Underground Utility District No. 6 and Rule 20A Program Update

City Council

August 27, 2026



Utility District No. 6 and Rule 20A

What is Rule 20A?

CPUC Underground Utility Program

- Underground overhead utilities using utility-funded credits
- Administered through PG&E
- Program expires in 2033

Projects Must Be Within Established Districts

- Limited to previously established underground utility districts
- Rule 20A projects must be 600’ or one block
- New districts are unlikely to be completed before program expiration

Capitola Context

- Remaining opportunity is limited to existing District No. 6 implementation areas

Utility District No. 6 and Existing Underground Utility Districts

Established by Ordinance No. 384 (CMC 13.08)

- No. 1 (1975) – Village Core (South of Capitola Ave)
- No. 2 (1980) – Wharf Rd/ Cliff Dr Intersection
- No. 3 (1981) – West Grace St
- No. 4 (1984) – Village Expansion (Capitola Ave)
- No. 5 (1991/1993) – Capitola Rd (45th to Wharf

Existing District Resolutions Generally Require

- Underground utility installation
- Relocated utilities to remain underground
- Removal of poles and overhead facilities

Utility District No. 6 and Undergrounding Benefits and Rule 20A Constraints

Potential Benefits

- Improved aesthetics
- Improved utility reliability
- Long-term infrastructure modernization
- Potential coordination with other improvements

Key Constraints

- City costs not covered by Rule 20A credits
- Easement acquisition and utility coordination
- Limited time remaining before 2033
- Uncertain final costs and construction schedules

Utility District No. 6 and Rule 20A Credit Status

Current PG&E Rule 20A Credit Balance

- Approximately $3.08 million available
- Approximately $45,000 spent on 6A-1 development (not yet deducted)
- Additional planning and coordination costs continue to accrue

Rule 20A Credits Generally Cover

- Eligible PG&E engineering and coordination
- Eligible PG&E underground construction

Potential City Costs

- Easement acquisition
- Roadway and sidewalk restoration
- Replacement street lighting
- Costs exceeding available work credits

Utility District No. 6 and Rule 20A

District No. 6 Background

Established

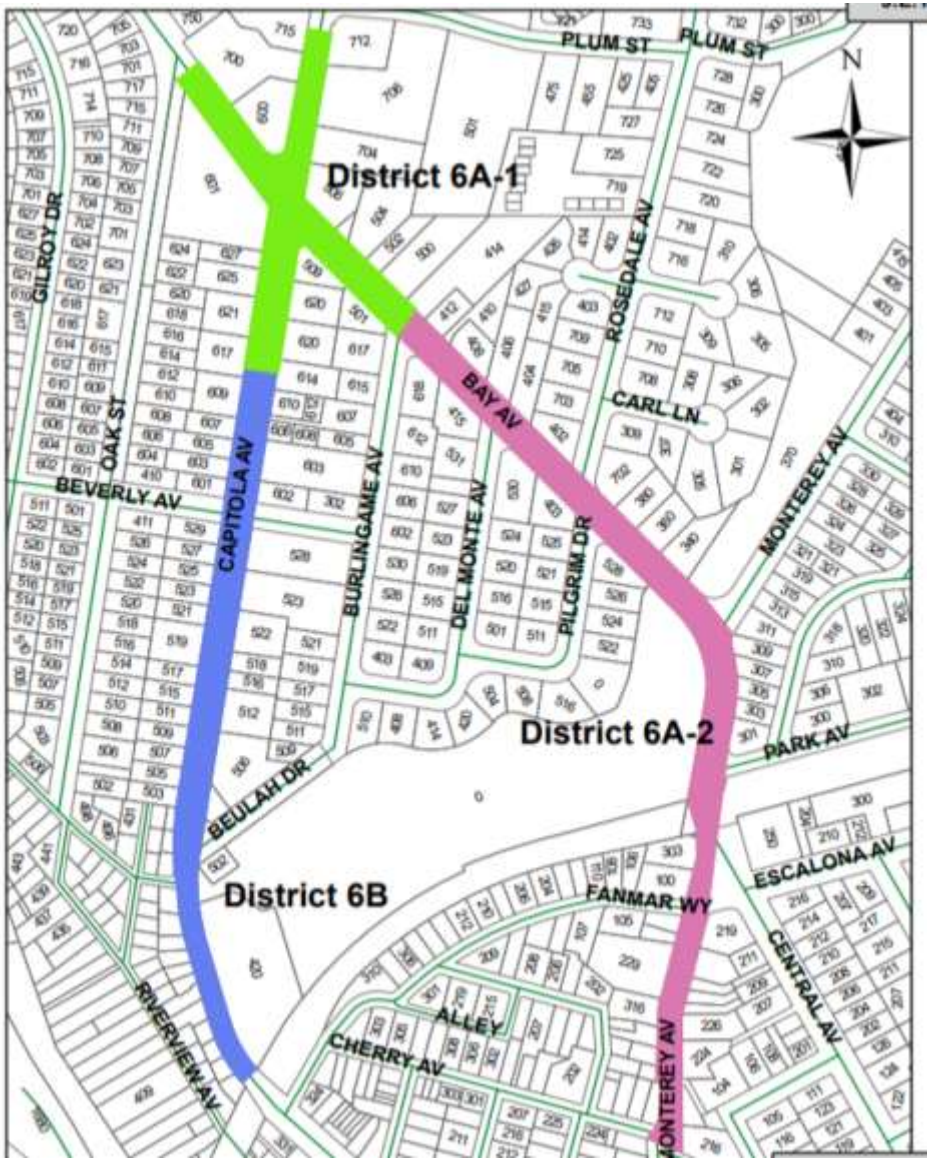
- 2000 by Resolution 3098
- 2019 District subdivided into:
  - 6A-1
  - 6A-2
  - 6B

Phased Implementation

- Available Rule 20A credits
- Project feasibility

Most Advanced Phase

- 6A-1 advanced furthest in planning and coordination
- Located near Bay Ave / Capitola Ave intersection



Utility District No. 6 and Rule 20A Status: Original Approach

Original Approach

- Coordinate undergrounding with the proposed Bay Avenue/Capitola Avenue roadway project
- Combine utility and roadway work where

Benefits of Combined Construction

- Reduced duplicate restoration
- Improved construction coordination, share costs with grant-funded projects
- Shared traffic-control and restoration work
- Reduced disruption to the corridor

Utility District No. 6 and Rule 20A Status: Work Completed

Planning Completed

- Preliminary engineering
- Joint-trench planning
- Initial utility coordination

Remaining Steps

- Confirm utility participation
- Acquire required easements
- Complete final utility coordination
- Update costs and schedule construction through PG&E

Key Implication

- Without the roadway project, standalone restoration costs and potential PG&E cost overruns remain uncertain

Utility District No. 6 and Rule 20A Alternative District 6 Projects

6A-2 — Most Constrained District

- Challenging topography
- Historic resources
- Numerous utility services
- Likely requires substantially more credits than are available

6B — Potential Alternative

- Would require new engineering, joint-trench planning and utility coordination
- Prior District 6A-1 costs reduce remaining credits
- Easements, funding and utility requirements remain unresolved
- Completion before 2033 may be possible but is not assured

Utility District No. 6 and Rule 20A Level Cost Comparison

6A-1

- Previous PG&E estimate: approximately $4.5 million
- Preliminary engineering and coordination

6B

- 2019 PG&E estimate: approximately $3.3 million
- Comparable planning and design has not been completed

Important Limitations

- Neither estimate is a current project budget
- Estimates were prepared at different levels of development
- 6B estimate likely materially understates current costs
- Estimates cover utility undergrounding only
- Additional City funding would be required

Utility District No. 6 and Rule 20A Paths Forward

Option 1 – Continue Advancing 6A-1

- Builds on completed planning and coordination
- Requires utility confirmation, easements and updated costs
- Standalone restoration costs remain uncertain
- May discontinue in future if costs or feasibility become unfavorable

Option 2 – Initiate Project for Different District

- Requires substantial new engineering and utility coordination
- Cost and schedule remain highly uncertain
- Could consume significant credits before construction
- Completion before 2032 is not assured

Option 3 – Discontinue all Rule 20A Projects

- Notify PG&E City will not proceed
- Remaining Rule 20A credits forfeited

Utility District No. 6 and Rule 20A

Recommended Action

Receive information and provide direction regarding

- Continued advancement of District 6A-1
- Direct staff to initiate undergrounding project with PG&E for another District
- Discontinuation of District No. 6 undergrounding efforts

