



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: August 6, 2024
TO: Board of Supervisors
FROM: George Schureck, Acting Director of Public Works
SUBJECT: Resolution of intention to form Red Dog Road Underground Utilities District and schedule a public hearing for gathering public interest in utility undergrounding – District I

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Funding for mailing letters, ballots and holding public hearings is budgeted in the Public Works Road and Maintenance budget. There is no impact to the County General Fund and a budget amendment is not needed.

Construction for the proposed County project is estimated to cost approximately \$5.8 million and will be funded by PG&E Rule 20A work credits. Funding for County Staff time is yet to be determined but is anticipated to be approximately \$400,000 or 5% of the project. County Staff will continue to pursue grants and other funds for Staff time and construction, including but not limited to, Regional Surface Transportation Program and Highway Use Tax Account funds.

BACKGROUND: The County currently has \$7,336,952 in available Rule 20A work credits with PG&E and approximately \$2,800,000 in work credits with Liberty Energy. Work credits are not true currency but are credit discounts equivalent to one U.S. dollar for the costs of a Rule 20A undergrounding project. Staff is currently working with the City of Grass Valley to provide \$1,500,000 in work credits for a project along La Barr Meadows Road, while keeping \$5,836,952 for a potential County project along Red Dog Road. Staff is also working with the Town of Truckee to provide the \$2,800,000 in Liberty Energy Credits for a Town sponsored project within the Town limits.

The Rule 20A credit holders (utility companies) take the lead on design, environmental and construction of the project while the sponsoring jurisdiction provides support services.

County Staff have identified a qualifying project to utilize the PG&E Rule 20A funds that involves undergrounding overhead utilities along Red Dog Road. Red Dog Road is a major collector and an important route of ingress and egress for the greater Cascade Shores area. Staff has reviewed this project location with PG&E and both parties agree that this location is appropriate for using the Rule 20A funds. Staff is also beginning preliminary discussions with other utility companies that may be affected by this project.

In order for PG&E to begin the design process and secure the PG&E Rule 20A work credits for the Red Dog Road Undergrounding Project, the County must form an undergrounding district by December 31, 2024. If the underground district is not formed by December 31, 2024, the work credits will no longer be available. The district must include all affected parcels and the County

must be listed as an “active” community by the CPUC. In order to become an “active” community, the CPUC requires the County must formally adopt an undergrounding district ordinance which expires at completion of work within the district boundaries. An undergrounding district defines the area to be converted to underground (and where overhead utilities are prohibited) and is also inclusive of all affected parcels and services receiving marginal increases in utility rates for long term repayment of the work credits utilized. The final impact to utility rates within the proposed district is anticipated to be marginal and can only be determined after the detailed PG&E design and cost estimate is completed.

This resolution is a formal action for the Board of Supervisors to hold the presentation of the staff recommended project and uses of the County’s Rule 20A work credits to begin the process of formation of a new Underground Utilities District for the County sponsored project along Red Dog Road. This resolution initiates the process for forming the district and approves scheduling public meetings and hearings that are required to be completed prior to bringing a district formation request back to the Board of Supervisors. Formation of the district will only be possible after the future public hearing is completed.

The County’s policies and procedures for establishment of underground utility districts is governed by the Nevada County Code Section 2.14.010 and 2.14.070. To create an undergrounding district, the Board of Supervisors must hold public hearings to ascertain whether the public necessity, health, safety or welfare requires the removal of poles, overhead wires and associated overhead structures and underground installation of wires and facilities for supplying electric, communication, or similar or associated service. The Clerk of the Board of Supervisors shall notify all affected property owners, as shown on the last equalized assessment roll, and utilities concerned by mail of the time and place of such hearings at least ten days prior to the date thereof. Each such hearing shall be open to the public and may be continued from time to time. At each such hearing all persons interested shall be given an opportunity to be heard. The decision of the Board of Supervisors shall be final and conclusive.

If, after any such public hearing, the Board of Supervisors finds that there is a necessity for such removal and such underground installation within a designated area, the Board of Supervisors shall, by Resolution, declare such designated area an underground utility district and order such removal and underground installation. Such Resolution shall include a description of the area comprising such district and shall fix the time within which such removal and underground installation shall be accomplished, and within which affected property owners must be ready to receive underground service.

Counties and Municipalities historically accrued work credits by receiving an annual allocation. However, CPUC Decision 21-06-013 discontinued authorization of new Rule 20A work credits for allocations after December 31, 2022, and prohibited unauthorized work credit trading except for intra-county donations of work credits from a county government to cities and towns within the county or from a city or town to its county government or by pooling work credits for adjoining projects. Additionally, CPUC Decision 23-06-008 determined that all communities work credit balances will expire on December 31, 2033, and PG&E has filed an advice letter to the CPUC which, when approved, will result in all remaining PG&E work credits to be reallocated by June 8, 2025, to projects within Environmental and Social Justice Community census tracts.

RECOMMENDATION:

In accordance with the CPUC Electric Rule 20 and the County of Nevada Code Section 2.14.010 and 2.14.070, Staff is requesting that the Board of Supervisors approve the attached Resolution initiating the proceedings to establish the Red Dog Road Underground Utilities District as described and shown on Attachment 2. The Resolution also schedules the public hearing for September 10, 2024, at 10:00 in the Board of Supervisors Chambers, Eric Rood Administrative Center, Nevada City, California, to take public testimony on the establishment of the Red Dog Road Underground Utilities District and the boundaries thereof. Additionally, Staff requests the Board of Supervisors authorize the Director of Public Works or their designee to negotiate with affected utilities and landowners on the County’s behalf for agreements, district boundaries, and district formation. Staff also requests the Board of Supervisors to direct the Director of Public Works or their designee to schedule and conduct a public information meeting prior to the public

hearing to gather public input on whether the public necessity, health, safety, or welfare requires removal of overhead utilities and installation of underground utilities in the proposed district area.

Staff also recommends that the Board approve additional discussions with the Town of Truckee and the City of Grass Valley to facilitate providing rule 20A credits to those jurisdictions as described above. If transfer of rule 20A credits are made to either jurisdiction, each exchange will be handled as separate future resolutions.

Attachments

1. Resolution of intention to form Red Dog Road Underground Utilities District and schedule a public hearing for gathering public interest in utility undergrounding – District I
2. Proposed Red Dog Road Underground Utilities District – Boundary Map

Item Initiated by: Steven Whittlesey, Senior Civil Engineer
Approved by: George Schureck, Acting Director of Public Works