



Town Council Agenda Report

Date: December 10, 2019 Item No. 12

To: Honorable Mayor and Town Council

Subject: FORMAL APPROVAL OF REQUEST TO PERMIT OVERHEAD POWER LINES AT OTTAWA ROAD AND MANHASSET ROAD

From: Douglas B. Robertson, Town Manager

Submitted by: Brad Miller, Town Engineer
Engineering Department

Budgeted Item: Yes No N/A

RECOMMENDED ACTION:

Formally approve request from High Desert Underground for special permission to leave overhead utility poles and lines in the vicinity of Ottawa Road and Manhasset Road subject to the requirement that the property owner execute an agreement to be recorded against the property indicating the owner's consent to enter into a Town assessment district to fund the undergrounding of utilities at a future date.

BACKGROUND

Chapter 14.28 of the Town's Municipal Code generally requires the undergrounding of overhead utility poles and lines upon adjacent development. However, Section 14.38.060 authorizes the Council to grant special permission, on such terms as the Council deems appropriate, to maintain overhead structures under special circumstances.

On October 9, 2019, High Desert Underground requested special permission to retain three overhead poles along the frontage of a property on Ottawa Road. He attached exhibit identifies the subject poles a, B, and C.

At the last regular Town Council meeting, on November 12, the Town Council considered the request and directed Town staff to finalize the approvals by a vote of 4-0 (with Mayor Cusack recusing himself).

ANALYSIS

Approval of this item will grant High Desert Underground special permission to maintain the above-referenced overhead poles and lines at the property on the basis of the following unusual circumstances: (1) the large distance between the poles along the frontage on Ottawa Road; (2) the significant costs to underground due to the large distances between poles; and (3) the disproportionate nature of said costs to the size of the parcel which makes development essentially infeasible absent special permission to maintain the overhead poles or a shared cost mechanism to cover the undergrounding.

The approval shall be subject to the requirement that the property owner execute an agreement to be recorded against the property indicating the owner's consent to enter into a Town assessment district to fund the undergrounding of utilities at a future date. The agreement will be binding on the owner's successors and assigns. The owner/applicant consents to this condition.

FISCAL IMPACT

There is no financial impact to the Town.

ATTACHMENTS

1. Request from High Desert Underground dated October 9, 2019
2. Location Map, Identifying Poles A, B, and C.



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 waiving 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 too 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
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Project Location

