



## Agenda Report

20-1096

Agenda Date: 11/17/2020

### REPORT TO COUNCIL

#### **SUBJECT**

Public Hearing: Action on a Resolution of Necessity to Acquire Certain Real Property Interests on 925 Walsh Avenue, Santa Clara, California, from PSB Northern California Industrial Portfolio LLC, a Delaware Limited Liability Company

#### **COUNCIL PILLAR**

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### **BACKGROUND**

The City of Santa Clara's Electric Utility, Silicon Valley Power (SVP), is proposing to construct approximately 3.5 miles of new single and double circuit 60 kilovolt (kV) overhead transmission line within the northeastern area of the City of Santa Clara. SVP's primary objective of the South Loop Reconfigure Project (Project) is to shift the electrical load demand that is currently being seen on the South Loop Circuit to the East Loop Circuit to increase capacity and system reliability.

The majority of the new 60 kV transmission line would be constructed along the following city streets in areas where existing power lines do not currently exist: Lafayette Street, Mathew Street, Martin Avenue and De La Cruz Boulevard. The remaining segments of the Project would be along routes that have existing distribution power lines and/or telecommunication lines.

The City Council has previously taken a number of actions on the project:

- June 16, 2015 - Adopted the FY 2015/16 Capital Improvement Program (CIP) Budget which included the initial funding for the engineering for this 60kV conductoring and upgrading project.
- July 12, 2016 - Approved a professional services agreement with Electrical Consultants, Inc. to provide transmission line engineering design services which included reconfiguring the south transmission loop.
- January 14, 2020 - Amended a service agreement with Valbridge Property Advisors to perform appraisal services as part of the easement acquisition for the Project.
- July 7, 2020 - Adopted the Negative Declaration and Mitigation, Monitoring and Reporting Program for the Project and increased the capital funding of the Transmission System Reinforcements Capital Improvement Program Project (No. 2124) by \$6,300,000.
- October 13, 2020 - Approved three Purchase and Sale Agreements for Utility Easements

#### **DISCUSSION**

The adoption of the attached Resolution of Necessity requires the City to consider and make the following findings:

- The public interest and necessity require the Project.
- The Project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury.
- The property sought to be acquired is necessary for the Project.
- The offer required by Section 7267.2 of the Government Code has been made to the owner of record for the full amount established as the fair market value of the property.

***The public interest and necessity require the Project.***

The Project is critical to maintain reliability of the power system in Santa Clara. SVP maintains a redundant system on its 60kV network, allowing for the loss of a single line without interrupting power delivery or causing outages. This Project ensures that this ability remains as the electrical demand in Santa Clara grows. The Project is also necessary for future development in the area.

***The Project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury.***

SVP identified a study area that considered criteria necessary to meet the Project objectives, e.g., maintain system reliability while allowing for an increase in electrical demand. Staff engineers and design consultants looked for route alternatives, focusing on locations that paralleled existing roads and/or existing overhead utilities, and our own existing transmission corridors. In places where we could not use our existing transmission corridors or did not have an existing transmission corridor, staff considered route alternatives looking at their potential impacts to the environment, existing and probable future development, the topography/terrain, roadway access, scenic areas, and recreation uses, among other factors. Weighing the above considerations with the technical needs for the Project, the final Transmission route was determined.

***The property sought to be acquired is necessary for the Project.***

The Easement on 925 Walsh Avenue is necessary to achieve the technical needs of the Project.

***The offer required by Section 7267.2 of the Government Code has been made to the Owner of record for the full amount established as the fair market value of the property.***

On May 20, 2020, the City made an offer to PSB Northern California Industrial Portfolio LLC, a Delaware limited liability company, to acquire the Easement upon the value determined by an independent state licensed and certified appraiser in accordance with the above referenced Government Code.

The Resolution of Necessity requires approval by a two-thirds vote of the Council. If the Council adopts the recommended Resolution of Necessity, the City would deposit the necessary funds for the Easement's probable compensation with the State Condemnation Deposit Fund and file an eminent domain complaint with the Court to seek possession of the property.

As always, the parties can continue to negotiate in an effort to come to a mutual agreement on compensation for the leasehold (including any compensation due for furniture, fixtures and

equipment) and loss of business goodwill.

### **ENVIRONMENTAL REVIEW**

This Project was analyzed in accordance with the requirements of the California Environmental Quality Act (CEQA). A Mitigated Negative Declaration (MND) [SCH#2020-05-9009] was prepared for the Project by the environmental consultant firm, Aspen Environmental Group, and adopted by Council on July 7, 2020 by Resolution No. 20-8869.

### **FISCAL IMPACT**

The South Loop reconfiguration cost was approved as part of the Adopted FY 2020/21 and FY 2021/22 Biennial Capital Improvement Program in Transmission System Reinforcement CIP Project. This action has no fiscal impact to General Fund as the Project is funded by developer contributions.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office.

### **PUBLIC CONTACT**

The property owner was provided written notice that the City intends to consider adoption of a Resolution of Necessity to acquire real property interest for South Loop Reconfiguration Project. Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **ALTERNATIVES**

1. Adopt a Resolution of Necessity to Acquire Certain Real Property Interests.
2. Do not adopt a Resolution of Necessity.

### **RECOMMENDATION**

Alternative 1: Adopt a Resolution of Necessity to Acquire Certain Real Property Interests on 925 Walsh Avenue, Santa Clara, California, from PSB Northern California Industrial Portfolio LLC, a Delaware limited liability company.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. May 20, 2020 Offer Letter
2. Resolution of Necessity