



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 1/26/2021

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**To:** Board of Supervisors

**Department or Agency Name(s):** Transportation and Public Works and County Administrator

**Staff Name and Phone Number:** Johannes J. Hoevertsz 707-565-2231 and Sheryl Bratton 707-565-2431

**Vote Requirement:** 4/5th

**Supervisorial District(s):** All

**Title:**

Infrastructure Resiliency Investment Plan - Acquisition of Rule 20A Credits

**Recommended Action:**

- A) Authorize the County Administrator to execute an agreement with Amador County to transfer Amador County Rule 20A Undergrounding Program Credits valued at \$3.8 million to Sonoma County, for an acquisition price of \$1.9 million.
- B) Adopt a resolution authorizing a budget adjustment to the Fiscal Year 2020-21 Final Budget to transfer appropriations from the Non-Departmental PG&E Fire Settlement Funds to the Department of Transportation and Public Works in the amount of \$1,909,707. (4/5<sup>th</sup> Vote Required)

**Executive Summary:**

Litigation by the Sonoma County Board of Supervisors against PG&E to recover damages related to the 2017 Sonoma Complex Fires (2017 Fires) resulted in an allocation of \$149.3 million. On August 11, 2020, your Board received background information on the fiscal impact and damages that the Sonoma County entities incurred from the 2017 Fires. On October 6, 2020, the Board directed staff to bring a list of projects including road segments damaged directly by the firefighting, the burned debris removal efforts, and criteria for selecting generational projects.

On December 15, 2020 the Board approved the Infrastructure Resiliency Investment plan based on three tiers of projects to include fire-damaged roads, fire suppression and safety improvements, and opportunity investments, and allocated \$59.1 million in PG&E Settlement funds to finance plan project costs. Tier 3 list of opportunity investments included the authority to submit a purchase offer to Amador County for \$3.8 million in California Public Utilities Commission (CPUC) Rule 20A credits for half of their value in dollars or \$1.9 million. Amador County accepted the County's offer, and now requires execution of an agreement necessary to transfer Rule 20A credits to Sonoma County.

Staff is requesting that the Board authorize the County Administrator to enter into an agreement with Amador County regarding transfer of Rule 20A Credits and adopt a budget resolution in the amount of \$1.9 million in PG&E Settlement Funds to purchase Rule 20A credits.

**Discussion:**

On December 15, 2020 staff presented the Board the Infrastructure Resiliency Investment plan based on three tiers of projects to include: Tier 1 fire-damaged roads, Tier 1 Plus fire suppression and safety improvements, Tier 2 generational projects and Tier 3 disaster preparedness and mitigation opportunity investments. The

Tier 2 generational projects and Tier 3 disaster preparedness and mitigation opportunity investments. The Board approved all three tiers of the plan and allocated \$59.1 million in PG&E Settlement funds to finance plan project costs. Tier 3 list of opportunity investments included the purchase of \$3.8 million CPUC Rule 20A credits from the County of Amador for half of their value in dollars or \$1.9 million.

The CPUC Rule 20A undergrounding funds the conversion of overhead electric lines to underground facilities and construction of new underground electric lines. Rule 20A projects are constructed in areas of a community that are used most often by the general public. Rule 20A projects are nominated by the city or county and are paid for by the electric utility ratepayers. Under Rule 20A, the CPUC requires the utility to allocate a certain amount of work credits each year to the cities and unincorporated counties for conversion projects. Because ratepayers contribute the bulk of the costs of Rule 20A programs through utility rates, the projects must be in the public interest by meeting one or more of the following public interest criteria:

- Eliminate an unusually heavy concentration of overhead lines;
- Involve a street or road with a high volume of public traffic;
- Benefit a civic or public recreation area or area of unusual scenic interest;
- Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR).

The determination of "general public interest" under these criteria is made by the local government, after holding public hearings, in consultation with the utility.

The County receives approximately 765,000 credits annually and currently has an estimated 17 million credits allocated. Since 2017, the County has prioritized the undergrounding of utilities on high-risk fire areas and currently has one project in design with construction expected to start in 2022 in Freestone. The County is currently participating in a number of CPUC proceedings, to include opposition to phase out the Rule 20A undergrounding program, which is scheduled to sunset in 2030. The County continues to advocate, alongside other local governments, to expand the public interest criteria for Rule 20A to include safety and reliability for enhanced wildfire mitigation and resiliency.

Acquisition of the Amador County Rule 20A credits is estimated to deliver a project of approximately 3 miles of undergrounded utilities.

The proposed agreement assigns Amador County's Rule 20A credit allocation of \$3,819,414 to Sonoma County for an acquisition price of \$1,909,707, consistent with Amador County's final amount of credits from PG&E as of 2021. Additionally, the agreement stipulates that Sonoma County's obligation to assume the credits and pay the acquisition price is conditioned on receipt of written confirmation from PG&E that it has approved the transfer of Amador County's Rule 20A credits allocation to Sonoma County.

Transportation and Public Works will work with Board members and other stakeholders in October 2021 to select projects and allocate all of the Rule 20A credits. This action is consistent with the County's 5 year Strategic Plan and its Resilient Infrastructure Pillar.

**Prior Board Actions:**

12/15/20 Board allocated PG&E Settlement Funds for Transportation, Utilities Undergrounding, Communications, Safety, and Preparedness Infrastructure Investments.

10/6/20 Board led discussion on PG&E Settlement Funds - Community Feedback and Preliminary Allocation of funds

8/11/20 Board held PG&E Settlement Funds preliminary discussion

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 20-21 Adopted</b>	<b>FY21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested	\$1,909,707		
<b>Total Expenditures</b>	<b>\$1,909,707</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other	\$1,909,707		
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$1,909,707</b>		

**Narrative Explanation of Fiscal Impacts:**

Additional appropriations of \$1.9 million from PG&E 2017 Fire Settlement Funds are requested for the acquisition of Amador County's Rule 20A Credits valued at \$3.8 million.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

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**Agenda Date:** 1/26/2021

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- A. Budget Resolution
- B. Agreement Regarding Transfer of Rule 20A Credits

**Related Items “On File” with the Clerk of the Board:**