®

City of Agoura Hills

Undergrounding In Lieu Fee

Along Roadside Drive
Utility Undergrounding District No. 1

Under the provisions of
Municipal Code Article IX,
Chapter 6, Part I, Division 3

November 2010

Prepared by
PMC
San Diego, CA 92121

DRAFT

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In Lieu Fee for Undergrounding of Overhead Utilities

Introduction

As with many California communities, the City of Agoura Hills has established policies and ordinances requiring the undergrounding of electric, cable, phone and other overhead lines. The cost of such undergrounding whether for new utilities or conversion of existing overhead lines is significant and may serve as a deterrent to development and redevelopment within the City. Consequently, staff has recommended for City Council consideration an alternate approach where under certain circumstances the developer may pay a fee "in lieu of" converting existing overhead lines if such a fee is established by resolution. The resolution shall set forth the amount of the fee and the payment structure. This report has been prepared, addressing a focused area within Utility Undergrounding District No. 1, to identify an appropriate in lieu fee for City Council consideration.

According to the Municipal Code, development's obligation to underground new and/or existing overhead utilities is as follows:

> *"…all new and existing electrical distribution lines, telephone, cable television, and similar service wires or cables, which are adjacent to and provide service to a development's property shall be installed underground as a part of development's property from the nearest existing pole not on the development's property…"*

The Municipal Code further defines development as:

> *"The construction of new buildings or structures; or*
>
> *The expansion, enlargement, modernization, renovation, remodeling, repair, improvement, or alteration of existing buildings or structures for which one or more approvals or permits by or from the City are required, and which adds more than two thousand square feet of floor area."*

Pending the effective date of Ordinance 10-380, if approved by City Council, the Municipal Code will offer an option for the developer of a parcel to pay a fee in lieu of converting overhead lines to underground facilities. As outlined in the proposed Ordinance, in lieu fees may be permitted for those areas where an undergrounding district has already been established and where the fee has been set by City Council by resolution.

Concerns have been expressed from various property owners over the costs related to the potential obligation to perform undergrounding of overhead utilities on Roadside Drive in connection with its projects. The Roadside Drive overhead lines and poles carry both electric distribution and transmission lines and cable and other telecommunications overhead equipment. The Municipal Code requires the developers to be responsible for undergrounding of the electric distribution lines as well as any overhead lines related to telecommunications and cable services along the parcel frontage. For the properties along Roadside Drive, then, the developer would be responsible to underground the distribution lines and other overhead lines, but not the transmission lines. Ultimately, collected in lieu fees, Rule 20A[1] funds and potentially

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[1] The California Public Utilities Commission's Rule 20 sets policies and procedures for the conversion of overhead power lines and other equipment to underground facilities. Under Rule 20, undergrounding projects are financed by

additional city funds would be needed to complete the conversion of overhead lines if constructed in a single phase.

PMC and City staff considered an in lieu fee program on a small, focused area within the context of potentially pursuing an overall corridor district and/or city-wide in lieu fee program at a future date. As such, the area where the in lieu fee would be permissible may be expanded to include additional parcels and overhead conversion improvements as well as updated cost information.

FEE BOUNDARY

For initial implementation, it is recommended that an in lieu fee be established for seven contiguous properties along Roadside Drive, east of Kanan Road as shown in **Figure 1**. These properties are served by the overhead utility lines along Roadside Drive. Several of these properties are in the preliminary stages of project feasibility analysis and are most likely to develop in the near term. However, some of the owners have indicated concern over the cost to underground the facilities adjacent to their properties.

The seven properties are currently within an established undergrounding district (Utility Undergrounding District No. 1) and therefore are eligible, per the current Municipal Code, to pay an in lieu fee, if such fee is set by resolution.

utility rate money, combined rate funds and local tax proceeds, or private funds depending on whether Rule 20A, Rule 20B or Rule 20C provisions apply. Rule 20A projects are paid by all SCE ratepayers, not just customers in the affected area. City and county governments choose the projects which includes a process for public participation.

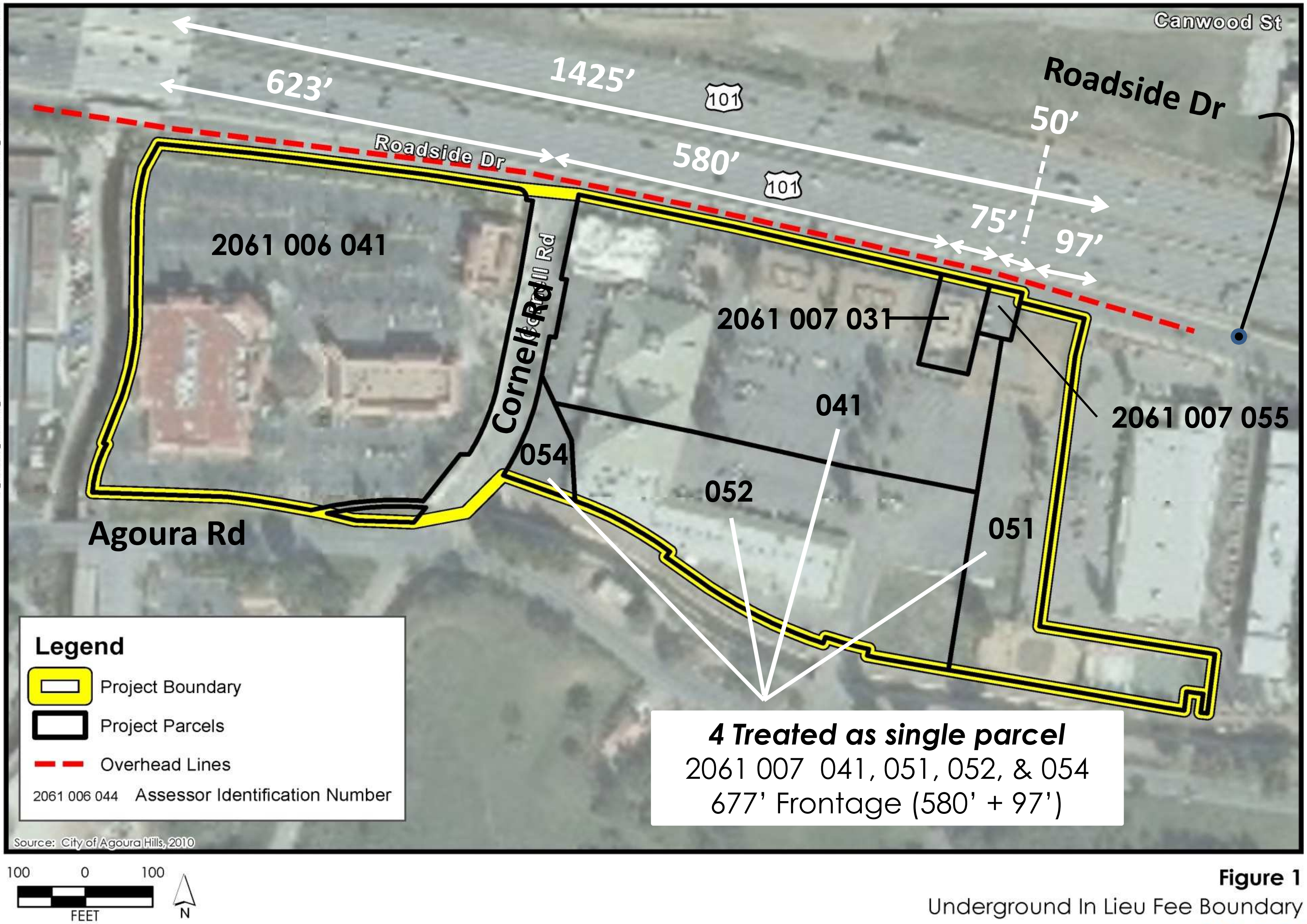


Figure 1
Underground In Lieu Fee Boundary
PMC

UNDERGROUNDING COSTS

Based on information obtained from Southern California Edison (SCE) and other sources, the cost to underground has been estimated at $813,675 for 1,425 linear feet along the Roadside Drive frontage of the parcels as shown in Table 1.

TABLE 1 – OVERHEAD UTILITY CONVERSION COSTS FOR 7 CONTIGUOUS PARCELS

Utility	Unit Cost	Undergrounding Length	Estimated Cost
SCE - Distribution	$429/lf	1425 lf	$611,325
Cable, phone, other	$142/lf	1425 lf	$202,350
Total	$571/lf	1425 lf	$813,675

The unit cost is comprised of two parts. First, a planning level estimate for the conversion of electric distribution lines, prepared by SCE for the stretch of overhead undergrounding along Roadside Drive from Kanan Road to a pole located east of Cornell Road, is used to determine an average, linear foot cost for the area ($900,000 divided by 2,100 feet equaling $429 per linear foot). The second part of the cost is based on a study prepared for the Edison Electric Institute.[2] It cites a comprehensive study that indicates the cost to underground other overhead facilities (phone, cable and similar telecommunications systems) adds 25% to the overall cost of undergrounding.

The costs shown are only related to the undergrounding of utilities along Roadside Drive adjacent to the property and do not include the owner/developer on-site cost to underground from the utility pole/box to the private building. In all cases, the on-site cost remains the developer/applicant’s obligation at the time of construction. Note that the above costs only reflect the cost to underground the electric distribution lines, not the electric transmission lines, consistent with the Municipal Code.

COST ALLOCATION

It is recommended that the in lieu fee be based on the unit cost to underground ($571 per linear foot) multiplied by the frontage of the parcel along Roadside Drive. Applying the in lieu fee in this manner is consistent with the Municipal Code regarding frontage undergrounding requirements. PMC recommends that the frontage length of the two parcels on either side of Cornell Road be extended to include ½ width of Cornell Road, as is typically required with street improvements. The Municipal Code further requires that the undergrounding be extended beyond the property’s frontage to the next aboveground pole. This is appropriate when constructing the improvements because the pole locations typically do not align with the property lines and undergrounding must then be extended to the next pole off-site of the property. However, with the option to pay an in lieu fee, the fee need be based only upon the frontage length; the portion extending beyond the parcel’s property would instead be the obligation of that adjacent property owner.

To better size the amount of fee payable with the level of development, it is recommended that payment of the fee be based on a tiered payment approach that more closely matches the

[2] “ Out of Sight, Out of Mind?, A study on the costs and benefits of undergrounding overhead power lines.” Prepared by Bradley Johnson for the Edison Electric Institute (July 2006).

fee to the degree of development. It is recommended that the Base Fee be set to equal the frontage length multiplied by the unit cost of $571 per linear foot.

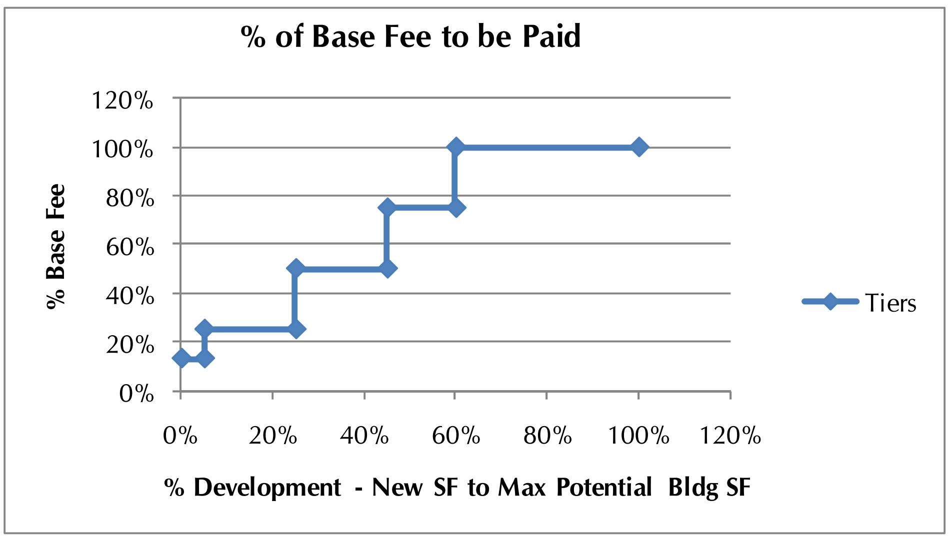
Base Fee = Frontage length (feet) x $571/ft

Only a percentage of the Base Fee would be payable depending on the amount of development on the parcel, measured in building square footage as shown in Table 2 and graphically shown in Figure 2.

TABLE 2 – PERCENTAGE OF BASE FEE DUE COMPARED TO LEVEL OF PARCEL DEVELOPMENT

If the new building square footage is		In Lieu Payment shall equal	
Over 0% < 5%	of the maximum potential bldg sf	13%	of Base Fee
From 5% < 25%	of the maximum potential bldg sf	25%	of Base Fee
From 25% < 45%	of the maximum potential bldg sf	50%	of Base Fee
From 45% < 60%	of the maximum potential bldg sf	75%	of Base Fee
Greater or equal to 60%	of the maximum potential bldg sf	100%	of Base Fee

FIGURE 2 –PERCENTAGE OF BASE FEE DUE COMPARED TO LEVEL OF PARCEL DEVELOPMENT



The tiered payment schedule provides relief to the development for undergrounding in relationship to demand for services as estimated by maximum potential building square footage of the parcel or parcels. Complete redevelopment of a parcel (or parcels) to a level of 60% of the maximum potential building square footage would require payment of 100% of the Base Fee. For new development less than 60% of the total potential development, there is a corresponding reduction in the undergrounding obligation. For small projects (less than 5% increase in building square footage), the fee obligation would be only 13% of the Base Fee.

Application of tiers to determine the percentage of Base Fee due with development requires estimating the "build out" or maximum potential of each parcel. Table 3 reflects the existing building square footage by parcel and the estimated build out or maximum potential of each parcel. This study, while estimating potential maximum building square footage, does not imply any approval for building to that degree, but is consistent with the policies set forth in the Agoura Village Specific Plan.[3] Existing square footage is based on data provided by the City and obtained from the Los Angeles County Assessor's Office as shown in Table 3.

TABLE 3 – POTENTIAL MAXIMUM BUILDING SQUARE FOOTAGE BY PARCEL

Assessor Identification No.	Parcel Acreage (ac)	Potential Maximum Building sf	Existing Building sf	Potential New Development Building sf	Frontage (lf)
2061 006 044	6.43	98,032	49,187	48,845	623
2061 007 031	0.24	3,816	3,816	0	75
2061 007 055	0.09	1,313	0	1,313	50
2061 007 041 2061 007 051 2061 007 052 2061 007 054	9.66	147,311	83,379	63,932	677
Total	16.42	250,472	136,382	114,090	1,425

The four parcels identified above, (AIN 2061 007 041, 051, 052 and 054) are treated as a single parcel for purposes of determining the frontage length for calculating the Base Fee. These four contiguous parcels, one of which is vacant, are under a single ownership. Of these four, two have Roadside Drive frontage, 580 feet and 97 feet (677 feet total) and one is a small triangular parcel that appears to be a remnant parcel. The fourth parcel (AIN 2061 007 052) consisting of 2.6 acres is located on the southerly half of the existing shopping center site but does not have frontage along Roadside Drive. These four parcels are considered a single development project because the parcels are dependent upon one another for access and parking. In addition, the buildings on AIN 2061 007 41 and 2061 007 52 appear to share a covered pathway and or roof. See Figure 1 for the parcel configuration.

The Municipal Code indicates that development be responsible for undergrounding. If the amendment to the Municipal Code is approved and if an in lieu fee is set by City Council resolution, an eligible property could as an option pay an in lieu fee. Assuming that the potential new development building square footage is realized, the fees collected for new development on these parcels would be $488,634 or 60% of the undergrounding costs for electric distribution lines, cable and other aboveground lines as shown in Table 4.

[3] Note that the maximum square footage is a theoretical maximum, and does not take into account development requirements/standards, such as height, setback and parking. The figures are simply based upon applying a Floor Area Ratio (FAR) of 0.35 to the parcel land area.

TABLE 4 – POTENTIAL IN LIEU FEE AMOUNTS BY PARCEL (ASSUMING BUILD OUT OF PARCEL)

Assessor Identification No. (AIN)	Potential New Development Building (sf)	% Development	Frontage (lf)	Base Fee	Pay Percent of Base Fee	In Lieu Fee
2061 006 044	48,845	49.8%	623	$355,733	75%	$266,800
2061 007 031	-	-	75	42,825	0%	-
2061 007 055	1,313	100.0%	50	28,550	100%	28,550
2061 007 041 2061 007 051 2061 007 052 2061 007 054	63,932	43.4%	677	386,567	50%	193,284
Total				$813,675	60%	$488,634

Depending on project phasing, the fee percentage could be higher. For example, using AIN 2061 006 044, if the project is submitted in phases, with phase 1 consisting of 40,000 building square feet, phase 2 consisting of 5,000 building square feet and phase 3 consisting of 3,000 building square feet, the fees that would be paid would equal 50% of the Base Fee, 25% of the Base Fee and 13% of the Base Fee, respectively, for a total of 88% of the Base Fee. On the other hand, if the project came in as a single project, of 48,000 building square feet, the payment required would equal 75% of the Base Fee based on the development tiers shown in Table 2. Note that the sum of payments should be limited so as not to exceed 100% of the Base Fee.

Following is an example of how the fee shall be calculated.

Example 1 assumes that 3,000 square feet of building is to be added to an existing 7,000 square foot building on AIN 2061 007 041 parcels. The 3,000 square feet represents 2% of the overall maximum potential building square footage of the project site (147,311 maximum potential building square feet). The Base Fee is $386,567 of which 13% is due with the building permit associated with the 3,000 square foot addition.

Base Fee = 677' x $571/lf = $386,567

% Development = 3,000 sf ÷147,311 sf = 2%

From Table 2:

Base Fee % = 13% for % development over 0% and < 5%

In Lieu Fee = 13% of the Base Fee = 0.13 x $386,567 = $50,254

Example 1: AIN 2061 007 041, 051, 052 & 054 – Add 3,000 sf to Existing 7,000 sf building

Assessor Identification No.	New Construction Bldg sf	Maximum Potential Bldg sf	% Development	Frontage (lf)	Base Fee	Pay Percent of Base Fee	In Lieu Fee
2061 007 041 2061 007 051 2061 007 052 2061 007 054	3,000	147,311	2.0%	677	$386,567	13%	$50,254
Total							$50,254

The Municipal Code requires compliance with the undergrounding requirements for existing non-conforming structures (non-conforming with respect to overhead utilities) for additions over 2,000 square feet.

AUTOMATIC INFLATION FACTOR

It is recommended that an automatic inflation factor be included in the fee. The costs of construction as presented in this report are in projected 2011 dollars. Therefore, the first adjustment should be made in July 2012 based on the Engineering News Record Construction Cost Index (CCI) 20-City Annual Average change from 2010 to 2011 and each July thereafter.[4]

AUTHORITY TO IMPOSE FEE

Pursuant to the City's Municipal Code, the City requires the undergrounding of existing utilities as a condition of development. Changes to the Municipal Code, if approved, would allow an applicant the option of satisfying its undergrounding obligation by payment of an in lieu fee, if Council sets such fee by resolution.

USE OF THE FEES

The developer/owner of a property within this undergrounding district has the option of undergrounding the overhead utilities or paying an in lieu fee. Should the developer choose to pay an in lieu fee, the developer acknowledges that such fee may be used anywhere within the district, as established or expanded, for the purpose of undergrounding utilities. Undergrounding then may or may not occur directly adjacent to the parcel.

The City may elect to underground utilities. In such cases, the fees may be used to reimburse the City and/or affected utility companies for the advance conversion of overhead utilities to underground utilities, or other such similar purposes as determined by Council.

ADVANTAGES

There are certain advantages to the City and the developer if an in lieu fee is established.

[4] The 2011 CCI should be available in March 2012.

The advantages to the City include:

1. Aggregates projects into one comprehensive undergrounding project;
2. Cost effectiveness (economy of scale); and
3. Development/redevelopment deterrent lessened while still meeting goal of the General Plan to underground new and existing utilities.

There are disadvantages to the City as well. These may include delays in the undergrounding of utilities and the City may not collect sufficient fees to perform undergrounding, thereby reducing the scope of the undergrounding project or creating the need to commit funds from other sources to complete the funding. These impacts may be partially or fully offset by encouraging development consistent with the General and Specific Plans.

The developer benefits from:

1. Public agency manages project;
2. Obligation is known early in the process;
3. Payment amounts align with phasing and development size;
4. Limits the undergrounding obligation to the frontage length, does not extend to the next pole offsite of project; and
5. Cost effectiveness (economy of scale).

APPENDIX

City of Agoura Hills
Roadside Drive/ Kannan Rd

Rough Order Of Magnitude Cost Estimate for Undergrounding of SCE Facilities

(2009 Constant $$)

		Work Order Costs	Corporate Overheads	Total Cost Estimate
A.	**Distribution** Scope: Convert 2,100 feet of single circuit overhead 16kV distribution system on Roadside Drive from Kannan Rd to Pole # 4434811E	656,250	131,250	787,500
B.	**Transmission** Excluded from scope	-	-	-
C.	**Substation**			
D.	**Telecommunications**	-	-	-
E.	Total	$ 656,250	$ 131,250	$ 787,500
	Escalated to 2011 dollars	$ 721,875	$ 144,375	$ 866,250
	Total		SAY	$ 900,000

Resolution Pending

ASSUMPTIONS

1. Accuracy of factored estimate is + or - 45%
2. No street lights to convert
3. 9 commercial customer services to convert
4. Bridge Crossing (one) spare conduit on crossing
5. Transmission facilities will remain

Approved [signature] Date: 4/23/09
Anthony P. Mathis
Rule 20 Project Management