

# CITY OF LONG BEACH

DEPARTMENT OF PUBLIC WORKS

333 West Ocean Boulevard 9<sup>th</sup> Floor • Long Beach, CA 90802 • (562) 570-6383 • Fax (562) 570-6012

May 14, 2013

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all documents, and any necessary amendments, with Verizon California, Inc. (Verizon), to enter into a reimbursement Memorandum of Understanding (MOU) for completion of Underground Utility District No. 41 (UUD 41) on portions of Alamitos Avenue. (Districts 1 and 6)

## DISCUSSION

On October 17, 2006, the City Council established UUD 41 to underground utilities along Alamitos Avenue, between 7<sup>th</sup> Street and Pacific Coast Highway. On January 22, 2013, the City Council adopted a resolution extending the time of completion for UUD 41 to December 30, 2014. The project is paid for by funds collected from Southern California Edison's (SCE) electric ratepayers, pursuant to California Public Utilities Commission (CPUC) Rule 20A.

Verizon is currently working with SCE to complete the undergrounding project. Verizon has agreed that, pursuant to its Tariff Rule 40A.1, it will pay the pro-rata share of the conversion costs attributable to its facilities located in the public right-of-way. However, they also have informed the City of Long Beach (City) that they will not assume the costs for converting services on any individual property owner's private property, except for the wiring and/or cables that transverse the conduit. This is consistent with a position that Verizon has held for several years now.

On January 11, 2010, the City of Santa Barbara (Santa Barbara) filed a complaint against Verizon with the CPUC (Proceeding No. C.10-01-005) on the issue of whether Verizon is required to pay for the pro-rata share of costs of the installation of each customer's underground service connection facility for one of Santa Barbara's underground utility districts. The status of the complaint has yet to be finally decided by the CPUC.

The City has determined that it is in the public interest not to wait for the CPUC case against Verizon to be resolved and instead to pay for Verizon's disputed charges in order to expedite the larger UUD 41 project valued at over \$8 million.

HONORABLE MAYOR AND CITY COUNCIL

May 14, 2013

Page 2

The UUD 41 project was bid out by SCE for both the right-of-way work and the private lateral work. VCI Construction, Inc. was deemed the lowest responsible bidder, and Verizon's share of the private lateral work was bid at \$56,760. The City will enter into a purchase agreement with VCI Construction, Inc. for this amount.

Verizon agrees that if it loses the case before the CPUC, it will reimburse the City for the same elements of costs that the final determination finds that Verizon is required to pay Santa Barbara. Verizon will reimburse only those costs actually paid and incurred to the extent the final determination requires payments of those types of costs. These costs are currently estimated to be approximately \$56,760.

This matter was reviewed by Deputy City Attorney Linda Vu on April 23, 2013 and by Budget Management Officer Victoria Bell on April 26, 2013.

#### TIMING CONSIDERATIONS

City Council action on this matter is requested on May 14, 2013, so that the contractor can immediately begin the private lateral work and stay on schedule for the project.


#### FISCAL IMPACT

The City will enter into a MOU with Verizon to potentially receive reimbursement for actual costs related to this portion of the project. The total estimated cost is \$56,760 and will be funded by Council District 1 and Council District 6 Uplands Oil Infrastructure funds, currently budgeted in the Capital Projects Fund (CP) in the Department of Public Works (PW).

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ARA MALOYAN, PE  
ACTING DIRECTOR OF PUBLIC WORKS

APPROVED:

AM:DW:MS:sp:db  
P\CL\Alamitos Verizon CL.Rev3.doc

  
\_\_\_\_\_  
PATRICK H. WEST  
CITY MANAGER