



The City of San Diego

Staff Report

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TO: Environment Committee
FROM: Transportation Department
SUBJECT: Status Update on the Utilities Undergrounding Program

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Council District(s): All

OVERVIEW:

This is an informational item to present a status update of the Utilities Undergrounding Program (UUP).

PROPOSED ACTIONS:

This item is for information only.

DISCUSSION OF ITEM:

Background

The City of San Diego's Utilities Undergrounding Program (UUP), administered by the Transportation Department, endeavors to convert overhead utility lines in San Diego's right of way to underground service. The California Public Utilities Commission (CPUC), through resolution [E-3788](#), approved the surcharge program in December 2002. The program is funded by a surcharge on SDG&E's customers' bills and significantly reduces fire risk, promotes equity, enhances reliability by minimizing outages for San Diego residents, and makes infrastructure more resilient as underground utilities are less vulnerable to external disturbances and extreme weather events.

The UUP is a complex program with several active projects in various stages of construction. Last year the UUP team developed streamlined nomenclature to describe the undergrounding project phases and clarify the UUP project process, as denoted in Table 1. Each project starts in the Identified in Master Plan phase, which is the first step for a project to be selected for construction. The next phase is Preliminary Studies where selected projects have environmental review and eventually go to City Council to become an Underground Utility District. Once approved by City Council, the project moves into Design. During this phase the UUP team hosts a Pre-Design and a Pre-Construction Community Forum to gain valuable insights from residents before construction. Next the project enters

into Undergrounding Construction. This includes three sub-phases: trenching and conduit, cabling and connection, and removal from overhead service. Finally, the last stage is Post-Undergrounding Improvement. This phase is where features such as paving, streetlights, curb ramps, and trees are added to the project area.

Table 1: Undergrounding Project Phases

NEW LANGUAGE	PHASE DEFINITION / MEANING
Identified in Master Plan	All projects in this category are identified in the City's Master Plan as having overhead lines that need to be undergrounded. There is not a known timeline for the work to begin. This is where projects wait to be selected via the prioritization criteria.
Preliminary Studies	A project moves to this phase once it has been identified as a block that will be worked on in the immediate future based on the prioritization criteria. This means that preliminary work is being performed. This work includes developing a site map, doing environmental reviews, and eventually bringing the project to City Council so that it can become an Underground Utility District; or what is also known as District Creation.
Design	A Notice to Proceed (NTP) is sent to SDG&E to start work on this project, which means it is funded. The first step is the design work.
Undergrounding Construction	After design is completed the project moves to construction of undergrounding the overhead facilities.
Post-Undergrounding Improvements	After construction of the overhead lines is complete, there is additional CIP work, which involves different types of public improvements such as curb ramps, trees, streetlights, and paving.
Undergrounded Community	Once all work is completed, including all CIP work and paving, the project can now be considered an Undergrounded Community.

The UUP facilitates these projects, but most of the construction tasks are executed by the City's gas and electricity franchisee, San Diego Gas & Electric (SDG&E), with this work governed under the City's Franchise Agreement with SDG&E and the established Undergrounding Memorandum of Understanding.

Since 1970, over 400 miles of overhead utilities in the City of San Diego have been undergrounded through special funding sources. While there are currently over 1,000 miles of overhead utility lines remaining that need to be undergrounded, San Diego's UUP is the largest municipal undergrounding program in the State of California.

Progress of Undergrounding Work

The City is currently handling 58 undergrounding projects in various stages of development totaling more than \$760 million in obligated funds – of which 13% are in underground construction, 40% are in the design phase, and 47% are in post-undergrounding public improvement construction. Compared to 2024 when there were 45 total projects and around \$590 million in obligated funds. Finally, seven projects were completed this Fiscal Year.

As detailed in Table 2, staff are actively managing eight projects that are in undergrounding construction. The undergrounding of utility systems and the subsequent removal of overhead utility systems typically takes between 18 to 36 months for most projects. These current projects have a mix of funding sources including California Public Utilities Commission "Rule 20A" and Surcharge. Of the eight projects, 75% are in a high-fire risk

area, and 50% are within a community of concern, demonstrating a commitment to public safety and equity.

Table 2: Current List of Projects in Undergrounding Construction

Project Name	CD	Within Fire Hazard Area	Within Community of Concern	Phase
Crown Point (2BB) Job 2	1	No	No	Phase 2 - Electric (Cabling)
La Jolla (1J) Phase 1	1	Yes	No	Phase 2 - Electric (Cutovers)
Sunset Cliffs	2	No	No	Phase 3 - Removal from Service
Golden Hill (8C)	3	Yes	Yes	Phase 2 - Electric (Cutovers)
Golden Hill (8A)	3	Yes	Yes	Phase 3 - Removal from Service
Ridgeview-Webster / Oak Park (4J1)	4	Yes	Yes	Phase 2 - Electric (Cutovers)
Jamacha Lomita (4Y, joint project)	4	Yes	Yes	Phase 2 - Electric (Cabling)
Allied Gardens (7T)	7	Yes	No	Phase 1 - Trenching & Conduit

Another measure of undergrounding progress is the volume of projects actively being designed. Table 3, below, shows 23 projects currently in the design phase. Weekly meetings ensure projects advance quickly to construction. Monthly schedule variance is tracked against baselines, and progress issues unresolved in weekly meetings are escalated to management discussions with SDG&E.

Table 3: Current List of Projects in Design

Project Name	CD	Within Fire Hazard Area	Within Community of Concern
Crown Point (2BB) Job 1	1	No	No
La Jolla (1M1)	1	No	No
Del Mar Hts./Carmel Valley (1Y)	1	No	No
Mission Beach (2S2)	2	No	No
North Clairemont (6K)	2	Yes	No
North Clairemont (6K1)	2	Yes	No
North Clairemont (6K2)	2	Yes	No
North Clairemont (6L)	2	Yes	No
Encanto/Emerald Hills (4R1)	4	No	Yes
Jamacha Lomita (4Y1, joint project)	4	No	Yes
Jamacha Lomita (4X, joint project)	4	Yes	Yes
Jamacha Lomita (4X1, joint project)	4	Yes	Yes
University City (1S, joint project)	6	Yes	No
Allied Gardens (7R1)	7	No	No
Del Cerro (7U)	7	Yes	No
Barrio Logan (8H)	8	Yes	Yes
Egger Highlands (8R, joint project)	8	Yes	Yes
Otay Mesa-Nestor (8R1, joint project)	8	No	Yes
Teralta West/Kensington (3AA1)	9	Yes	Yes
Normal Heights (3BB)	9	Yes	No
Normal Heights (3DD)	9	Yes	No
Kensington (3AA)	9	Yes	No
Kensington (3CC1)	9	Yes	Yes

To highlight the program’s success at completing the delivery of projects, Table 4 lists seven projects that have completed the undergrounding construction so far in FY2025. Combined, these projects have undergrounded overhead lines on 6.46 miles of City streets. Undergrounding has been completed on these projects, with some post-undergrounding public improvement construction work ongoing as detailed in Table 5.

Table 4: Undergrounding Completed in FY2025 (to date)

Project Name	CD	Within Fire Hazard Area	Within Community of Concern
Baker/Shawnee	2	Yes	No
30 th Street Phase IIIB	3	Yes	Yes
Howard Avenue Phase 1	3	No	No
31st Street (Distribution)	9	No	Yes
32 nd Street (Phase I)	9	Yes	Yes
32 nd Street (Phase II)	9	Yes	Yes
Rolando (7G2, joint project)	9	No	No

Finally, there are 27 projects currently in post-undergrounding improvements construction. During this phase project enhancements are completed to include pavement restoration, tree planting, curb ramps, and streetlights.

Table 5: Current List of Projects in Post-Undergrounding Improvements Construction

Project Name	CD	Within Fire Hazard Area	Within Community of Concern
Mission Blvd	1	No	No
Cass Street	1	No	No
Fanuel Street Phase 1	1	No	No
Fanuel Street Phase 3	1	No	No
La Jolla (1M) Job 1	1	Yes	No
La Jolla (1J) Phase 2	1	Yes	No
Mission Beach 2S1	2	No	No
Marlesta Drive/Beagle Street	2	Yes	No
Mount Acadia Blvd	2	Yes	No
Baker/Shawnee	2	Yes	No
Bay Park (6H)	2	Yes	No
Ingulf Street	2	No	No
Bay Ho (6DD1)	2	Yes	No
Hughes St	2	Yes	No
30 th Street Phase IIIB	3	Yes	Yes
Howard Avenue Phase 1	3	No	No
San Diego Ave	3	Yes	Yes
San Vicente Street Phase 1	4	Yes	Yes
San Vicente Street Phase 2	4	Yes	Yes
25th (SB) St	8	Yes	Yes
Coronado (SB) Avenue	8	No	Yes
Cesar Chavez Parkway	8	No	Yes
Seminole Ave Phase 1	9	No	No
Seminole Ave Phase 2	9	No	No
32nd Street (Phase I)	9	Yes	Yes
Wightman Street	9	Yes	Yes
Rolando (7G2, joint project)	9	No	No

New Standard Operating Procedure

In June 2021, the CPUC issued a decision that discontinued authorization of the Rule 20A work credits. This was a significant loss of revenue for the undergrounding program. Now, only surcharge programs are funded. Due to this change all the current unfunded Rule 20A projects need to be folded into the surcharge program. To do this, staff developed a plan to have surrounding surcharged projects absorb neighboring 20A projects to ensure these projects are being undergrounded. Over a few months, the team worked to evaluate different project scenarios and establish guidelines to decide which projects would merge, and which ones would stay a solo project. This involved several steps, including boundary edits in ArcPro GIS to ensure consistency throughout the City’s database.

Now that this process has been finalized, the UUP staff will pilot this process for FY2026 projects and follow it for all new projects moving forward.

Increasing Community Communication & Engagement

Community engagement remains an important part of the undergrounding program. The continued focus on improving community communication is illustrated by recent and

ongoing work to improve messaging and communication with the public through community forums, improved customer communication, and the website.

Community Events

The Department hosted four community events this year. The most recent event held on May 5, 2025 was a pre-design forum, which allowed the residents of project Normal Heights 3DD an opportunity to hear more about the design details. City staff led the presentation, providing details of the planned improvements and schedule. Subsequently, a panel made up of representatives from City teams from UUP, Development Services Department, and Engineering & Capital Projects, along with COX, AT&T, Crown Castle and SDG&E addressed specific questions from the members of the community in attendance. The project proposes to underground 3.85 miles of utility lines to provide new, secure, and dependable underground electrical, telephone, and broadband services.

The second event was a pole removal ceremony held on April 23, 2025, which marked the completion of the Block 6H project, which undergrounded three miles of overhead utility lines and provided safe and reliable underground electrical, telephone, and broadband service to 418 properties.

There were an additional three community events since our last Committee update, and another pole removal ceremony:

Role Removal Ceremony

- 7G2 Rolando (D9), April 2025

Community Forums

- 8R Palm City (D8), Pre-Construction Community Forum September 9, 2024
- 2BB Job 1 Pacific Beach (D1), Pre-Design Community Forum December 16, 2024
- 6K2 Clairemont (D2), Pre-Design Community Forum March 27, 2025

Customer Communications

At the end of last year, the UUP audited its communication protocols with the public. It found that outreach was sufficient during the design phase but lacked clarity as customers moved into the construction phase. To improve the UUP processes, an outreach campaign was developed. This included creating new postcards for trench and conduit, cabling and connection, and removal from service phases that highlighted what to expect during that phase, and then were sent to affected residents as they enter that phase. This new process will help customers understand their construction phase and what to expect, and we will continue to annually evaluate the effectiveness of the outreach and evolve the UUP outreach as needed to best reach residents.

Panel Inspection Outreach Process

A crucial step of the undergrounding program is verifying that the electrical service panel at each home is safe to accept the new underground electrical system. To verify this, the UUP relies on the expertise of DSD's electrical inspectors. The electrical inspectors inspect every service panel within the project boundary and identify those panels that need to be replaced or repaired. When an electrical panel needs to be upgraded or repaired, UUP staff work with DSD to ensure that each homeowner is responsive, and that code enforcement is appropriately employed where needed. This past year the UUP's Construction Management and Customer Services teams led an improvement which increases educational outreach through more informative door hangers and increased touchpoints with the affected homeowner. The objective was to increase success with addressing faulty panels without the

need to engage Code Enforcement. Since implementation of the new process, 29 cases of faulty panels that would have been referred to Code Enforcement under the old process were brought into compliance cooperatively by the homeowner with the help of this increased outreach.

Updated Website

Another key improvement that the UUP implemented this past month was updating the UUP website (<https://www.sandiego.gov/undergrounding>) to focus on outlining active projects. This is particularly valuable because it is the primary way project status is communicated to the public. Factsheets detailing important information can also be found for active projects in design and construction. The next step will be to add factsheets to the Webmap so customers can find important details using that system as well.

Status of Program Finances

Effective project planning is crucial as it impacts the overall fund balance for new projects. City and SDG&E staff work closely to ensure clear financial communication throughout the project lifecycle. When appropriate opportunities arise, the UUP staff leverage monthly program-level meetings and weekly project-level meetings with SDG&E staff to explore cost savings options.

Status of Underground Surcharge Fund

The volume of projects described above is possible due to the amount of funding available. However, it is important to receive accurate revenue projections; this year the revenue projection decreased unexpectedly, hindering our ability to properly plan for future projects. Coordination with SDG&E, the Department of Finance, and the Transportation Department will be important in the future to ensure close monitoring of projections.

Fiscal Year 2025 started off with an Underground Surcharge Fund balance of \$396 million, which is a budgeted \$92 million increase in revenue over Fiscal Year 2024. This financial position supports the volume of future obligated undergrounding construction. There is an expected increase in project expenditure for FY2026 due to more projects moving into construction. An overview of the Underground Surcharge Fund balances and expenditures is shown in Table 6.

Table 6: Underground Surcharge Fund Balances and Activity

Activity	Amount
FY2025 Beginning Fund Balance	\$396,424,608
FY2025 Expenditures to date*	\$23,237,714
FY2026 Projected Beginning Fund Balance	\$470,958,294
FY2026 Projected Expenditures	\$87,137,177

* FY2025 Expenditures as of March 2025.

Operational Efficiencies

Over this past year, SDG&E and the City continue to improve coordination procedures and the working relationship, marked by a shared commitment to enhancing the City's infrastructure. This collaboration has been key in refining the UUP and optimizing various operational efficiencies and a commitment to accountability as highlighted below.

In-house Gas Crews

Recently SDG&E proposed a solution for meeting the City's target date on a time sensitive project. Rather than the routine process of outsourcing the construction, SDG&E was able to mobilize an in-house gas crew in a much faster time. This earlier construction start date facilitated successful coordination with a time sensitive repaving of Ingraham Street in Pacific Beach. Other performance criteria for this undergrounding construction work are being successfully met by the gas crew, opening the possibility of using this option on other the UUP projects. SDG&E has identified one additional project to pursue with in-house crews and are evaluating the possibility of others which they will propose to the UUP team for concurrence.

Actionable Timelines

Over the course of CY2024, the UUP team conducted various workshops and outreach with our utility partners in preparation for the rollout of the Municipal Code enforcement of the UUP project schedules. This outreach was designed and conducted to gather feedback on project timelines and the enforcement process, with the goal of ensuring that our utility partners are well-informed of City expectations. As a result, the City has made efforts to address CIP concerns while avoiding unrealistic expectations for project timelines. Through this effort, we aim to increase efficiency of project execution.

Recently, due to this effort, four projects were advanced to the next stage after enforcement letters were sent to a telecommunications provider whose joint trench designs were over a year delayed. Upon receipt of the enforcement letters, the telecommunication provider sent the joint trench designs so we could proceed with those projects.

PEIR

A Programmatic Environmental Impact Report (PEIR) is being prepared for the UUP and will be certified in Fall 2025. The reason this is important is because the PEIR aims to streamline approvals for future undergrounding projects, thus accelerating project delivery. Historically, individual California Environmental Quality Act (CEQA) documents have been required for district creation, consuming excessive time and resources and subject to public review and appeal. The PEIR will reduce time and effort in obtaining environmental clearance by addressing impacts upfront. Simplified CEQA consistency reviews will assign mitigation measures for future projects, reducing staff review times, consultant efforts, and public input. Discretionary permits can also use the PEIR to expedite the process without new CEQA documents.

UUP Challenges

SDG&E Consultant Team

SDG&E is responsible for non-joint projects' design and construction and has outsourced the Project Management Office (PMO) role since late 2022. This PMO oversees project delivery and daily management but has struggled with accurate timeline estimates and schedule control. With over two years of experience, the team shows signs of improvement. Tools like the project performance dashboard developed by the UUP team are aiding the City in monitoring and giving prompt feedback on SDG&E's performance.

MOU Accountability

While the new MOU offers improvements compared to the previous franchise agreement, it still has limitations in providing full control to prevent project delays. Future enhancements to the MOU could enable the City to ensure more timely project delivery with SDG&E.

The Complexity of the Projects

The undergrounding program is highly complex, involving many development stages as described above. Each project's complexity, defined by critical processes, involved parties, and street construction risks, can often cause delays. The UUP ensures proper communication and uses actionable timelines to hold stakeholders accountable but is stretched by limited staff and the growing number of projects under their purview.

City of San Diego Strategic Plan:

This item relates to the Strategic Plan's Operating Principle: provide high quality public service, promote a customer-focused culture that prizes accessible, consistent, and predictable delivery of services, work in partnership with all our communities to achieve safe and livable neighborhoods, and protect property and the environment through timely and effective responses in all communities. This supports the Strategic Plan's Priority Areas, advance mobility and infrastructure, and protect and enrich every neighborhood.

Fiscal Considerations:

N/A

Charter Section 225 Disclosure of Business Interests:

N/A

Environmental Impact:

N/A

Climate Action Plan Implementation:

This action supports Strategy 5: Resilient Infrastructure and Healthy Ecosystems of the Climate Action Plan (CAP). Undergrounding overhead lines reduces wildfire and other safety hazards, such as downed lines, caused by more extreme weather events. In addition, it reduces the need for tree trimming due to conflicts with overhead lines, which enhances carbon sequestration and preserves the tree canopy. The Utilities Undergrounding Program also plants street trees after the removal of overhead lines, which furthers the CAP target to increase urban tree coverage.

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

December 11, 2001: Established Council Policy 600-08 and Surcharge Fund.

November 27, 2006: Changed reporting periods for Master Plan approval to every five years.

July 27, 2018: Approved the 2018 Master Plan.

Planning Commission Action:

N/A

Key Stakeholders and Community Outreach Efforts:

The primary stakeholders are the citizens of San Diego who benefit from removal of overhead utilities across the city. The process of undergrounding creates impacts typically associated with construction in the street right-of-way, including lane closures. Private

property owners are impacted by construction on their property to connect the underground lines; however, they are then able to enjoy the benefits of the results. These inconveniences are minimized through proper planning and notification.

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