



Town Council Agenda Report

Date: November 12, 2019 Item No. 12

To: Honorable Mayor and Town Council

Subject: REQUEST TO ALLOW OVERHEAD POWER LINES, HIGH DESERT UNDERGROUND

From: Douglas Robertson, Town Manager

Submitted by: Brad Miller, Town Engineer
Engineering Department

Budgeted Item: Yes No N/A

RECOMMENDED ACTION

Provide Staff with direction regarding a request to allow overhead utility poles and lines to remain in vicinity of the High Desert Underground Facility at Ottawa Road and Manhasset Road.

BACKGROUND

Pursuant to the Town's Municipal Code, Chapter 14.28, "underground installation is required for all electrical lines energized at 34,500 volts or less, telephone, cable, antenna television and similar service wires or cables which:

- (a) Provide direct service to the property being developed; or
- (b) Are existing and located within the boundaries being developed; or
- (c) Are existing between the property line and the centerline of the peripheral streets of the property being developed..."

The Code also indicates in Chapter 14.38.060:

"Notwithstanding the provisions of this Chapter,The Council may grant special permission, on such terms as the Council may deem appropriate, in cases of unusual circumstances, without discrimination as to any person or utility, to erect, construct, install, maintain, use or operate poles, overhead wires and associated overhead structures."

ANALYSIS

On October 9, 2019, the Town received a request from Mr. Derrick Sandwick, CFO High Desert Underground, (see attached letter), to allow three poles that support overhead power lines along the subject property frontage on Ottawa Road, to remain in service. The attached exhibit identifies the subject poles as A, B, and C.

Per the attached letter, High Desert Underground is requesting that the Council find that the undergrounding of the existing overhead service and transmission lines on Ottawa Road pose an unusual circumstance because, *“The cost of undergrounding the poles is disproportionately high relative to the size of the property and will make any development of the site infeasible.”* The entry and address frontage of the property faces Manhasset Road, and existing SCE facilities on Manhasset Road are currently underground. All connections for power to the new structure will be made underground along the Manhasset Road frontage.

Section 14.28.040 – *Exceptions*, states, *“The following exceptions shall apply, when and only when, a property owner signs an agreement agreeing not to protest the formation of a municipal underground utility district and further agreeing to prepare said property to accept underground utility lines in accordance with the applicable rules of the utility involved. Said agreement shall be recorded as an encumbrance against the land.”*

The applicant, High Desert Underground is requesting that poles A, B, and C be excluded from the undergrounding requirement due to cost and distance to the next available pole. Chapters 14.28 and 14.38 of the Apple Valley Municipal Code do not include cost or distance as a criterion for exclusion, so staff cannot make a finding in favor of excluding poles A, B, and C. However, Section 14.38.060- (Emergency or Unusual Circumstances), does enable Town Council to grant special permission “on such terms as the Council may deem appropriate”. The applicant is requesting Town Council consider cost and distance to constitute an “unusual circumstance” and has indicated his willingness to enter into an Agreement as described in Section 14.28.040 above. The applicant has indicated his willingness to participate his fair share of the future cost of undergrounding Ottawa Road facilities, based on front footage.

In addition, the existing street lighting along Ottawa Road is installed on the existing wooden poles. The removal of wooden poles will necessitate the installation of new SCE approved street light poles which will also need to be served by underground power. It may be of benefit to combine the removal of existing wooden poles and the installation of new street light poles simultaneously with a future segment-long Undergrounding District Project along Ottawa Road. Meanwhile, if the wooden poles are allowed to remain temporarily, a new streetlight should be installed on the corner pole, (pole B), located at the intersection of Ottawa Road and Manhasset Road.

FISCAL IMPACT

There is no financial impact to Town.

ATTACHMENTS

- A. Letter dated October 9, 2019 from Mr. Derrick Sandwick, CFO High Desert Underground.
- B. Project location, (Power Pole Exhibit).



Date: October 9, 2019

To: Mr. Brad Miller, Town Engineer, Apple Valley

From: Derrick Sandwick , CFO High Desert Underground

Brad,

I am writing this letter to request that the Town gives serious consideration to waving the requirement to underground the SCE Power on our project.

As you're aware, we are building a 14,400 Square Foot Tilt Up Building on the North / West Corner of Ottawa Rd and Manhasset Rd one block East of our existing Office and Shop on Ottawa. This is a Multi Purpose Building that can be divided into 5 separate shops if needed. We went to extra lengths to build a Solid and Aesthetically Pleasing Building as we have always done.

We have applied to SCE as is required by Town Code to underground the Power on the side of our property (the entry and the address side of our building is already underground). Our first thought was this should not have too much of a negative impact on the building cost. We were terribly wrong. After 3 months in planning we received the plan and Invoice from SCE. It was \$149,067.80 less \$2,482.73 refundable for a total cost of \$146,585.07. That is only the Edison Cost. We still have to do all the underground duct work, vaults, street crossings etc. ourselves. This is an additional \$60,000.00 even though we do all of it ourselves. This \$206,585.07 is about 20% of the total cost for us to build this building.

The dilemma for us is the same as for everyone in a similar situation. This underground cost makes it cost prohibitive to build. If the cost to build exceeds the value of the property at completion no one will ever build. This exceedingly high Edison expense is not always the case. It so happens the section we're required to underground is complicated and SCE wants to add a very expensive switch. All of this is far more financially sound if you're building a bigger building or multiple buildings.

Then you can spread this cost out over more square footage of building and it starts to be acceptable. This is far to much expense for our little building. We will not be able to complete this project with this expense attached. It makes no financial sense. Maybe in the future, if rent rates go up, we can make sense of it.

We're asking that you give consideration to sections 14.28.040 and 14.38.060 of the Town of Apple Valley Code of Ordinances. There seems to be some provisions for exactly what we're up against. We would be very agreeable to signing a document agreeing to participation in the undergrounding of the utility in our section when there is additional participation from development to the properties adjacent and East of us. The property to our West on Ottawa is a well-established Mobil Home Community and a Town Park that will never agree to the cost of undergrounding. This document would become part of the property covenants.

We sincerely ask that you consider this request. An unfinished building serves only a negative purpose.

Respectfully,
Derrick Sandwick, CFO High Desert Underground
(see attached Edison Invoices)

High Desert Underground | 13355 osage court, apple valley, ca 92308
office 760.247.8999 | fax 760.247.2777 | website www.hdupipeline.com

Project Location

